

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

# INTERNAL AUDIT REPORT

## FOR

## F. Y. 2018-19

## GROUP 1

## ARWAL MUNICIPAL COUNCIL

## BY

## A. P. SANZGIRI & CO. CHARTERED ACCOUNTANTS

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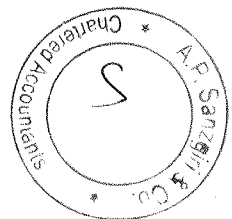


A. P. SANZGIRI & CO.

CHARTERED ACCOUNTANTS

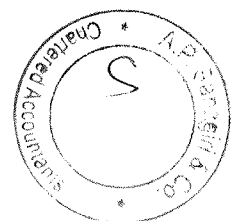
**DOCUMENT HISTORY**  
**INTERNAL AUDIT FOR FY 2018-19**

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



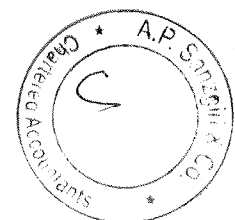
**ABBREVIATION AND ACRONYMS**

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



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**A. P. SANZGIRI & CO.**  
**CHARTERED ACCOUNTANTS**

Date: 13<sup>th</sup> July, 2020

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

Sub: Submission of Internal Audit Report of Nagar Parishad Arwal for the Financial Year 2018-19

Ref No.: Letter No. 7/I. AK. 23/2018 - 82 Dated: 16.01.2019

Respected Sir,

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

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

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

Hope you will find the same in compliance.

Thanking You,

Yours faithfully,

On Behalf of  
A P Sanzgiri & Co,  
Chartered Accountants

*Satish Gupta*

CA Satish Gupta  
Partner  
FRN: 116293W

UDIN: 20101134AAAAFW8012

Date - 07-07-2020

membership No - 101134

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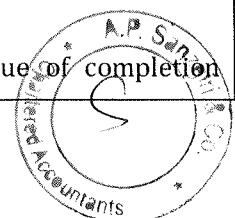
## EXECUTIVE SUMMARY

### 1. INTRODUCTION:

Name of the Municipality	-	Nagar Parishad Arwal
Period covered under Current Audit	-	01 <sup>st</sup> April 2018 to 31 <sup>st</sup> March 2019
Name of Mayor/Chairman	-	Shri Nityanand Singh
Name of Executive Officer	-	Shri Dinesh Ram

### 2. OBSERVATIONS AND FINDINGS:

<b>Strengths</b>	<ol style="list-style-type: none"><li>1. In the existing system as prevailing in the ULB, day to day working is in progressive manner in respect of collection of revenue and execution of the projects.</li><li>2. There is sufficient co-operation from the management during the course of our audit.</li><li>3. General Cash book is properly up-to-dated.</li><li>4. . Utilization certificate for FY 2018-19 has been prepared and send to Department</li></ol>
<b>Weaknesses</b>	<ol style="list-style-type: none"><li>1. The collection of rental income is not satisfactory.</li><li>2. Budget is not prepared properly; there is huge difference in opening balance of each year in continuous nature.</li><li>3. No physical verification of store is exercised by ULB.</li><li>4. No Physical verification of cash is exercised by ULB.</li><li>5. Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.</li><li>6. . List of Outstanding dues is not available</li><li>7. Fixed assets register was prepared by a CA firm as on 01/04/2014 and it was updated till 2015-16.</li><li>8. Compliance report of AG audit is prepared by the ULB and report is not provided to us for inspection for FY 2016-17.Hence, we are unable to comment on the same.</li><li>9. Statutory compliance of the ULBs is not deposited timely and hence it incurs penalty and other charges.</li><li>10. Certain Statutory Registers and Books are not maintained.</li><li>11. Bank Reconciliation Statement has not been prepared Properly.</li><li>12. <b>Non Levy of Taxes:</b><ul style="list-style-type: none"><li>• Tax on advertisements, other than advertisements published in newspapers</li><li>• Surcharge on electricity consumption within the municipal area</li><li>• Tax on congregations.</li><li>• Tax on pilgrims and tourists.</li><li>• User Charges for Solid Waste Management</li><li>• User Charges for Garbage Clearance</li><li>• Collection of fees for sanction of building plans and issue of completion</li></ul></li></ol>



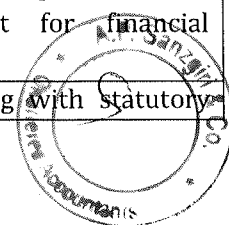
	<p>certificates,</p> <ul style="list-style-type: none"> <li>• Collection of Development Charges</li> </ul> <p>13. During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 05 to 10 days.</p> <p>14. ULB is not preparing monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.</p> <p>15. ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter</p> <p>16. Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.</p> <p>17. Non Compliance of Rule 130 of BMAR in some of the cases.</p> <p>18. ULB is not maintaining the accounts as well as not preparing the financial statements.</p> <p>19. ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.</p>
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**3. OPINION:**

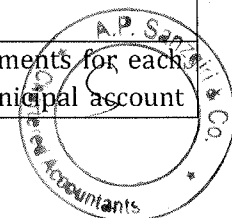
The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel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

**4. AUDIT RECOMMENDATION:**

Observed Weaknesses	Audit Recommendations
Budget is not prepared properly; there is huge difference in opening balance of each year in continuous nature.	ULB need to check and rectify it in retrospective effect.
No physical verification of store is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of the stock and process.
No Physical verification of cash is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of cash.
Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.	Internal Audit wing should be created by employing the Municipal Internal Auditor on the Board.
Fixed assets register is not updated at ULB	Fixed assets register should be maintained and updated properly.
Compliance report of AG audit is prepared by the ULB and report is not provided to us for inspection for FY 2014-15 to 2015-16. Hence, we are unable to comment on the same.	Compliance report should be prepared as soon as the report is received by ULB and steps to be taken for recovery of the amount for financial irregularities.
Statutory compliance of the ULB are not	As ULB is not proper complying with statutory



properly complied, hence it incurs penalty and other charges.	obligations, that cause financial implication on ULB in mode of interest and penalty. So, ULB should ensure statutory compliance on time.
Certain Statutory Registers and Books are not maintained.	Statutory register and books of accounts should be maintained as per guidelines and BMAR.
Bank Reconciliation Statement has not been prepared properly.	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.
<b>Non Levy of Taxes:</b> <ul style="list-style-type: none"> <li>• Tax on advertisements, other than advertisements published in newspapers</li> <li>• Surcharge on electricity consumption within the municipal area</li> <li>• Tax on congregations.</li> <li>• Tax on pilgrims and tourists.</li> <li>• User Charges for Solid Waste Management</li> <li>• User Charges for Garbage Clearance</li> <li>• Collection of fees for sanction of building plans and issue of completion certificates,</li> <li>• Collection of Development Charges</li> </ul>	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. ULB should take steps to implement required taxes to boost their revenue
During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 05 to 10 days.	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.
ULB is not prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	As per BMAR Rule No. - 121, ULB should prepare of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the executive officer.
ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	Currently ULB is sending on yearly basis and the same need to be complied on quarterly basis.
Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.	As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB. <ol style="list-style-type: none"> <li>1. Municipal General Fund</li> <li>2. Basic service for urban poor</li> <li>3. Water supply &amp; sewerage fund</li> <li>4. Solid Waste Management Fund</li> <li>5. Road Development &amp; Maintenance</li> <li>6. Enterprise Fund</li> </ol>
Non Compliance of Rule 130 of BMAR in some of the cases.	ULB should ensure compliance related to Rule 130 of BMAR on regular basis.
ULB is not maintaining the accounts as well as not preparing the financial statements.	ULB is required to maintain the accounts as well as prepare the financial statements at the end of the year.
ULB is currently not following the provision of BMAR for submission of financial statement and	ULB should prepare financial statements for each year and get it approved from municipal account



balance sheet to auditor.	committee. As per BMAR, audited financial statements are required to submit to auditor for audit.
In-consistencies in assessment of property tax	Checked on random basis and found variation between demand raised by ULB or actual demand.

