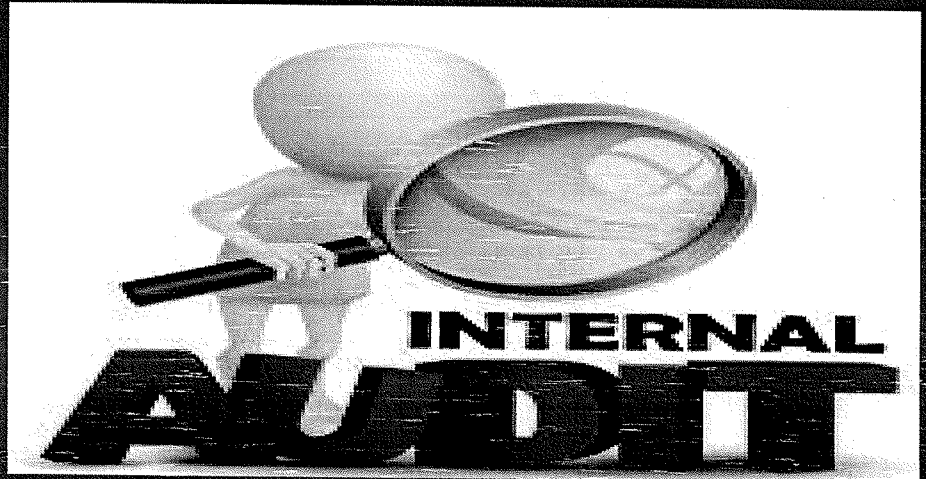


Financial
Year
2018-19



Internal Audit Report for FY 2018-2019 of Forbesganj Nagar Parishad

Internal Audit Conducted By
M/s. Tibrewal Chand & Co. Chartered Accountants
Phone: 011-01-201876, 011-0352019
Jhansi Road, 2nd Floor, 58, Balakrishna Nagar
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Report submission date: 10.12.2019

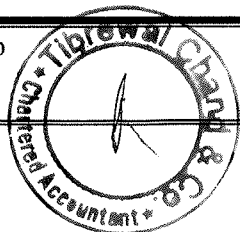
INTERNAL AUDIT REPORT



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

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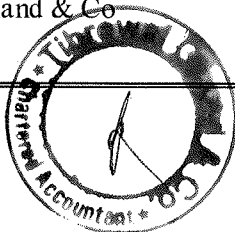
Executive Summary

1. **Introduction:**

Name of the Municipality	FORBESGANJ MUNICIPAL COUNCIL
Period covered under current audit	01-04-2018 to 31-03-2019
Name of Chief Municipal Officer for the period under audit	Mr. Deepak Kumar

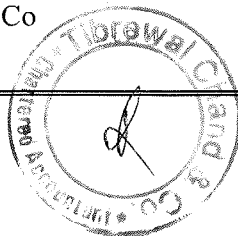
2. **Results and Findings:** During our audit we observed below mentioned strengths and weakness in the functioning of ULB:

Strengths observed during the audit engagement	<ol style="list-style-type: none">1. General Cash book has been prepared for the audited period2. Cashier cash book has been prepared for the audited period3. Few Revenue related records were prepared by the Parishad
Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement	<ol style="list-style-type: none">1. Non-compliance of procurement norms (Part A).2. Non Preparation of demand registers of revenue.3. Non preparation of subsidy cash book.4. Financial Statements for the period 2018-19 were not prepared by the Parishad.5. Non preparation of bank reconciliation statements.



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

6. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes.
7. Non deposition of statutory dues such as labor cess, TDS, VAT, ESI/PF to the authorities after deduction from bills, resulting in huge penalties and interest.
8. Non maintenance proper details of Sairat.
9. Non-Performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.
10. Non-Maintenance of assets registers in complete manner resulting in chances of mis-utilization of assets.
11. No proper survey of properties has been conducted by the ULB to ascertain the property tax receivables from holdings.
12. Proper log book & fuel distribution register was not prepared resulting in weakness in control over books of account.



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

	<p>13. Daily wages register was not prepared resulting in weakness in control over books of account.</p> <p>14. Huge outstanding of revenue including holding tax, tower tax, rent but no sincere efforts has been made by ULBs to recover the same.</p>
--	--