5. COMMENTS FROM MANAGEMENT

We have conducted audit of the ULB and our report with observation was discussed with ULB officials and their comments are given. *(Kindly refer discussion note attached with the report)*

6. ACKNOWLEDGEMENT

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

On Behalf of  
A P Sanzgiri & Co,  
Chartered Accountants

*Satish Gupta*  
CA Satish Gupta  
Partner

FRN: 116293W

UDIN: 20101134AAAAFW8012

DATE: 07-07-2020

Membership No: 101134



## DETAILED AUDIT REPORT

### 1. INTRODUCTION:

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

### 2. ADMINISTRATION:

Sl. No.	Particulars	Details
1	The present body of the ULB has taken charge on	July, 2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Shri Nityanand Singh
2.1.1	Period of Service:	From: July, 2017 To: Till date
2.2	Name of Executive Officer:	Shri Dinesh Ram
2.2.1	Period of Service:	From: July 2017 To: March 2019

### 3. REVIEW OF OUTSTANDING AUDIT PARAS:

#### 3.1. STATUS OF AUDIT OBSERVATIONS IS AS UNDER:

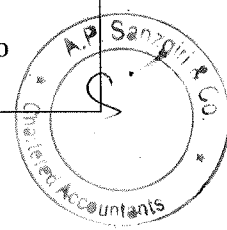
Particulars of audit and date of report	Total o. of audit Para's	Improvement /corrective measures required (Nos. of Para's)	Recovery of cash is proposed (Nos. of Para's)	Recovery has been made (Nos. of Para's)	Total amount of Recovery	No action has been taken	No. & date of compliance report
Audit report submitted by AG for the F.Y. 2014-16	15	15	0	0	0	15	1168/16-17 Dated 03.08.2019

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

Period of AG Audit Report : 2014-15 to 2015-16

Compliance Report Date & Number : 1168/16-17/Dated 03.08.2019 (Refer Discussion Note)

Para Nos.	Heading of the Audit Para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
1	Irregularities in purchase of LED Street Light (Excess payment & undue benefits because not considered of quotation price due to purchase lower watt as per tender condition)	62.55 Lac	No	No	No
2	Irregularities in payment & undue benefits to the firm against purchase of Poal mounted Beed & Hand Trash Van through single tender.	40.89 Lac	No	No	No



3	Irregularities through inevitable against purchase of Auto Tipper.	52.52 Lac	No	No	No
4	Unnecessary expenditure & undue benefits of performance security to the firm against purchase of door to door garbage collection due to lack of planning management.	17.03 Lac	No	No	No
5	Purchase of blanket against the rules.	9.00 Lac	No	No	No
6	Irregularities in payment of High Mask due to lack of full enquire of tender procedure.	87.08 Lac	No	No	No
7	Irregularities in purchase through single tender of Tractor due to not followed of finance rules.	5.88 Lac	No	No	No
8	Irregularities & undue benefits in purchase of rikha-thela.	15.27 Lac	No	No	No
9	Purchase of High Mask (05 nos.) through single tender process without proper approval.	40.41 Lac	No	No	No
10	Disqualified in technical tender through in-appropriate manner against Construction of Drain.	16.87 Lac	No	No	No
11	Disqualified to contractor on the basis of non-attachment of documents.	4.92 Lac	No	No	No
12	Non-approval of board meeting against Selection of work through single tender.	95.01 Lac	No	No	No
13	Irregularities in expenses against allotment of household bin(door to door garbage collection).	0.00	No	No	No
14	Expenses against purchase of equipments/items not as per budget provision.	0.00	No	No	No
15	Non-maintenance of Asset Register.	0.00	No	No	No

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

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

**Management Comment:** ULB has prepared Compliance Report for above said period of AG Report.  
(Refer Discussion Note).



## 4. FINANCE

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

Year	Year-2016-17	Year-2017-18	Year-2018-19
Final/Revised Budget Data	No Budget prepared by the ULB.	No Budget prepared by the ULB.	29,31,14,810.00
Actual Expenditure Data	8,78,51,262.00	11,61,55,002.00	15,63,56,178.00
Savings(+)/Excess(-)	-		13,67,58,632.00

**Auditor's Comment:**

The above figures have been taken from the Cash Book of the ULB for the year 2016-17 & 2017-18 and the budget statement of the ULB for the year 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2016-17, 2017-18 and 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. 2018-19	Actual for the F.Y. 2016-17	Actual for the F.Y. 2017-18	Actual for the F.Y. 2018-19	Cumulative for the current period
Opening balance	11,00,86,636.00	11,76,33,092.00	12,21,18,709.00	11,00,86,636.00	11,00,86,636.00
Receipts	30,25,88,458.00	9,23,36,879.00	10,41,22,929.00	15,34,23,743.00	15,34,23,743.00
Total	41,26,75,094.00	20,99,69,971.00	22,62,41,638.00	26,35,10,379.00	26,35,10,379.00
Net expenditure	29,31,14,810.00	8,78,51,262.00	11,61,55,002.00	15,63,56,178.00	15,63,56,178.00
Closing balance	11,95,60,284.00	12,21,18,709.00	11,00,86,636.00	10,71,54,201.00	10,71,54,21.00

**Auditor's Comment:**

The above figures have been taken from the Cash Book of the ULB for the year 2016-17, & 2017-18 and 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. Actual figure for F.Y. 2018-19 has been taken up to December 2018 from budget of F.Y. 2019-20.



**III. BANK RECONCILIATION POSITION AS ON REPORTING DATE:**

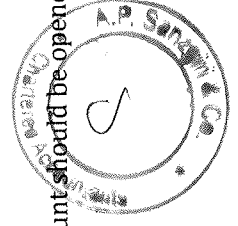
**BANK RECONCILIATION POSITION AS ON 31-03-2019:**

S.N	Name of Bank	Bank A/C No.	Purpose of Bank Account	Balance as per Cash Book	Balance as per Bank Statement	Differences	Reconciled (Yes/No)	
1	Treasury	PLA/c 197	2217 Establishment	1,71,772.00				
			Peshaker	19,99,298.00				
			14th Finance	18,10,517.00				
			MM7NY	70,23,831.00	5,91,86,611.00	1,38,69,925.00	Yes	
			5th Finance	3,56,20,376.00				
			Stamp sulk	7,54,723.00				
			MM swachchhta Anudan	4,29,743.00				
			State Plan	2,52,46,276.00				
			14th Finance	70850100130344		31,460.00	-31,460.00	Yes
				70850100130274		41,400.00	-41,400.00	Yes
				70850100130159		68,868.00	-68,868.00	Yes
				70850100130353		4,57,634.00	-457,634.00	Yes
				70850100130618		7,26,895.00	724,131.00	Yes
				4484000100053025		29,084.00	788.00	Yes
2	PNB ARWAL				28,296.00	Yes		
3	Canara Bank ARWAL	3473101003400	e-Gov.	1,314.00	1,314.00	0.00	Yes	
4	Axis Bank Arwal	916010006016280	HFA	2,16,18,417.00	2,15,59,551.00	-6,896,733.00	Yes	
5	Allahabad Bank Arwal	50400495994			69,55,599.00		Yes	
6		50312448221	NULM	71,63,272.00	5,91,904.00	6,571,368.00	Yes	
7		503567800742	SBM	29,44,947.00	27,66,200.00	178,747.00	Yes	
8	Axis Bank	917010038472978	Miscellaneous	16,13,806.00	58,866.00	890,926.00	Yes	
9	MBGB Arwal	70850100139415	Miscellaneous		6,64,014.00		Yes	
<b>Total</b>				<b>10,71,54,271.00</b>	<b>9,23,86,973.00</b>	<b>1,47,67,298.00</b>	<b>Yes</b>	

Note: ULB had prepared reconciliation statement for overall difference amount of Rs. 1,47,67,298/-

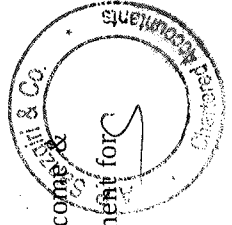
**Auditor's Comment:**

It is suggested that separate cash book in respect of each 'YOJNA/MISSION/SCHEME' should be maintained and also separate bank account should be opened. Each 'YOJNA/MISSION/SCHEME' should be maintained with separate Treasury Balance and Bank Balance.



**IV. RECEIPT DETAILS:**

SN	Details	INCOME DETAILS (Amounts IN INR)					
		2017-18		2018-19		2019-20	
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (Actual)	2019-20 (Actual)	2018-19 (Actual)
	<b>Total Receipts (A+B)</b>	10,41,22,929.00	9,23,36,879.00	15,34,23,743.00	10,41,22,929.00	15,34,23,743.00	
<b>A</b>	<b>Revenue Receipts (1+2+3)</b>	3,16,25,851.00	2,72,35,970.00	5,31,34,909.00	3,16,25,851.00	5,31,34,909.00	
1	Own Revenue Receipts (a+b)	28,24,087.00	49,46,096.00	29,41,535.00	28,24,087.00	29,41,535.00	
a)	Tax Revenue (Collected by ULB)	18,45,131.00	45,37,693.00	10,60,733.00	18,45,131.00	10,60,733.00	
i)	Property Tax	18,45,131.00	42,87,693.00	9,60,733.00	18,45,131.00	9,60,733.00	
ii)	Other tax (Collected by ULB)	0.00	2,50,000.00	1,00,000.00	0.00	1,00,000.00	
b)	Non-tax revenue (Collected by ULB)	9,78,956.00	4,08,403.00	18,80,802.00	9,78,956.00	18,80,802.00	
i)	Fees & fines	1,66,452.00	1,45,877.00	1,19,531.00	1,66,452.00	1,19,531.00	
ii)	User Charges	5,67,184.00	2,32,270.00	16,61,271.00	5,67,184.00	16,61,271.00	
iii)	Other non-tax revenue	2,45,320.00	30,256.00	1,00,000.00	2,45,320.00	1,00,000.00	
<b>2</b>	<b>Other Revenue Receipts</b>	20,20,764.00	13,15,874.00	22,16,840.00	20,20,764.00	22,16,840.00	
a)	Income from interest/investments	3,18,902.00	3,11,124.00	10,65,778.00	3,18,902.00	10,65,778.00	
b)	Other Revenue income	17,01,862.00	10,40,750.00	11,51,062.00	17,01,862.00	11,51,062.00	
<b>3</b>	<b>Transfers/Grants/Assigned Revenues</b>	2,67,81,000.00	2,09,38,000.00	4,79,76,534.00	2,67,81,000.00	4,79,76,534.00	
a)	State Assigned Revenue	93,05,000.00	35,73,000.00	4,79,76,534.00	93,05,000.00	4,79,76,534.00	
b)	State Finance Commission (SFC) Grants	1,74,76,000.00	1,73,65,000.00		1,74,76,000.00		
c)	Octroi compensation						
<b>B</b>	<b>Capital Receipts</b>	7,24,97,078.00	6,51,00,909.00	10,02,88,834.00	7,24,97,078.00	10,02,88,834.00	
1	State Capital Account Grant	3,30,97,000.00	62,80,000.00		3,30,97,000.00		
2	Central Capital Account Grant	3,94,00,078.00	5,88,20,909.00	10,02,88,834.00	3,94,00,078.00	10,02,88,834.00	
	Other Capital Receipts						



**Auditor's Comment:**

The above figures have been taken from the Budgeted Statement of the ULB for the year 2019-20. Financial Statement i.e. Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2016-17, 2017-18, 2018-19 have not been produced before us by management for

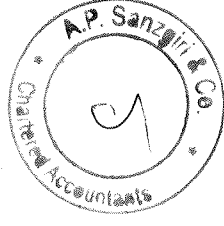
verification. Hence, we could not validate the above-mentioned figures. Actual figure for F.Y. 2018-19 has been taken up to December 2018 from budget of F.Y. 2019-20. And No Budgeted Statement prepared by the ULB for the year 2016-17, 2017-18 & 2018-19.

**V. EXPENDITURE INFORMATION:**

**AUDITOR'S COMMENT:**

The above figures have been taken from the Cash Book of the ULB for the year 2016-17, & 2017-18, and the Budgeted Statement of the ULB for the year 2018-19 & 2019-20. Financial Statement i.e. Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2016-17, 2017-18, 2018-19 have not been produced before us by management for verification. Hence, we could not validate the above-mentioned figures. Actual figure for F.Y. 2018-19 has been taken up to December 2018 from budget of F.Y. 2019-20. No Budgeted Statement prepared by the ULB for the year 2016-17, 2017-18 & 2018-19.

S.N	Details	2017-18		2018-19		2019-20	
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (Actual)	2019-20 (Actual)	2018-19 (Actual)
A.	Total Expenditure (1+2)	11,61,55,002.00	8,78,51,262.00	15,63,56,178.00	11,61,55,002.00		15,63,56,178.00
1	Revenue Expenditure	2,85,70,518.00	1,95,00,796.00	3,06,27,164.00	2,85,70,518.00		3,06,27,164.00
1.1	Administrative Expenses, and Salaries	49,76,006.00	45,79,416.00	99,59,353.00	49,76,006.00		99,59,353.00
1.2	Operation and Maintenance	1,57,43,920.00	1,20,86,743.00	1,88,36,198.00	1,57,43,920.00		1,88,36,198.00
1.3	Others(any other revenue expenditure )	78,50,592.00	28,34,637.00	18,31,613.00	78,50,592.00		18,31,613.00
2	Capital Expenditure	8,75,84,484.00	6,83,50,466.00	12,57,29,014.00	8,75,84,484.00		12,57,29,014.00
2.1	All developmental works under Central/ State schemes	8,47,77,095.00	6,73,63,076.00	12,51,64,014.00	8,47,77,095.00		12,51,64,014.00
2.2	Other Capital expenditure	28,07,389.00	9,87,390.00	5,65,000.00	28,07,389.00		5,65,000.00



**VI. STATUS OF IMPLEMENTATION OF DOUBLE ENTRY SYSTEM:**

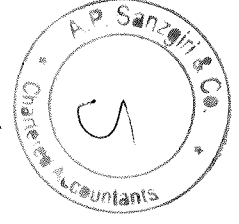
It is told by the ULB that there one Agency M/S Sahani Bansal & Associates was appointed for the DEAS work and it has completed following activities till FY 2015-16. Further at present there no agency is working for implementation of Double Entry Accounting System.

SN	Activity	Work Done
1	Fixed Assets Register	Opening FAR was prepared as on 01/04/2014 and it was updated for FY 2014-15 and 2015-16
2	Property Tax Register	Opening PTR was prepared as on 01/04/2014 and it was updated for FY 2014-15 and 2015-16
3	Opening Balance Sheet	Opening Balance Sheet was prepared as on 01/04/2014
4	Annual Financial Statements	Annual Financial Statements were prepared for FY 2014-15 and 2015-16.
5	Installation of Tally License	Tally was installed by CA firm but now ULB staff is not aware about it.

**VII. MUNICIPAL ACCOUNTS COMMITTEE:**

At present Committee is not formed but it was told by the ULB officials that it is under process and matter will be put before Board for constitution of committee.

***Kindly refer discussion note attached with this report.***



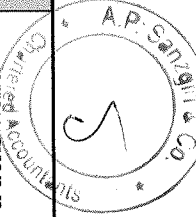
**5. AUDIT OBSERVATION:**

**PART-A: ALL AUDIT OBJECTIONS/IRREGULARITIES WHICH HAS MONETARY IMPLICATIONS**

**(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.**

**OBSERVATION-1 : TAXES/CHARGES WHICH ARE NOT IMPLEMENTED BY ULB ACCORDING TO THE BIHAR MUNICIPAL ACT, 2007**

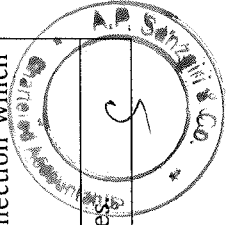
SN	Head	Comments																														
1	<b>Objective</b>	The main objective of audit of taxes is to check whether all taxes which are covered under Bihar Municipal Act, 2007, is levied and collected by the ULB. Further to check whether taxes are levied and collected according to applicable provisions and rules.																														
2	<b>Criteria</b>	We have checked list of all the taxes which to be levied and collected by the ULB as per Act. Further we have checked , Receipt book, cashier cash book and accountant cash book etc.																														
3	<b>Condition</b>	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>In case of Nagar Parishad Arwal</i> , The following mentioned tax/charges are not implemented that leads to loss of revenue to ULB:																														
		<table border="1"> <thead> <tr> <th>S. N</th> <th>Particulars</th> <th>Implemented by ULB or Not</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Property tax on lands and buildings.</td> <td>YES</td> </tr> <tr> <td>2</td> <td>Surcharge on transfer of lands and buildings</td> <td>YES</td> </tr> <tr> <td>3</td> <td>Fire tax.</td> <td>NO</td> </tr> <tr> <td>4</td> <td>Tax on advertisements, other than advertisements published in newspapers</td> <td>NO</td> </tr> <tr> <td>5</td> <td>Surcharge on electricity consumption within the municipal area</td> <td>NO</td> </tr> <tr> <td>6</td> <td>Tax on congregations.</td> <td>NO</td> </tr> <tr> <td>7</td> <td>Tax on pilgrims and tourists.</td> <td>NO</td> </tr> <tr> <td>8</td> <td>Tax on profession.</td> <td>NO</td> </tr> <tr> <td>9</td> <td>Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, passenger motor vehicles.</td> <td>NO</td> </tr> </tbody> </table>	S. N	Particulars	Implemented by ULB or Not	1	Property tax on lands and buildings.	YES	2	Surcharge on transfer of lands and buildings	YES	3	Fire tax.	NO	4	Tax on advertisements, other than advertisements published in newspapers	NO	5	Surcharge on electricity consumption within the municipal area	NO	6	Tax on congregations.	NO	7	Tax on pilgrims and tourists.	NO	8	Tax on profession.	NO	9	Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, passenger motor vehicles.	NO
S. N	Particulars	Implemented by ULB or Not																														
1	Property tax on lands and buildings.	YES																														
2	Surcharge on transfer of lands and buildings	YES																														
3	Fire tax.	NO																														
4	Tax on advertisements, other than advertisements published in newspapers	NO																														
5	Surcharge on electricity consumption within the municipal area	NO																														
6	Tax on congregations.	NO																														
7	Tax on pilgrims and tourists.	NO																														
8	Tax on profession.	NO																														
9	Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, passenger motor vehicles.	NO																														



		10	User Charges for provision of water-supply, drainage and sewerage	NO
		11	User Charges for Solid Waste Management	NO
		12	User Charges for Parking Facility	YES
		13	User Charges for Garbage Clearance	NO
		14	Collection of fees for sanction of building plans and issue of completion certificates,	YES
		15	Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,	YES
		16	Collection of Fees for issue of birth and death certificates.	YES
		17	Collection of Development Charges	No
4	<b>Consequences/Effect</b>	No levy of taxes will be resulted in to revenue loss to ULB.		
5	<b>Cause</b>	There is lack of standard policies and instructions from department. In some cases policies are prepared by it is not followed by the ULBs.		
6	<b>Corrective Action/Recommendation</b>	It is recommended that department should prepare uniform policies for levy and collection of taxes in proper manner and on due time. Further capacity building programmes should be held for ULBs staff and awareness about these taxes should be done.		
7	<b>Management Comments</b>	Kindly refer discussion note attached with the report.		