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

For Tibrewal Chand & Company
Chartered Accountants



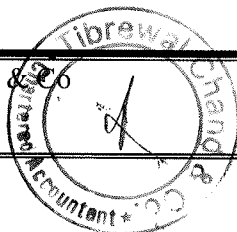
CA ROSHAN JAIN | PARTNER

Membership No 518422

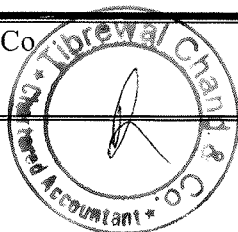
FRN No. 311047E

UDIN NO = 21518422AAAAAC4757

DATE = 24-02-2021



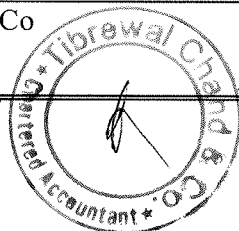
- 4. Audit Recommendations:** The recommendation of audit team on the observed weakness is as below:
1. Books of accounts should be prepared on real time basis under double entry system and accrual basis should be followed.
 2. ULB should be maintained subsidy cash book.
 3. Employees of all departments are required to be trained and monitored for updating of day to day transactions on regular basis in respective records and registers.
 4. Stringent follow up and actions are necessary for recovering arrear relating to property tax, tower tax, rental income and other sources of income.
 5. Bank statements or treasury statement shall be collected on regular intervals and bank reconciliation statement should be prepared on monthly basis. Balance confirmation certificate to be obtained from the respective bank treasury periodically.
 6. Fixed assets register has to be prepared for all fixed assets owned by the ULB, assets should be numbered. Physical verification of such fixed assets has to be conducted every year.
 7. Stock/store register should be updated as per the formats provided in BMAR.
 8. Statutory compliances such as deduction and deposition with authorities should be complied strictly to avoid penalty and interests.
 9. Log book and fuel issue register should be maintained properly indicating km runs, places covered, purpose of visit, signature of driver, city manager, sanitary inspector etc.
 10. Revenue records should be maintained properly including demand and collection details.
 11. PF/ ESI should be timely deposited.



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

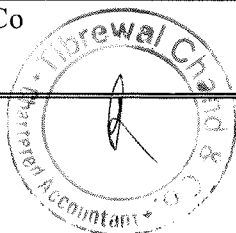
5. Comments from Management:-

S. No.	Observation	Comment From Management	Recommendation
1	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10,000/- per year. During the course of audit it was observed that Rs 35.70 lakh is due towards Tower Company for financial year 2018-19.	Demand raised but not paid by company, they filed write petition.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	There is a long outstanding list of property tax collection.	Demand raised and necessary attempt will be taken to realize the Tax.	Demand register for property tax should be maintained year wise and appropriate action should be taken.
3	Report on Findings of the field survey of property tax of minimum 20 high value properties.	Property tax self-assessment has been done as per municipal law.	Physical survey can't be conducted due to Non availability of ULB staff for conducting physical verification.
4	If the electricity bill is not paid within the stipulated date as mentioned in the bill, then they will charge a penalty in the next bill, So It will be better to pay regularly under any circumstances. Electricity bill have to be paid regularly,	Due to lack of human resources.	ULB should be paid all outstanding dues of electricity.



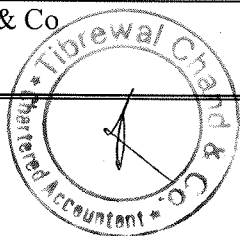
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

	to avoid penal charges. However outstanding amount is Rs. 8,89,213 were paid on 31.03.2019 ULB.		
5	17 Trade Licenses were issue in reporting period and only Rs. 56,000 collections were made which is showing poor revenue collection.	Demand raised and necessary attempt will be taken to realize the Fee.	Action must be taken.
6	PF and ESI deduction & deposition details is not provided to us. Therefore we are unable to quantify the amounts.	Noted For Future	PF should be deposited immediately.
7	During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Parishad. Further it was also observed that return was also not filled for TDS & VAT.	Noted For Future	All statutory compliances related to deduction, deposition and return filling should be complied.
8	The municipality is not in a practice to prepare BRS on regular or periodical basis. <i>(Details given in audit report Part A)</i>	Noted For Future	BRS should be maintained month wise.
9	FAR is not maintained/updated by the ULB	Prepared By outside Agency.	FAR including assets wise identification number should be maintained/ updated by Nagar Parishad.
10	Non preparation of stores register	Prepared By outside Agency.	Due to non – maintenance of FAR, it will become difficult to identify quantity of each class of stock. So, the



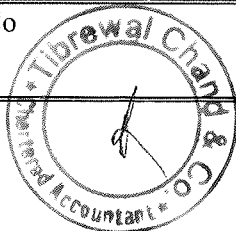
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

			ULB should maintain a store ledger including price of inward goods.
11	Recently holding tax is not collection from those holding which does not has ownership documents resulting in decline in revenue of ULB.	Demand raised and necessary attempt will be taken to realize the Revenue.	Should be collect immediately.
12	Forbesganj Nagar Parishad is not in practice to prepare monthly receipt and payment account and the trial balance.	Noted For Future	ULB should prepare receipts and payment account on monthly basis. It helps to find out that how much fund received by the ULB and whether its utilization was made properly or not.
13	Daily wages register were not produced to us for audit.	Produce in next quarter Audit.	Daily wages register should be made available to auditors.
14	Log books not maintained or maintained with incomplete information in ULB.	Noted For Future	Log book should be maintained by ULB.
15	Advertisement tax is not being collected by Nagar Parishad, due to which Nagar Parishad is losing its revenue.	No external agencies take permission for advertisement during the financial year 2018-19.	Advertisement tax is a major revenue source for Nagar Parishad therefore must be take necessary action to collect.
16	Non preparation of subsidy cash book.	Our staff prepared all registers suggested by your team.	Subsidy cash book should be maintained.
17	Scheme register not prepared for the financial year 2018-19	Our staff prepared all registers suggested by your team.	Separate register should be maintained for each scheme.
18	Property Tax-As per the records made available during	Tax collector is directed to deposit the tax on the	Tax must be deposited on next day.



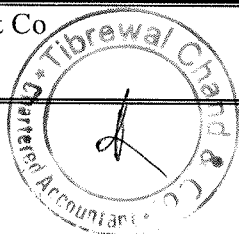
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

	the audit, delays were observed between date of collection made by the tax collector and the deposit of the same to the cashier.	same day.	
19	Demand Register for collection of Trade License for the financial year 2017-18 & 2018-19 is not yet prepared.	Demand collection register is under process.	Demand register should be prepared.
20	As per the records made available during the audit, delays were observed between date of collection made by the Naajir and the deposit of the same to the Bank/Treasury.	Nazir is directed to deposit the tax on the same day.	Tax must be deposited on next day.
21	During the audit we found that the ULB is not adjusting the advance within stipulated time.	Necessary action for recovery will be taken	Advance must be adjusted within stipulated time.
22	Collection of internal resources is very poor.	Due to lack of human resources.	It should be timely collected.
23	ULB is not in practice to prepare Register relating to disbursement of Advance and Adjustment of Advance, which creates problem to know summarized figure of Advance. Since ULB follow a practice to disburse advance and very late adjustment of such so it is recommended to bring maintenance of Advance related register.	Our staff prepared all registers suggested by your team.	Advance disbursement & Advance adjustment register must be prepared by Nagar Parishad.
24	Advance was given to Chandra Nath Chandan for cleaning work but order copy to depute this work is not attached in the concerned file. Further during the course of Audit it comes in our	Noted For Future	ULB must be followed process which relates to advance.



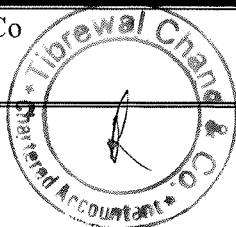
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

	knowledge that the adjustment has been made after taking litigation process and through Order of Judiciary but also such documents are absence from concerned file.Vr.no 554 dated 12.01.2019.		
25	Shop: - Since Audit commence we continuously demanded the Registers regarding the same but that are not produced before us. We discuss the same with Executive Officer and he explains that the details of same are maintained in computerized form and the concerned staff is on medical leave so unable to produce the same before Audit Personnel	Produce during next quarter Audit.	Shop details must be produced to auditor.
26	Trade License:-Since Audit commence we continuously demanded the Registers regarding the same but that are not produced before us. We discuss the same with Executive Officer and he explains that the details of same are maintained in computerized form and the concerned staff is on medical leave so unable to produce the same before Audit Personnel.	Produce during next quarter Audit.	Trade License details must be produced to auditor.
27	During the course of Audit, we observed that Nagar Parishad has conducted Internal audit for the year 2016-17 and 2017-18 but the compliance report for the same has not been prepared. <i>(Details provided in report)</i>	It takes few weeks.	It should be prepared as soon as possible



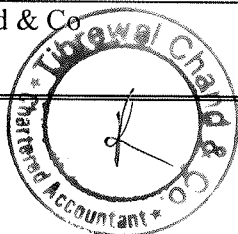
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

28	As per section 98 of Bihar Municipal Act, 2007 it is necessary for the Municipality to constitute accounts committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto but no municipal accounts committee has been constituted till the date of our audit.	Future Reference	Municipal accounts committee has been constituted as soon as possible.
29	During the course of audit we observed that during the year various items were procured but procurement norms were not followed, as per Bihar financial rules, 2017 (Amended) procurement of value above Rs. 50,000 is required to be made by GeM portal, but the same was made by normal bidding	Procurement norms of Bihar financial rules should be followed for all procurements.	Management take care regarding this type of issue.
30	During the audit it was observed that no biometric attendance was used for making attendance. Further there was very poor internal control on leave tracking of the employees.	Future Reference	Management take care regarding this type of issue.
31	Non-Compliance of Act & Rules	Noted for Future Reference	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.
32	Lack of internal control measures: (i) Voucher file was not maintained	Noted for Future Reference	We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets



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

	<p>(ii) No internal mechanism for statutory compliance</p> <p>(iii) No MIS was prepared for tracking of payments</p> <p>(iv) Required books of Accounts as per BMAM was not maintained</p> <p>(v) Statutory compliance reconciliation was not maintained</p>		<p>handling, cheque handling and statutory compliances:</p> <p>We suggest that MIS system should be implemented over daily collection and deposit. Reason for non-deposit/late deposit should be strongly addressed to minimize delay. Need to identify a person to comply with the statutory compliance. In case failure to comply with statutory compliances he should also be penalized. Therefore, the management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.</p>
<p>33</p>	<p>Non-Implementation of double entry accounting system.</p>		<p>As per requirement of BMAR-2014, Part-A, Chapter-2 Rule -4, "All ULB referred in schedule-1 shall maintain its books of account using the double entry system". Since Forbesganj Nagar Parisad is covered under schedule -1, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule. We found the detail that double accounting system is implemented at Forbesganj Nagar Parisad and AFS, FAR & PTR for 2017-18 has been submitted by M/s BORKAR &</p>

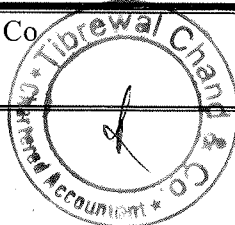


Internal Audit Report for the year ended 31st March of F.Y. 2018-19

			MAZUMDAR. However not got any data for 2018-19 verification. we
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6. Acknowledgement:-

We convey our heartfelt thanks to the entire team of “Nagar Parishad Forbesganj” for rendering their help in successfully completing the assignment.