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

SN	Head	Comments
1	<b>Objective</b>	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 the amount of tax collected by the tax collector is required to be handed over to cashier and deposited into bank on the same day on which collection is made. To check compliance of these provisions, we have carried audit of such type of cases.
2	<b>Criteria</b>	We have checked respective books in order to carry the audit and some cases were checked on random basis.
3	<b>Condition</b>	During verification of receipts book and deposit slips, we have noticed that there is gap period in collection of tax and deposit of tax around 05 to 10 days. Details of such cases are given in <b>Annexure-1</b> .
4	<b>Consequences/Effect</b>	In respect of above in most of the cases property tax has not been deposited on same day of collection which resulted in interest loss to ULB.
5	<b>Cause</b>	It is explained by concern person that due to non-availability of human resources the same issues arises



6	<b>Corrective Action/Recommendation</b>	It is recommended that tax collector/cashier should deposit the collected money into bank on same day itself and if he fails to do the same, necessary action should be taken by the ULB management in such cases.
7	<b>Management Comments</b>	Kindly refer discussion note attached with the report.

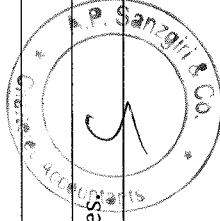
**OBSERVATION-3: NON COLLECTION OF NOTICE FEE**

SN	Head	Comments
1	<b>Objective</b>	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore.
2	<b>Condition</b>	ULB has not provided any information regarding charging and collection of notice fees.
3	<b>Consequences/Effect</b>	It is non-compliance of Bihar Municipal Act, 2007 which resulted in loss of revenue to the ULB.
5	<b>Cause</b>	No proper explanation in this regard given by ULB.
6	<b>Corrective Action/Recommendation</b>	Notice fees should be collected as per applicable provisions and rules.
7	<b>Management Comments</b>	Kindly refer discussion note attached with the report.

**OBSERVATION-4: RECOVERY OF OUTSTANDING TAXES/RENTAL INCOME:**

**1. RECOVERY OF OUTSTANDING PROPERTY TAX:**

SN	Head	Comments
1	<b>Objective</b>	ULB is authorized to collect holding tax from households situated in the municipal area and Property tax have major role in the internal revenue of ULB.
2	<b>Criteria</b>	It is checked from progress report prepared by ULB
2	<b>Condition</b>	During checking it is noted that property tax of Rs. <b>60.44lacs</b> was outstanding as on 31/03/2019:
3	<b>Consequences/Effect</b>	It leads in shortage of fund for ULB and loss of revenue.
5	<b>Cause</b>	No proper explanation in this regard given by ULB.
6	<b>Corrective Action/</b>	Notice should be issued to the assessee on regular interval for recovery of outstanding dues.



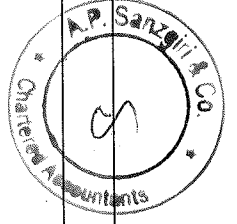
	<b>Recommendation</b>	
7	<b>Management Comments</b>	Kindly refer discussion note attached with the report.

**2. RECOVERY OF ADVERTISEMENT TAX:**

SN	Head	Comments
1	<b>Objective</b>	ULB authorized to charge advertisement tax/fee in municipal are as per act/rule.
2	<b>Criteria</b>	It is checked from progress report prepared by ULB
2	<b>Condition</b>	During checking it is noted there was no outstanding dues as on 31/03/2019.
3	<b>Consequences/Effect</b>	Delay in collection or outstanding dues results in revenue loss to ULB.
5	<b>Cause</b>	Not Applicable
6	<b>Corrective Action/ Recommendation</b>	Not Applicable
7	<b>Management Comments</b>	Not Applicable

**3. RENT INCOME:**

SN	Head	Comments
1	<b>Objective</b>	ULB authorized to charge rent from municipal properties.
2	<b>Criteria</b>	It is checked from progress report prepared by ULB
2	<b>Condition</b>	During checking it is noted that there was no rent income outstanding as on 31/03/2019.
3	<b>Consequences/Effect</b>	It leads in shortage of fund for ULB and loss of revenue.
5	<b>Cause</b>	Tender process given by ULB.
6	<b>Corrective Action/ Recommendation</b>	Notice should be issued to the assesses on regular interval for recovery of outstanding dues.
7	<b>Management Comments</b>	Kindly refer discussion note attached with the report.

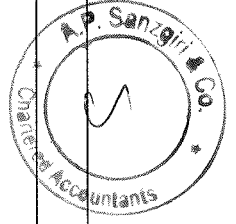


**4. MOBILE TOWER TAX:**

SN	Head	Comments
1	Objective	ULB is authorized to collect tax from telecom companies for mobile towers installed in the municipal area.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that mobile tower tax of Rs. 37.55lacs was outstanding as on 31/03/2019.
3	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report

**5 OTHER TAX:**

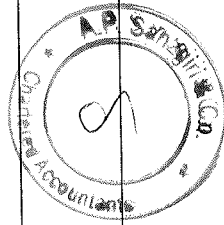
SN	Head	Comments
1	Objective	ULB is authorized to collect other various types of taxes/fee.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that no other tax was outstanding as on 31/03/2019:
3	Consequences/Effect	Not Applicable
5	Cause	Not Applicable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



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

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

SN	Head	Comments						
1	Objective	Checking of payment made by ULBs to find out irregularities made during payment						
2	Criteria	Payment were checked on random basis						
3	Condition	We have checked following payment related to FY 2018-19 during audit:						
		<b>S.N</b>	<b>Name of Party</b>	<b>Payment Head</b>	<b>Invoice Amount</b>	<b>Approved Amount</b>	<b>Date of Payment</b>	<b>Audit Observations</b>
		1	Aditya Narayan	Vividh	17,400.00	17,400.00	11.06.2018	TDS has not been deducted on monthly invoices related with parties engaged in Vehicle Supply on Hire Charges.
		2	Sanjeev Nikes (Advocate)	Own fund	51,100.00	51100.00	02.01.2019	TDS not deducted
		3	Ram Babu	Own fund	304450.00	304450.00	02.01.2019	TDS on GST & TDS not deducted
		4	SBPDCL(Electricity)	5th/14th finance	18,81,814.00	18,81,814.00	31.08.2018	Rs 1,13,673.20 /- DPS Payment made
		5			33,21,901.00	33,21,901.00	31.03.2019	Rs 3,58,354.50 /- DPS Payment made
		6	PRD PATNA	5th/14th Finance	10,06,370.00	10,06,370.00	30.08.2018	Original invoice of related party not attached.
4	Consequences/ Effect	Irregularities in payment lead to excess payment, wrong deductions, non-compliance with agreement and statutory compliances.						
5	Cause	Cases were identified during audit and observations given.						
6	Corrective Action	Management can implement standard checklist for each payment so that irregularities in payments can be avoided.						



7	Management Comments	Kindly refer discussion note attached with the report
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**(C) REPORT ON SURVEY ON 20 HIGH VALUE PROPERTIES:**

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

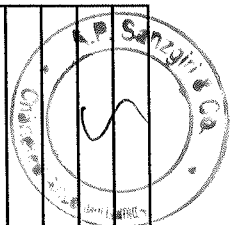
SN	Head	Comments
1	Objective	Field survey and report of 20 high value properties of ULB and report on the basis of area of building, rate of property tax etc of the same. Comparison with the data of same property provided by the ULB and report on variance between them if available.
2	Criteria	Survey was done for 20 High value properties.
3	Condition	We have checked twenty high value assessed property and found variances related to FY 2018-19 during audit. Details of such cases are given in <b>Annexure-2</b>
4	Consequences/Effect	Irregularities in this area may cause short recovery of revenue receipt and it will result in loss to the ULB.
5	Cause	There are some cases found in which variance arise due to assessment of area of property on lower side.
6	Corrective Action/Recommendation	Management need to carry survey of properties on regular interval.
7	Management Comments	Kindly refer discussion note attached with the report.

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

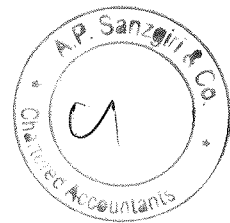
**(a) NON MAINTENANCE OF BOOKS OF ACCOUNTS, SUBSIDIARY REGISTERS:**

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

S.N	Name of Register	Maintained/ Not Maintained	Last date of Update
1	Cash Book-Cashier	Not Maintained	
2	Cash Book-Accountant	Maintained	31.03.2019
3	Collection Register	Maintained	31.03.2019
4	Cheque issue Register	Maintained	31.03.2019
5	Register of Advance	Not Maintained	



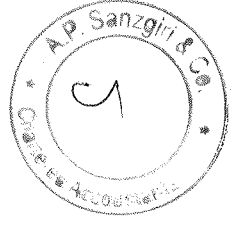
6	Register of Permanent Advance	Not Maintained	
7	Deposit received register	Not Maintained	
8	Summary statement of deposit adjusted	Not Maintained	
9	Demand Register	Not maintained	
10	Summary Statement of Bills Raised	Not maintained	
11	Register of Notice Fees, Warrant Fees, Other Fees	Not maintained	
12	Summary Statement of Notice Fees, Warrant Fees, Other Fees	Not maintained	
13	Register of Refunds, Remissions and Write off	Maintained in Yojna Panji	31.03.2019
14	Summary statement of Refunds and Remissions	Not maintained	
15	Summary Statement of Write-offs	Not maintained	
16	Statement of outstanding Liability for Expenses	Not maintained	
17	Document Control Register/Stock Account Receipts/Cheque Book	Maintained	31.03.2019
18	Fixed Assets Register	Not Maintained	
19	Summary Statement of Demand Raised on assessment	Not Maintained	
20	Summary Statement of Head wise Collection of Other Income	Not Maintained	
21	Summary Statement of Refunds	Not Maintained	
22	Summary Statement of Write off	Not Maintained	
23	Grant Register	Maintained	31.03.2019
24	Summary Statement of status of Capital Work in Progress	Not Maintained	
25	Work Sheet	Not Maintained	
26	Deposit Works Register	Not Maintained	
27	Material Receipt Note	Maintained	31.03.2019
28	Store Ledger	Maintained	31.03.2019
29	Statement of Closing Stock	Not Maintained	
30	Statement of Material Issued	Not Maintained	
31	BRS of all bank accounts (including dormant accounts)	Maintained	31.03.2019
32	Final Accounts for the F.Y. 2012-13 to 2018-19	Not maintained	
33	Audited Balance Sheet	Not maintained	
34	Audited Income & Expenditure Account	Not maintained	
35	Audited Receipts & Payment Account	Not maintained	