Detailed Audit Report

1. Introduction: -

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

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

2. Administration: -

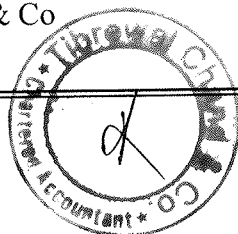
The Present governing body of the ULB has taken charge on 21-01-2019. The incumbencies in the key administrative and executive positions are as under:

- Smt. Sunita Jain Chairman from 09-06-2017 to till the date of Audit.
- Mr. Deepak Kumar Executive officer from 21-01-2019 to till the date of Audit.

3. Review of outstanding Audit Paras :

Status of Audit observations is as under:

Sl. No.	Particulars of audit and date of report	Total no. of Audit paras.	Total No. of Audit Paras where necessarily improvement/corrective measure is require	Total No. of Audit paras where recovery of cash is proposed	Total No. of Audit paras where recovery has been made	Total amount of recovery	Total No. of outstanding paras where no action has been taken	No. & date of compliance report
1	AG Audit (2013-14 to 2015-16)	39	37	10	3	3,71,590	34	Letter No. 357 dated- 28/02/2019 (Please refer 'Annexure



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

								I)
2	Internal Audit 2016-17							Compliance not prepared by ULB
3	Internal Audit 2017-18							Compliance not prepared by ULB

(Note: Refer point No. 27 of discussion note)

4. FINANCE: Financial related to actual as below :

i. Expenditure for the last three years :-

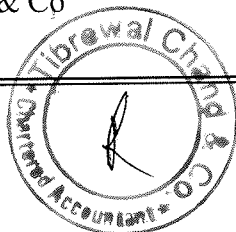
Year	2018-19	2017-18	2016-17
Final/Revised Budget	55,63,67,000	10,23,39,478	8,98,97,380
Actual Expenditure	5,66,36,498	10,51,32,543	11,40,29,147
Savings(+)/Excess(-)	49,97,30,502	(27,93,065)	(2,41,31,767)

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

ii. Volume of Transactions :-

Period	Budgeted 2018-19	Previous year (17-18)	Previous year (16-17)	Current period (2018-19)	Cumulative for the current Period
Opening Balance	22,83,33,595	25,18,74,280	12,93,40,221	22,83,33,595	22,83,33,595
Receipts	33,32,55,200	8,15,91,858	23,66,74,725	8,69,21,114	8,69,21,114
Total	56,15,88,795	33,34,66,138	36,60,14,946	31,52,54,709	31,52,54,709
Net Expenditure	55,63,67,000	10,51,32,543	11,40,29,147	5,66,36,498	5,66,36,498
Closing Balance	52,21,795	22,83,33,595	25,19,85,799	25,86,18,210	25,86,18,210

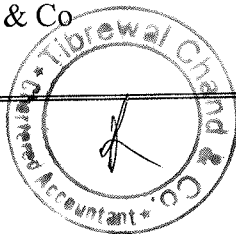
(Note: All figures taken from books of accounts.)



iii. Bank Reconciliation: Un-reconciled balance between bank book and bank statement as on 31-03-2019 has been shown below:

Name of Scheme	Name of Bank	Account Type	Account No.	Passbook Balance	Cash Book Balance	Diff.	Status
Revenue Collection	CBI	Current	00616	26,23,079.52	-	26,23,079.52	Unreconciled
Revenue Collection	PNB	Saving	32570	9,09,571.90	9,09,571.90	-	Reconciled
Revenue Collection	SBI	Saving	38663	2,75,509.61	2,75,509.61	-	Reconciled
BRGF	BOB	Saving	14485	4,41,840.13	4,41,840.13	-	Reconciled
SJSRY	BOB	Saving	12042	3,41,948.00	3,41,948.00	-	Reconciled
BalikaSamridhi	PNB	Saving	14750	86,157.00	86,157.00	-	Reconciled
KabirAntyesthi	BOI	Current	00042	2,58,830.40	2,58,830.40	-	Reconciled
IHSDP House	BOB	Saving	29901	1,39,22,379.00	1,39,22,379.00	-	Reconciled
IHSDP Infra	UBI	Saving	01097	68,38,498.00	68,38,498.00	-	Reconciled
13 th /14 th Finance	BOB	Saving	23179	22,80,957.00	22,80,957.00	-	Reconciled
DFID	BOB	Saving	23719	1,95,03,051.13	1,95,03,051.13	-	Reconciled
SBM	BOB	Saving	29902	30,44,555.00	30,44,555.00	-	Reconciled
NaliGali	Canara	Saving	03086	75,38,922.00	75,38,922.00	-	Reconciled
NalJal	Canara	Saving	02948	5,13,74,639.00	5,13,74,639.00	-	Reconciled
SahariVikash	Canara	Saving	03245	1,71,96,754.00	1,71,96,754.00	-	Reconciled
HFA	UBI	Saving	09372	31,45,160.44	31,45,160.44	-	Reconciled
NULM	Canara	Saving	03520	2,98,564.00	2,39,167.00	59,397.00	Unreconciled
Treasury			PLA 140	12,28,21,614.0 0	12,28,21,614.0 0	-	Reconciled