**(b) IRREGULARITY IN PROCUREMENT PROCESS:**

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

S.N	Name of Party	Invoice Amount	Deduction made or not	Whether Deductions are with appropriate Rate	Check signature of Commissioner/EO in Payment Order	Whether Measurement book & bill signed by the JE of ULB	Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority (BMAR Rule No.-130)
1	Anil Kumar Varma	418,662.00	YES	YES	YES	YES	Furnished and no deviation found
2	Anil Kumar Varma	483,996.00	YES	YES	YES	YES	Furnished and no deviation found
3	Bikram Kumar	313,935.00	YES	YES	YES	YES	Furnished and no deviation found
4	Mokim Ahmad	1,020,603.00	YES	YES	YES	YES	Furnished and no deviation found
5	Anish Kumar	450,369.00	YES	YES	YES	YES	Furnished and no deviation found
6	Anil Kumar Varma	517,046.00	YES	YES	YES	YES	TDS on GST not deducted (Rs 5170.46 CGST & Rs 5170.46 SGST)
7	Abhay Kumar	528,682.00	YES	YES	YES	YES	Furnished and no deviation found
8	om Sai Ram Construction	512,276.00	YES	YES	YES	YES	Furnished and no deviation found
9	Anil Kumar Varma	510,169.00	YES	YES	YES	YES	Furnished and no deviation found
10	Bikram Kumar	506,383.00	YES	YES	YES	YES	TDS on GST not deducted (Rs 5170.46 CGST & Rs 5170.46 SGST)
11	om Sai Ram Construction	466,674.00	YES	YES	YES	YES	Furnished and no deviation found
12	Bikram Kumar	503,158.00	YES	YES	YES	YES	Furnished and no deviation found
13	Ganga Sager Chaudhari	491,637.00	YES	YES	YES	YES	Furnished and no deviation found
<b>Total</b>		<b>67,23,590.00</b>					

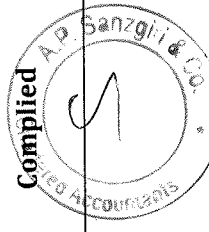


2. DETAILS OF LOG BOOK MAINTAINED:

S.N	Name of Vehicle	Whether vehicle log book is maintained or not	Whether log book is properly updated or not	Whether vehicle is insured or not	Whether Rate of Diesel/Petrol properly mentioned in log book
1	Scorpio (Hire Charge)	YES	YES	YES	NO
2	Tempo Tipper-6	YES	YES	NO	NO
3	Tractor-1	YES	YES	NO	NO
4	J.C.B-2	YES	YES	NO	NO
5	Fogging Machine-1	YES	YES	NO	NO

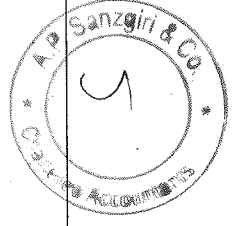
3. NON-COMPLIANCE OF DIRECTIVES BY UD&HD, GOB:

S.N	Directions Issued by UDHD	Particulars of Circulars/Orders/Notices	Complied or Not
1	Gyapank No.- 6628; Dated- 26.12.2018	<u>Mukhyamantri NAL JALYojna:-</u> "Whether Para No. 1- 28 have been complied of this circulars".	Complied
2	Gyapank No.- 3234; Dated- 12.06.2018	<u>Purchase of Material or Receive of Service from "Gem Portal" w.e.f. 01.07.2018</u>	Not Complied
3	Gyapank No.- 3453; Dated- 29.06.2018	<u>Outsourcing of Services and There respective Standard:-</u> "Whether Standard or Measurement criteria mentioned in this circular in respect to their respective 'Type of Services' have been complied".	Complied
4	Amendment in Oath Number-3557, Dated 20.11.2014;Dated of Amendment- 04.05.2018	<u>Related to Departmental Work:-</u> "Whether Para '1- 4' of this order have been complied in respect to 14 <sup>th</sup> F.C. or 5 <sup>th</sup> F.C Departmental work carried on , which is mentioned in this order,".	Complied
5	Gyapank No.- 5124; Dated- 28.09.2018	<u>Deduction of TDS on GST:-</u> w.e.f. 01.10.2018 TDS on GST shall be deducted as per Section 51 of BGST act, 2017	Complied

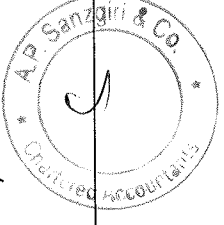


**4. NON COMPLIANCE OF ACTS & RULES:**

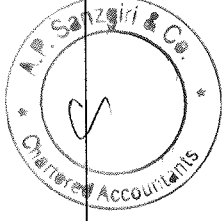
S.N	Requirement	Criteria	Auditors Comment	Management Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made	BMAR Rule No.-22	<b>Refer point: Part-A (a) (2)</b> On an Average 05 to 10 days delayed and amount collected was in hand with Tax Collector.	<b>(Refer Discussion Note)</b>
2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	BMAR Rule No.- 27	Yes, Tax collector and other municipal employees are entrusted to collect municipal revenue within municipality area.	
3	Whether the collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	BMAR Rule No.- 27	Yes, Tax Collector kept receipt book in his personal custody.	
4	Whether bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated stall of the Municipality	BMAR Rule No.- 27	Yes, Daily Collection Register is verified by designated Officer of Council.	
5	Whether every bill collector invariably remit his collections (in cash and/or cheques) to Cashier daily before 4.30 PM and take the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	<b>Refer point: Part-A (a) (2)</b> The same rule did not followed by Tax Collector and on an average 05 to 10 days delayed found during which collected amount was in hand of Tax Collector.	<b>(Refer Discussion Note)</b>




6	Whether Grant Register as prescribed in BMAR Form 28 was maintained by the Municipality to record receipts and utilization of grants sanctioned by the Government.	BMAR Rule No.- 69	Yes, Grant Register has been maintained by ULB.	
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the responsibility of the Chief Municipal Officer that the conditions attached to the grant are complied with without exception.	BMAR Rule No.- 69	Yes, Complied.	
8	Whether the grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No irregularities were found.	
9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	<b>Refer PART-B (h)</b> Yes, complete UC has been prepared and sent to department	<b>(Refer Discussion Note).</b>
10	Whether Municipality has returned unutilized grant for more than three years from date of receipt to the source from where such grant was received	BMAR Rule No.- 69	Earlier Period unutilized grant has been transferred by closing Account.	
11	Whether The Chief Municipal Officer prepare a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent	BMAR Rule No.- 120	Currently Receipt and Payment A/c has not been prepared by ULB.	Currently it is not prepared, However we will proceed further. ( <b>Refer Discussion</b>

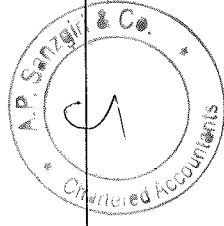


	month.			<i>Note)</i>
12	Whether ULB prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	BMAR Rule No.- 121	Trial Balance has not been prepared.	ULB not preparing Trial Balance, Income & Expenditure on monthly basis.
13	Whether ULB sent the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	BMAR Rule No.- 121	The ULB was not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter.	<b>( Refer Discussion Note)</b>
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. <b>The Financial Statements shall comprise of</b> 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	BMAR Rule No.- 122	Financial Statement has not been prepared by municipality.	ULB is not in practice to prepare Trial Balance, Income and Expenditure and Balance Sheet. It will be prepared after implementation of Double entry Accounting System.

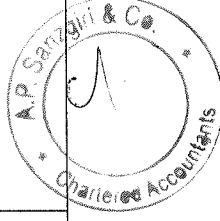


	liabilities, and such other information as, may be useful in understanding the financial statements clearly.				
15	f. Comparative amounts shall be entered on the financial statements for the preceding financial year except. In the case of the first year to which those rules apply Whether the municipality is regular in depositing statutory dues including Tax deducted at source, GST, TDS on GST, service tax, VAT, works contract tax, cess payable to the government etc. and If not, the nature and cause of such delay and the amount not deposited: (BMAR Rule No.-130)	BMAR Rule No.-130	<b>Refer PART-B (f)</b> Amount of statutory dues has not been deposited on due date. Like TDS should be deposited 7 <sup>th</sup> day of next month and same has been delayed.		<i>( Refer Discussion Note)</i>
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	<b>Refer PART-B (g)</b>		<i>( Refer Discussion Note)</i>
17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated In sufficient detail;	BMAR Rule No.-130	No Trial balance is prepared hence classification of transaction was not done.		<i>( Refer Discussion Note)</i>
18	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether	BMAR Rule No.-130	Yes, recorded properly in grant register as well as in cash book , but no case of deduction was found.		