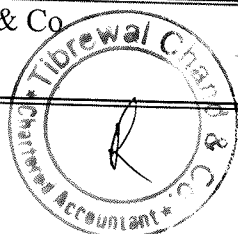
(Note: Refer point No. 08 of discussion note)



iv. Revenue & Capital Receipts

Income Details

Sl. No.	Details	2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	Total Receipts (A+B)	8,69,21,114	8,15,91,858	8,15,91,858	23,66,74,725
A	Revenue Receipts (1+2+3)	3,98,10,330	3,94,93,175	3,94,93,175	13,33,29,047
1	Own Revenue Receipts (A+B)	77,42,695	1,00,65,471	1,00,65,471	73,20,953
a)	Tax Revenue (Levied & Collected By municipal Body) (i+ii)	44,22,545	47,65,280	47,65,280	35,72,758
i)	Property Tax	42,05,563	45,28,409	45,28,409	32,54,058
ii)	Other Tax (Levied & Collected By municipal Body)	2,16,982	2,36,871	2,36,871	3,18,700
b)	Non Tax Revenue (Levied & Collected By municipal Body) (i+ii+iii)	33,20,150	53,00,191	53,00,191	37,48,195
i)	Fess & Fines	12,76,909	40,35,389	40,35,389	6,31,048
ii)	User Charges	1,23,000	2,55,000	2,55,000	2,96,048
iii)	Other Non-Tax Revenue (Levied & Collected By municipal Body)	19,20,241	10,09,802	10,09,802	28,21,099
2	Other Revenue Receipts	49,92,915	76,58,704	76,58,704	66,44,961
a)	Income from interest/Investments	42,82,500	65,30,228	65,30,228	38,34,923
b)	Other Revenue Income	7,10,415	11,28,476	11,28,476	26,10,038
3	Transfers/grants/Assigned Revenues	2,70,74,720	2,17,69,000	2,17,69,000	11,93,63,133
a)	State Assigned Revenues	18,53,366	16,89,410	16,89,410	1,59,53,151
b)	State Finance Commission (SFC) Grants/Devolution	-	-	-	10,34,09,982
c)	Octroi Compensation	-	-	-	-



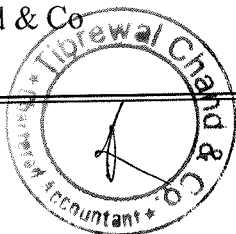
d)	Other State Government Transfers	-	-	-	-
e)	Central Finance Commission (CFC) Grants	-	-	-	-
f)	Other Central Government Transfers	-	-	-	-
g)	Others	2,52,21,354	2,00,79,590	2,00,79,590	-
B	Capital Receipts (1+2+3+4+5)	4,71,10,784	4,20,98,683	4,20,98,683	10,33,45,678
1	Sale of Municipal Land	-	-	-	-
2	Loan (From state Govt. or Banks etc.)	-	-	-	-
3	State Capital Account Grant (Under state Scheme etc.)	4,71,10,784	4,20,98,683	4,20,98,683	8,73,91,795
4	Central Capital Account Grant (Under central Scheme etc.)				1,59,53,883
5	Other Capital Receipts				-

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

v. Revenue & Capital Expenditure Information :-

Expenditure Details

Sl. No.	Details	2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	Total Expenditure (1+2)	5,66,36,498	10,51,32,543	10,51,32,543	11,40,29,147
1	Revenue Expenditure	4,30,82,151	8,15,76,695	8,15,76,695	6,29,93,618
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	2,30,12,018	3,26,64,736	3,26,64,736	5,45,16,185
1.2	Operation & Maintenance (O & M)	20,10,819	37,14,922	37,14,922	81,77,433
1.3	Loan Repayment (Interest	5,562	15,612	15,612	-



	Payments)				
1.4	Others (any other revenue Expenditure which is not salaries, O&M & or interest payment)	1,80,53,752	4,51,81,425	4,51,81,425	-
2	Capital Expenditure	1,35,54,347	2,35,55,848	2,35,55,848	5,13,35,529
2.1	All developmental works under central/state specific Schemes	99,82,847	1,92,69,199	1,92,69,199	5,13,35,529
2.2	Loan Repayments	-	-	-	-
2.3	Other capital expenditure	35,71,500	42,86,649	42,86,649	-

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

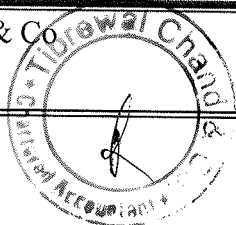
- vi. **Status of implementation of double entry accountingsystem:** DEAS has been implemented by M/s Borkar & Mazumdar at Forbesganj Municipal Council till F.Y 2017-18 but for the period 2018-19 no real time double entry system started till date of audit and even not got data for verification.

Particular	Completed
PTR	2017-18
AFS	2017-18
FAR	2017-18

(Note: Refer point No. 33 of discussion note)

- vii. **Status of Municipal Accounts Committee: if meeting is held:** As per section 98 of Bihar Municipal Act, 2007 it is necessary for the Municipality to constitute accounts committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto but no municipal accounts committee has been constituted till the date of our audit.

(Note: Refer point No. 28 of discussion note)



5. Audit Observations: -

I. Part-A

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

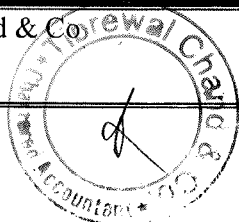
a. Tower Tax

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

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

Condition: As per notification of Bihar Government, the Governor of Bihar made the rules for the mobile tower under the Act. The mobile operator has to install tower only after obtaining necessary approvals and paying a Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10,000/- per year, while checking the files and other relevant records company wise outstanding was not maintained properly and o/s detail of Rs. 35.70 Lakh was found. In absence of proper demand and collection register it was difficult to find the exact demand and outstanding.

S.N.	Name of tower	No of tower	Registration fee	Renewal Fee	Collection Amount	Total due
1	Tower Vision India Ltd.	3	1,20,000	3,20,000	-	4,40,000
2	Airtel	4	1,60,000	3,40,000	-	5,00,000
3	Aircel	6	2,40,000	6,80,000	-	9,20,000
4	Asar Telephone Ltd.	3	1,20,000	2,90,000	-	4,10,000
5	Vodafone	4	1,60,000	4,20,000	60,000	5,20,000



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6	Wireless TT Info. Ltd	1	40,000	1,00,000	-	1,40,000
7	Reliance	1	40,000	1,60,000	-	2,00,000
8	BSNL	2	80,000	2,60,000	-	3,40,000
9	MTS	1	40,000	60,000	-	1,00,000
TOTAL			10,00,000	26,30,000	60,000	35,70,000

As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. An additional amount of registration and renewal fee @60% shall be levied for every additional antenna with share the same tower, no records or survey report was provided to ascertain no of antenna on mobile towers.

Delay on payment of annual renewal fee attracts interest at the rate of @1.5% per month; no such interest was collected by the ULB.

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

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

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

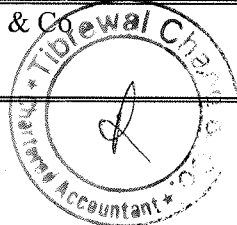
(Note: Refer point No. 01 of discussion note)

b. Holding and property tax not deposit on timely basis

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

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

Condition: As per the records made available during the audit, delays were observed between date of collection made by the tax collector and given to the Cashier which is shown below:

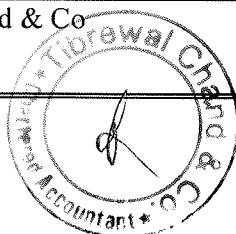


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Date of collection by tax collectors		Collected Amount	Date of deposit	Delay in submission to cashier	
FROM	TO			FROM	TO
16.05.2018	30.05.2018	21,060	18.06.2018	34	20
01.06.2018	06.06.2018	52,324	06.07.2018	36	31
08.06.2018	19.06.2018	42,528	06.07.2018	29	18
29.06.2018	29.06.2018	66,341	06.12.2018	161	161
30.06.2018	30.06.2018	34,817	06.12.2018	160	160
04.08.2018	31.08.2018	72,861	06.12.2018	125	98
13.09.2018	26.09.2018	42,569	06.12.2018	85	72
26.06.2018	26.06.2018	22,536	24.07.2018	29	29
19.07.2018	27.07.2018	14,334	04.09.2018	48	40
03.12.2018	12.12.2018	11,751	19.01.2019	48	39
17.12.2018	27.12.2018	22,062	19.01.2019	34	24
25.02.2019	25.02.2019	57,249	19.03.2019	23	23
06.03.2019	18.03.2019	29,240	16.04.2019	42	30
04.12.2018	04.12.2018	4,076	16.01.2019	44	44
17.12.2018	17.12.2018	4,572	16.01.2019	31	31
09.01.2019	22.01.2019	12,908	07.02.2019	30	17
22.02.2019	22.02.2019	6,808	19.03.2019	29	29
24.05.2018	26.05.2018	5,985	20.06.2018	28	26
02.06.2018	29.06.2018	1,35,063	05.07.2018	34	7
06.07.2018	06.07.2018	3,571	06.09.2018	62	62

➤ **Delay in Deposit of cash to Bank/Treasury by Nazir:-**As per the records made available during the audit, delays were observed between date of collection made by the Naajir and the deposit of the same to the Bank/Treasury. Which are shown below:

Date of collection by Naajir		Collected Amount	Date of deposit	Delay in submission to Bank/Treasury	
FROM	TO			FROM	TO
30.07.2018	30.07.2018	800	16.08.2018	18	18
08.08.2018	08.08.2018	42,530	16.08.2018	9	9
08.08.2018	08.08.2018	56,629	23.08.2018	16	16
10.11.2018	10.11.2018	52,000	17.11.2018	8	8
06.12.2018	06.12.2018	2,37,555	15.12.2018	10	10
06.12.2018	06.12.2018	3,48,816	17.12.2018	12	12
11.12.2018	11.12.2018	1,20,615	15.12.2018	5	5
11.12.2018	11.12.2018	27,482	15.12.2018	5	5



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20.12.2018	20.12.2018	1,15,000	31.12.2018	12	12
28.12.2018	28.12.2018	22,000	24.01.2019	28	28
07.01.2019	08.01.2019	6,000	24.01.2019	18	17
07.02.2019	07.02.2019	54,376	27.02.2019	21	21
27.02.2019	27.02.2019	55,443	18.03.2019	20	20
27.02.2019	27.02.2019	93,981	18.03.2019	20	20
01.03.2019	08.03.2019	1,24,000	18.03.2019	18	11
12.03.2019	12.03.2019	18,000	19.03.2019	8	8

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

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

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

(Note: Please refer point no. 02, 18 & 20 of discussion note.)