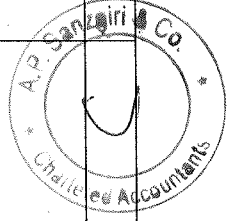
	such deductions have been properly accounted;				
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	BMAR Rule No.-130	No special fund created.	(Refer Discussion Note)	
20	Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable Intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	BMAR Rule No.-130	Fixed assets register was prepared MS Sahani Bansal & Associates as on 01/04/2014.  There is no system developed to physically verify the existing assets.	(Refer Discussion Note)	
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	BMAR Rule No.-130	Yes, Lease rental has been collected, but collection procedure is slow amount of Rs. <b>15.96Lakhs</b> have to collect in this respect.	Necessary action will be taken to realise outstanding amount.  (Refer Discussion Note)	
22	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	BMAR Rule No.-130	Yes, There exist an adequate Internal control system in purchasing of Stores etc.		
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality's accounts; If so, the details thereof;	BMAR Rule No.-130	No such case was found during the period of Audit.		



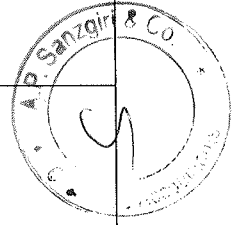
24	Whether the Bank Reconciliation statements have been properly prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis;	BMAR Rule No.-130	<b>Refer Point-04 (III)</b> No, BRS of all existing bank A/c have been prepared. Remedial Action, rectification of entries has been made in proper order.	<i>(Refer Discussion Note)</i>
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.-130	YES, Reconciliation Procedures have been carried out.	
26	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and in all cases such as are authorized by Act;	BMAR Rule No.-130	YES. Expenditure has been authorised by competent authority.	
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR Rule No.-130	<b>Refer-PART-A (a)(4)</b> Yes, Revenue has been properly assessed and collected but recovery procedure is slow. Total outstanding amount is Rs. 60.44Lakhs	<i>(Refer Discussion Note)</i>
28	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act;	BMAR Rule No.-130	<b>Refer-PART-A (a)(2)</b> Yes, amount due to and received by ULB have been brought in to books of accounts not within prescribed time limits.	<i>(Refer Discussion Note)</i>
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR Rule No.-130	Yes, UC have been prepared in prescribed format in timely manner	<i>(Refer Discussion Note)</i>
30	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as It appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.-130	<b>Refer-PART-B (a)</b> Books of Account are maintained except some Books of accounts.	<i>(Refer Discussion Note)</i>



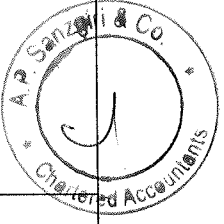
		BMAR Rule No.-130	No such practices followed by ULB.	( Refer Discussion Note)
31	Whether physical verification has been conducted by the ULB at reasonable intervals In respect of stores;	BMAR Rule No.-130	No such practices followed by ULB.	( Refer Discussion Note)
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No physical verification is carried out.	It is considered and will be followed as per rule.
33	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and If so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to Identify any unserviceable or damaged stores and whether provision for the loss In this respect, If any, has been made In the accounts;	BMAR Rule No.-130	ULB did not maintained stock register properly and further periodical physical verification of stores also not carried out.	( Refer Discussion Note)
34	Whether the valuation of stores is in accordance with the accounting principles laid down In the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR Rule No.-130	ULB did not follow the practice of valuation of stock.	( Refer Discussion Note)
35	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR Rule No.-130	No loan given during F.Y.2018-19	( Refer Discussion Note)
	Whether advances given to municipal employees and	BMAR Rule	No loan given during F.Y.2018-19	( Refer Discussion Note)




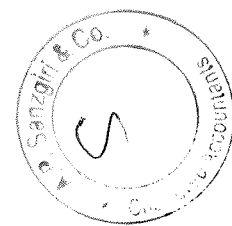
36	interest thereon are being regularly recovered;	No.-130		
37	Bihar Municipal Accounting Manual, 2014, every year budget should be prepared for receipts and expenditure in Performa 75,77 and 80 Preparing Budgets as per the Rules framed under Bihar Municipal Accounts Rule 2014. Rule 132 regarding Public Participation in Preparation Of Budget. Moreover, as required under provisions of Rule 139, mid -year review of Budget.	BMAR Rule No.-132	Yes, budget has been prepared.	( Refer Discussion Note)
38	<b>Municipal Fund:</b> Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	The required fund has not been created as per said chapter of act.	( Refer Discussion Note)
39	<b>Payment not to be made out of Municipal Fund unless covered by budget grant:</b> Whether any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007: Chapter X	No such case was found during Audit period.	
40	<b>Procedure when money not covered by budget grant is paid.</b> Whether the case is put up with Empowered Standing Committee, in case any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007: Chapter X	( Refer Discussion Note)	( Refer Discussion Note)
41	<b>Investment of surplus money.</b> 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		No fund has been invested by ULB as investment..	ULB does not follow the practices of investing its surplus amount.



	interest at their gestation period. Check whether comparative interest rate is invited from parties before investing surplus funds:			
42	<b>Preparation of budget estimate of Municipality.</b> Whether The budget estimate stated the rates at which various taxes, surcharges, cesses and fees shall be levied by the Municipality in the year next following.	Yes, the same is levied at specified rate.		
43	<b>Maintenance of accounts.</b> Whether the Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in such form, and in such manner, as may be prescribed,	Receipt and Expenditure A/c has not been prepared;		<i>( Refer Discussion Note )</i>
44	<b>Financial Statement.</b> Whether The Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality,	Financial Statement has not been prepared.		<i>( Refer Discussion Note )</i>
45	<b>Submission of financial statement and balance sheet to auditor.</b> The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the	Financial Statement has not been submitted.		<i>( Refer Discussion Note )</i>



	<p>Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.</p>		
46	<p><b>As per section 127, 128, 129 &amp; 131 of chapter XV Bihar Municipal Act, 2007 various tax are applicable on ULBs</b></p> <p>Section 145, 146 and 147 of the Bihar Municipal Act 2007 chapter XVII provides for Advertisement tax on Advertisement in Urban Areas. Chapter XVII of the Bihar municipal Act, 2007 required license of Advertisement of any holding, etc. As per act Every person who erects, exhibited, fixes or retain upon or over any land, building, wall, boarding, frame, post, kiosk, structure, vehicle, neon-sign or sky sign any advertisement, or display any advertisement to public view in any manner whatsoever (including any advertisement exhibited by means of cinematograph), visible from a public street a public place in any location in a municipal area including airport or a port or a railway station, shall pay or every advertisement, which is so erected, exhibited, fixed or retained or so displayed to public view, a tax calculated at such rate as may be determined regulations. it requires payment of certain fee for</p>	<p><b>Refer PART-A-(4) for status of Taxes not Collecting by ULB</b></p>	



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

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

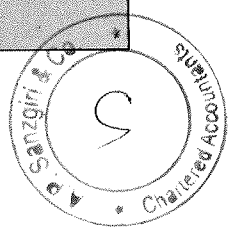
- Tax should be collected & deposited on timely basis as per BMAR Rules-As per trend every tax collector takes 05 to 10 days to deposit the same after collection.
- ULB should be followed Books of Account, Trial Balance, FAR, FS, and other records as per BMAR- Neither Trial Balance nor Financial Statement have been prepared by ULB.
- ULB should prepare & Maintain monthly BRS- Monthly Bank Reconciliation statement has not been prepared, however year end reconciliation has been prepared.
- Necessary sub-ledger is not maintained by the ULB. For instance register of fuel, bleaching powder etc. not maintained separately.
- In respect of budget, realistic approach is not adopted by the ULB in preparation of budget.
- Appropriate staff is not deployed at appropriate place.
- No MIS was prepared for tracking of payments.

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

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

S.N	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/Challan Number
1	Anil Kumar Varma	418,662.00	4,187.00	07.11.2018	12.03.2019	570564
2	Anil Kumar Varma	483,996.00	4,840.00	07.11.2018		
3	Bikram Kumar	313,935.00	3,140.00	07.08.2018		
4	Mokim Ahmad	1,020,603.00	10,206.00	07.12.2018		
5	Anish Kumar	450,369.00	4,504.00	07.03.2019		
6	Anil Kumar Varma	517,046.00	5,170.00	07.11.2018		
7	Abhay Kumar	528,682.00	5,287.00	07.11.2018		
8	om Sai Ram Construction	512,276.00	10,245.00	07.08.2018		
9	Anil Kumar Varma	510,169.00	5,101.00	07.08.2018		
10	Bikram Kumar	506,383.00	5,064.00	07.11.2018		
11	om Sai Ram Construction	466,674.00	9,333.00	07.09.2018		
12	Bikram Kumar	503,158.00	5,032.00	07.01.2019		
13	Ganga Sager Chaudhari	491,637.00	4,916.00	07.02.2019		
<b>Total</b>		<b>67,23,590.00</b>	<b>77,025.00</b>			

2. **DETAILS OF DELAY IN DEPOSIT OF VAT ARE MENTIONED BELOW:** Not applicable



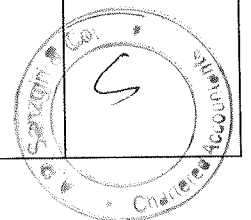
3. DETAILS OF DEPOSIT OF ROYALTY ARE MENTIONED BELOW:

SN	Name Of Party	Invoice Value	Amount Of Deduction	Date Of Deposit	Cheque/Challan Number
1	Anil Kumar Varma	418,662.00	6,280.00	No Deposit Till Audit Period	
2	Anil Kumar Varma	483,996.00	7,260.00		
3	Bikram Kumar	313,935.00	4,708.00		
4	Mokim Ahmad	1,020,603.00	14,100.00		
5	Anish Kumar	450,369.00	6,756.00		
6	Anil Kumar Varma	517,046.00	7,756.00		
7	Abhay Kumar	528,682.00	7,930.00		
8	om Sai Ram Construction	512,276.00	7,685.00		
9	Anil Kumar Varma	510,169.00	7,654.00		
10	Bikram Kumar	506,383.00	7,596.00		
11	om Sai Ram Construction	466,674.00	6,999.00		
12	Bikram Kumar	503,158.00	7,546.00		
13	Ganga Sager Chaudhari	491,637.00	7,376.00		
<b>Total</b>		<b>67,23,590.00</b>	<b>99,646.00</b>		

Note: Royalty Deducted relating to F.Y 2014-15 to 2017-18 of Rs.12,52,714/-has been Deposited on 11.08.2018.