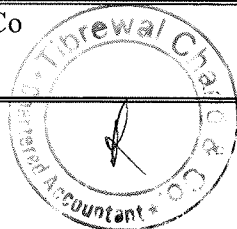
c. Holding Tax

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

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

Condition: Recently holding tax is not collection from those holding which does not has ownership documents resulting in decline in revenue of ULB.

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



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

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

(Note: Refer point No. 11 of discussion note)

d. Non Collection of Advertisement Tax:

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

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

Condition: Advertisement tax is not being collected by Nagar Parishad, due to which Nagar Parishad is losing its revenue.

Consequence/Effect/Impact: Due to no collection of advertisement tax there is a huge revenue loss to the Nagar Parishad.

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

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

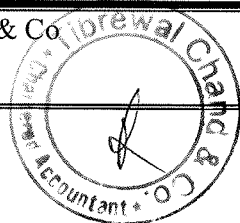
(Note: Refer point No. 15 of discussion note)

e. Trade Licence

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

Criteria: As per Bihar Municipal Act.

Condition: 17 Trade Licenses were issue in reporting period and only Rs. 56,000 collections were made which is showing poor revenue collection.



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

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

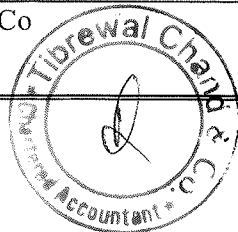
Corrective Action / Recommendation: There should be proper monitoring and further steps are required to be taken for collection of Trade Fee by concerned ULB.

(Note: Refer point No. 26 of discussion note)

b. Excess payment made against the bill, lack of prudence in payment against vouchers, inefficiency in control resulting loss to ULB:

- i. The Vehicle hire agreement has been signed with Chandan Singh in which has provision that if the vehicle does not come on the day then it will be deducted from payment. However no such type of supporting document or log book has been attached which can clarify Absence or presence of vehicle and Payment has been made without any deduction.
- ii. If the electricity bill is not paid within the stipulated date as mentioned in the bill, then they will charge a penalty in the next bill, So It will be better to pay regularly under any circumstances. Electricity bill have to be paid regularly, to avoid penal charges. However outstanding (including penal charge) amount is Rs. 8,89,213 were paid on 31.03.2019 ULB.

Sl.No.	Area	Adhibhar	Payment Date
1	Bus Stand	10,050.66	31-03-2019
2	Street Light Sadar Road	7,04,741.73	31-03-2019
3	Street Light	30,386.37	31-03-2019
4	Office	3,243.95	31-03-2019
5	Mail Kachhari	9,836.98	31-03-2019
6	Street Light Hospital Road	1,30,953.81	31-03-2019
Total		8,89,213.50	



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- iii. Further Vehicle hire agreement is Subject to TDS U/S 194 C of Income Tax Act 1961 at the rate of 1% in case of individual or 2% in case of private limited but In ULB this process is also not Following.this may cause penalty in Income Tax Act for Non Deduction of TDS U/S 201 and Section 271C of Income Tax Act 1961.
- iv. **Sambodhitsuakshbharat mission &NukurNaatak-** Nagar Parishad are not being deducted TDS in payment voucher no. 256 dated 23.06.2018 while this payment is subject to TDS U/S 194 C of Income Tax Act 1961.

(Note: Refer point No. 4, 7, 14 of discussion note)

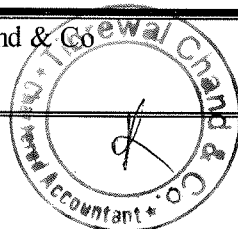
c. Report on Findings of the field survey of property tax of minimum 20 high value properties is given here: -

Our team on the basis of information available asked the SAF, demand collection detail of below mentioned properties:

SAF forms of below few properties were provided and also no arrangements were made for physical verification so, SAF forms can't be verified. Further demand collection register which was produced to us was incomplete and not having required information.

Apart from above details of 20 high value properties provided by the ULB is as below:

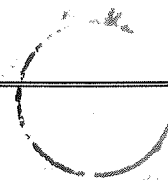
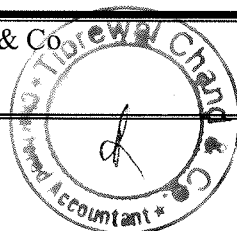
Sl.No	Holding No	Ward No	Type of Properties	Area	Tax
1	314	5	Commercial	6995	9,032
2	364	24	Commercial	1822	1,391
3	319	7	Commercial	2169	1,296
4	236	7	Commercial	23455	9,126
5	11	18	Commercial	1897	378
6	180	25	Commercial	2272	1,890
7	113	7	Residential	1409	416
8	68	20	Commercial	2733	668
9	255	7	Commercial	2100	7,743
10	31	18	Residential	1085	720
11	48	7	Commercial	4988	6,586
12	70	21	Residential	911	567
13	167	3	Residential	730	1,183



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14	87	10	Commercial	6966	10,976
15	81	10	Commercial	1822	11,033
16	239	18	Residential	1301	416
17	196	19	Commercial	6995	1,764
18	82	6	Residential	1084	466
19	138	6	Residential	1590	4,160
20	171	14	Commercial	2277	303

(Note: Refer point No. 03 of discussion note)



Part B

a. **Non-maintenance of books of accounts, subsidiary registers:** During the audit we observed that following registers which are given below has not been maintained by the ULBs.