4. DETAILS OF DEPOSIT OF LABOUR CESS ARE MENTIONED BELOW:

S. N	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
1	Anil Kumar Varma	418,662.00	4,187.00	No Deposit Till Audit Period	
2	Anil Kumar Varma	483,996.00	4,840.00		
3	Bikram Kumar	313,935.00	3,140.00		
4	Mokim Ahmad	1,020,603.00	10,206.00		
5	Anish Kumar	450,369.00	4,504.00		
6	Anil Kumar Varma	517,046.00	5,170.00		
7	Abhay Kumar	528,682.00	5,287.00		
8	om Sai Ram Construction	512,276.00	5,122.00		
9	Anil Kumar Varma	510,169.00	5,101.00		



10	Bikram Kumar	506,383.00	5,064.00		
11	om Sai Ram Construction	466,674.00	4,667.00		
12	Bikram Kumar	503,158.00	5,032.00		
13	Ganga Sager Chaudhari	491,637.00	4,916.00		
<b>TOTAL</b>		<b>67,23,590.00</b>	<b>67,236.00</b>		

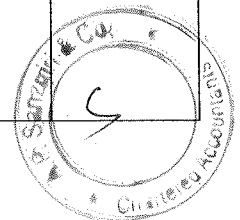
**Auditor's Comment:** While doing audit of deduction made by ULB, the Statutory deduction has not been deposited on due date (refer above). For example TDS should be deposited on or before 7<sup>th</sup> day of next month.

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

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

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

S. N	Name of Party	Invoice Value	Amount of deduction		Date of deposit	Cheque/Challan Number
			CGST	SGST		
1	Anil Kumar Varma	418,662.00	4,187.00	4,187.00	No Deposit Till Audit Period	
2	Anil Kumar Varma	483,996.00	4,840.00	4,840.00		
3	Bikram Kumar	313,935.00	3,140.00	3,140.00		
4	Mokim Ahmad	1,020,603.00	10,206.00	10,206.00		
5	Anish Kumar	450,369.00	4,504.00	4,504.00		
6	Anil Kumar Varma	517,046.00	-	-		
7	Abhay Kumar	528,682.00	5,287.00	5,287.00		
8	om Sai Ram Construction	512,276.00	5,122.00	5,122.00		
9	Anil Kumar Varma	510,169.00	5,101.00	5,101.00		
10	Bikram Kumar	506,383.00	-	-		
11	om Sai Ram Construction	466,674.00	4,667.00	4,667.00		
12	Bikram Kumar	503,158.00	5,032.00	5,032.00		



13	Ganga Sager Chaudhari	491,637.00	4,916.00	4,916.00		
<b>Total</b>		<b>67,23,590.00</b>	<b>57,002.00</b>	<b>57,002.00</b>		

**6. DETAILS OF TDS RETURNS FILLED ARE MENTIONED BELOW:**

SL. No.	Quarter	Due date of Return	Actual date of Return filled	Remark
01	1st quarter	31.07.2018	Return not filled	Quarterly return not filled on due dates.
02	2nd quarter	31.10.2018		
03	3rd quarter	31.01.2019		
04	4th quarter	31.05.2019		

**7. DEFICIENCY IN PAYROLL SYSTEM:**

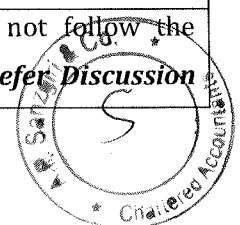
SN	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/Daily wages/Contract worker)	Not Maintained
2	Non availability of Salary payment voucher	Not Available
3	Matching of voucher number with cash book	Not Matched with cash book
4	Salary register contains all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

**DETAILS OF DELAY OF DEPOSIT OF EPF:**

**Permanent Employee:** During audit of Parishad we have observed that there is no **Permanent Employee** posted here. Therefore, no amount of PF has been deposited to EPFO A/C during the financial year 2018-2019.

**8. UTILISATION OF GRANT AND REPORT ON MISSING UTILISATION CERTIFICATES**

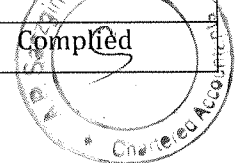
SN	Head	Details
1	Status of Utilization Certificate:	Management has been prepared UC details and send to department ( <b>Refer Annexure</b> )
2	Status of use of grant as per default allocation	Specifically grant allocation details has not been maintained, however it is maintained in grant register. ( <b>Refer Discussion Note</b> )
3	Physical verification of inventory/stores	Refer point 31-40 PART-B (d). ULB did not follow the practice of physical verification of stock. ( <b>Refer Discussion Note</b> )



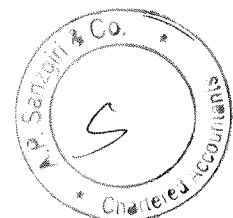
		<i>Note</i>
4	Advances, their adjustment & recovery	Refer point 35-36 PART-B (d), ULB did not give loan/advance, hence there are no case of adjustment and recovery. <b>(Refer Discussion Note)</b>

### III. PART-C

SN	Particulars	Complied or Not
A	Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GoB; Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Complied Refer-PART-B(3)
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 :	Complied Refer-PART-B(4)
	<b>Rule 22:</b> All moneys to be brought to account	
	<b>Rule 27:</b> Collections to be deposited into Bank on the same day	
	<b>Rule 69:</b> Grant Related Compliance	
	<b>Rule 120-121:</b> Monthly Receipt & Payment Account and Trial Balance	
	<b>Rule 130:</b> Audit to be completed & reported within 6 month	
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Complied Refer-PART-B(3)
E	Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc;	Complied Refer-PART-A(c)
F	Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.	Complied Refer-PART-B(4)
G	Auditor should Report on Procurement made including through E-	Complied



	Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Refer-PART-B(b)
H	Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Complied Refer-PART-B(8)
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(4)
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 (6)
O	Internal Auditor will ensure that all the C&AG audit & Internal audit Para's was compiled 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

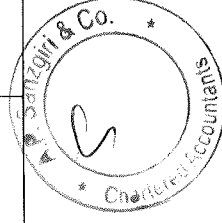


## ULB Nagar Parishad Arwal

Financial Year 2018-19

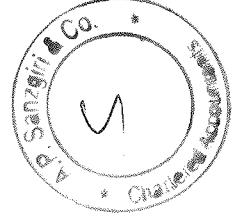
### Annexure -1 Late Deposit of Property Tax

S.N	Serial No		Amount of tax	Date of collection as per receipt booked	Amount Deposit in to bank	Amount Expend by Cashier	Date of Deposit Into bank as per Deposit slip	Delay in Deposit with bank
	From	To						
1	5201	5300	1,10,437.00	01.04.2018 to 12.04.2018	1,10,437.00	0.00	12.04.2018	0-12
2	5301	5342	68,704.00	13.04.2018 to 17.04.2018	31,240.00	37,470.00	13.04.2018	0-04
3	5343	5400	66,157.00	18.04.2018 to 25.05.2018	66,160.00	0.00	25.05.2018	0-37
4	5401	5500	85,144.00	26.05.2018 to 30.06.2018	62,095.00	23,049.00	4.07.2018	04-38
5	5501	5600	76,060.00	01.07.2018 to 23.07.2018	0.00	75,660.00	23.07.2018	0-23
6	5601	5700	1,15,241.00	24.07.2018	25,520.00	89,721.00	24.07.2018	0-0
7	5701	5800	43,090.00	25.07.2018 to 30.09.2018	14,100.00	28,990.00	4.10.2018	04-71
8	5801	5900	60,500.00	01.10.2018 to 24.11.2018	0.00	60,000.00	24.11.2018	0-54
9	5901	6000	38,770.00	25.11.2018 to 26.12.2018	0.00	38,770.00	26.12.2018	0-31
10	6501	6600	1,06,690.00	27.12.2018 to 25.03.2019	1,06,690.00	0.00	25.03.2019	0-29
11	6601	6700	1,04,872.00	27.03.2019	1,00,000.00	0.00	27.03.2019	0



12	7101	7200	85,068.00	27.03.2019	89,940.00	0.00	27.03.2019	0
<b>Total</b>			<b>9,60,733.00</b>		<b>6,06,182.00</b>	<b>3,53,660.00</b>		

Note : Rs 891/ Less Deposit by Tax Collector.

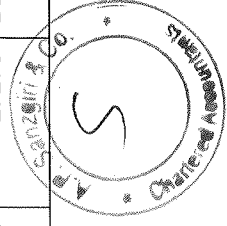


ULB Nagar Parishad Arwal

Financial Year 2018-19

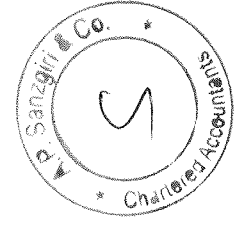
Annexure- List of 20 High Value Properties

S.N.	Holding Name	W.N.	H.N.	Type of Use		Area			Tax Amount			Remarks
				As per tax Collector	As per Auditor	As per Tax Collector	As per Auditor	Diff.	As per Tax Collector	As per Auditor	Diff.	
1	Trade Mandal ( Saidpur Dhawa)	13		PRINCIPAL, Comm.	PRINCIPAL, other	1163	1163	1163	1593	3150	1556	-
2	Block & Circle Office	13		PRINCIPAL, Comm.	PRINCIPAL, other	4128	4128	4128	5656	11184	5527	
3	Power House Building	13		PRINCIPALComme +other	PRINCIPALComme +other	48150	48150	48150	62297	62297	0	
4	Telephone Exchange	11		PRINCIPAL, Comm.	PRINCIPAL, other	10101	10101	10101	13840	27363	13522	
5	Bihar State Electricity Board	13		PRINCIPAL, Comm.	PRINCIPAL, Comm.	50837	50837	50837	71130	71130	0	
6	D.M Office Arwal	11		PRINCIPAL, Comm.	PRINCIPAL, other	29253	29253	29253	40083	79246	39162	
7	Police Station Arwal	6		PRINCIPAL,	PRINCIPAL, other	19901	19901	19901	27270	53913	26643	





17	Information office Arwal	11	PRINCIPAL, Comm.	PRINCIPAL, other	3162	3162	8565	4332	4233
18	District Planning Office Arwal	11	PRINCIPAL, Comm.	PRINCIPAL, other	5575	5575	15104	7639	7464
19	Minority office Arwal	11	PRINCIPAL, Comm.	PRINCIPAL, other	1232	1232	2503	1688	814
20	District Mahila Sashaktikaran Office Arwal	11	PRINCIPAL, Comm.	PRINCIPAL, other	1222	1222	3310	1674	1635



# Nagar Parishad Arwal

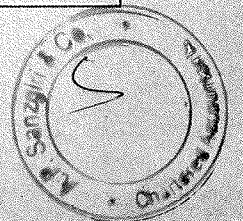
## Discussion Note

Date: 30.12.2019  
Nagar Parishad Arwal  
with  
AP Sangziri & Co.  
(Chartered Accountants)

Subject: Regarding confirmation of documents not maintained and management comment in Internal Audit Report for F.Y. 2018-19.

S.N.	Auditor observation	Management comment
1	Non implementation of Double entry system.	Currently there is no agency working for implementation of accrual based double entry accounting system.
2	AG Compliance Report.	It is submitted vide letter no. 1168/16-17 Dated 03.08.2019
3	Prepare budget for F.Y. 2015-16, 2016-17 & 2017-18;	Up to F.Y 2017-18 budget not prepared. F.Y 2018-19 is continue.
4	Non maintenance of Advance Register.	ULB did not follow practice of giving advance. <i>except Junior Engineer.</i>
5	No Municipal Accounts committee established.	Under process, and matter will be put before Board for constitution of "Municipal Accounts Committee".
6	Notice fee.	At present Notice Fee is not collecting, but it will be considered and collected accordingly in near future.
7	TDS return file not on due date/ acknowledgement.	It was Not aware for TDS Return. When we have been aware since now it is implemented
8	Non levy of Taxes in IAR Para " I Part-A a) (1).	ULB not providing services in this respect like fire tax and water taxes. For rest we will discuss in Board meeting and will implement accordingly.
9	Late deposit of property Tax.	1. Due to shortage human resources & pressure of work amount of tax collected is not deposited on time. 2. Necessary steps will be taken in this respect and it will be collected and deposited as per Act.
10	Late deposit of statutory deduction of TDS.	It will deposit on or before due date from now.
11	Delay in deposit of EPF.	Management will deposit it as soon as possible. Due to implementation of CFMS the same problem arises.
12	Non preparation of Complete UC details	UC Up to F.Y 2017-18 is Completed sent to Department.
13	Non practice of Stock valuation.	It will be followed as per rule and Management will decide about reasonable period of valuation i.e. frequency of time for valuation.
14	Electricity DPS	Due to non furnishing of bill on due date the DPS on Electricity arises.

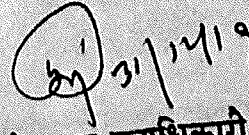
31/12/19  
कार्यपालक पदाधिकारी  
नगर परिषद, अरवल  
31/12/2019

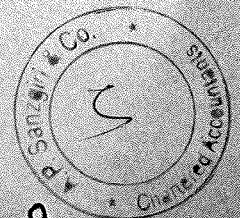


# Nagar Parishad Arwal

		A letter will be given to SBPDCL to submit bill on due date.
15	Maintenance of grant record with bifurcation like amount for Salary, water management, nail gali solid waste management and so on.	It will be provided.
16	Non maintenance of book refer to Para : II-PART B (a).	After reading this Para we conclude the following comments 1. S.N. 5 to 8 - No transaction Occurred. 2. 10 to 11 - Amount not collected in this respect. Rest will be maintained upon applicability of concern Para.
17	Difference in Holding Tax Amount as per Physical Measurement: ➤ Auditor found difference in area; as per self assessment form and actual measurement of property area there is difference for some cases selected on sample basis ➤ Valuation method not Revised till 2011	➤ We will take necessary action and imposed Holding Tax as per actual measurement taken. ➤ The Entire process of valuation need to be changed and the concern matter will be put before Board very soon and after approval of UD & HD (will be send after approval of board) it will be implemented accordingly.
18	Non preparation of Receipt and Payment A/c, Trial Balance, Income and Expenditure A/C and Balance Sheet ( Financial Statement).	Receipt and Payment A/c, Trial Balance, Income and Expenditure A/C and Balance Sheet will be prepared after implementation of Double Entry Accounting System.
19	Non creation of Special Fund and Fund Mentioned in Chapter ix of BMA, 2007.	The same will be created on applicability of relevant provision of said act.
20	Non Maintenance Fixed Assets register.	It will be maintained
21	Outstanding Taxes.	We will make our best effort to realize it by establishing camp in ward. Steps will be taken very soon.
22	Bank Reconciliation on Monthly Basis.	It will be prepared on monthly basis of all bank Account
23	Any Payment made out of Municipal Fund that is not covered by Budget.	Payment made out of budget provision. No such type of payment made that is not covered by budget.
24	Non implementation of Biometric Devices and Payroll Software.	It is under process.
25	Non maintenance of Procumbent Register.	ULB did not followed practice of Procumbent Register.
26	No deposit of statutory deduction of Labour cess and Royalty.	It will be deposited on or before due date from now. up to F.Y 2017-18 Royalty is deposited.
27	TDS on GST Payment & return file not on due date/ acknowledgement.	It was Not aware for TDS on GST Return. When we have been aware since now it is implemented

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

  
 कार्यपालक पदाधिकारी  
 नगर परिषद, अरवल  
 31/12/2019



**ARWAL NAGAR PARISHAD**  
**STATUS OF UTILIZATION CERTIFICATION FOR FY 2018-19**

S.No	Head	Approval order and date	Sanctioned Amount	Expenses Incurred	Balance Amount	UC Submitted against Expenses	UC Pending Against Expenses	% of UC Submitted against expenses	% of UC Pending against expenses	Letter No. & Date of Submission of Ucs
1	E.o salary	07/22.05.2018	7.00	7.00	-	7.00	-	100%	NIL	2243/04 10.2018
2	City Manager Salary	08/24-05-2018	1.97	1.97	-	1.97	-	100%	NIL	Not Provided
3	City Facility	10/01-06-2018	52.11	52.11	-	52.11	-	100%	NIL	1104/19.08.2019/1552/03.12.2019
4	Nali-Gali	09/30-05-2018	143.49	143.49	-	143.49	-	100%	NIL	1104/19.08.2019
5	SALARY	42/29.11.2019	1.97	1.97	-	1.97	-	100%	NIL	1552/03.12.2019
6	Chairman Salary	76/31.10.2018	6.30	6.30	-	6.30	-	100%	NIL	1552/03.12.2019
7	14 th finance	75/25.01.2019	101.38	-	101.38	-	-	NIL	NIL	1112/19.08.2019
8	Nali-Gali	99/06.03.2019	45.28	42.28	3.00	42.28	-	100%	NIL	Not Provided
9	5th Finance	15/03.07.2018	105.69	105.69	-	105.69	-	100%	NIL	286/27.02.2020
10	Professional Tax	77/24.10.2018	19.04	19.04	-	19.04	-	100%	NIL	286/27.02.2020