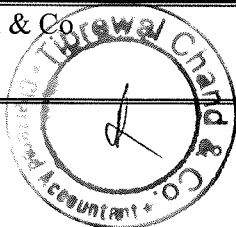
- Subsidiary register
- Stock register
- Cheque issue registers.
- Assets register.
- Contra, journal, Receipt Voucher.
- Records and revision of taxes and rent.

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

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

(Note: Refer point No 09, 10, 13, 14, 16, 17, 19, 23 of discussion note)

b. **Irregularity in procurement process:** Following irregularity found in procurement:-



❖ **Sambodhit swaksh bharat mission & Nukur Naatak:-**

- No quotation taken from party
- No agreement done with party

❖ **Purchase of Laptop:-**

- No quotation taken from party
- Dated 01.09.2018
- Voucher No. 413A

❖ **Pashu Badhsaala:-**

- Sairat allotted to Ajaj
- No agreement done with him

(Note: Refer point No 29 of discussion note)

c. Non Compliance of directives of UD&HD: We observed several non-compliance of the directions of the UDHD which includes-

- Non Implementation of GeM procurement mechanism
- Non collection of various taxes required to be collected.
- Non maintenance of prescribed books of accounts.
- Non maintenance of prescribed DEAS.
- Non maintenance of DCR.

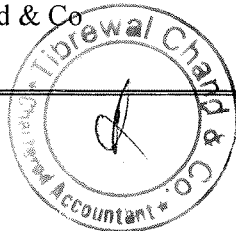
d. Non Compliances of the Acts and Rules: During the audit we observed below mentioned non compliances:

- Non formation of Municipal Accounts Committee
- Non maintenance of books of accounts as per BMAR
- Non preparation of budget as per Bihar Municipal Budget Manual
- Property tax rate should be increased in every 5 years but not increased since a long period

(Note: Refer point No 31 of discussion note)

e. Lack of Internal Control Measures:

- i) Voucher file was not maintained
- ii) No internal mechanism for statutory compliance



- iii) No MIS was prepared for tracking of payments
- iv) Required books of Accounts as per BMAM was not maintained
- v) Statutory compliance reconciliation was not maintained
(Note: Refer point No 32 of discussion note)

f. Non Compliance of Statutory Dues: During the audit it was observed that there is very serious issues in statutory compliances taxes are often deducted/ but not deposited on time resulting in heavy interest and penalty. In few cases it was deduction such as TDS and Royalty are not even deducted. Few cases are-

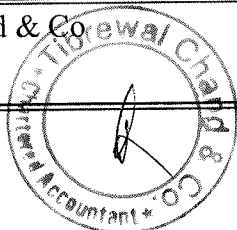
- i. **TDS:** Cases in which TDS deducted but not deposited within stipulated time:-

SL.NO	Yojna Name	TDS Amount	Date of deduction	Date of deposit
1	SamekitAawaas Adharb hutSanrachana	24,014	20-04-2018	30-08-2018
2	Road Construction	43,493	19-04-2018	16-05-2018
3	Drain Construction	34,297	19-04-2018	16-05-2018

We observed that ULB is not in practice to file return of deducted TDS on stipulated time. Details of such are given here:-

Sl. No.	Quarter	Due date	Date of Filling
1	Quarter 1	31st July	Details not provided
2	Quarter 2	31st October	Details not provided
3	Quarter 3	31st January	Details not provided
4	Quarter 4	15th May	Details not provided

- ii. **Royalty:** It was observed that ULB was not prepared Royalty details in separate register or file. Royalty was shown in contractor's bill which is not possible to calculate that how much deducted and how much deposited to concerned authority.
- iii. **Labour Cess:** It was observed that ULB was not prepared labour cess details in separate register or file. Labour cess was shown in contractor's bill which is not possible to calculate how much deducted and how much deposited to concerned authority.



- iv. **TDS:** It was observed that ULB was not prepared TDS details in separate register or file. TDS was shown in contractor's bill which is not possible to calculate how much deducted and how much deposited to concerned authority.
- v. **GST:** It was observed that ULB was not prepared GST details in separate register or file. GST was shown in contractor's bill which is not possible to calculate how much deducted and how much deposited to concerned authority.
- vi. **Sairat:** Since Audit commence, we continuously demanded the Registers regarding the Sairat but they were not produced before us. We discuss the same with Executive Officer and he explains that the details of same are maintained in computerized form and the concerned staff is on medical leave so unable to produce the same before Audit Personnel.

(Note: Refer point No 07 of discussion note)

- g. **Deficiency in pay roll system:** During the audit it was observed that no biometric attendance was used for making attendance. Further there was very poor internal control on leave tracking of the employees.

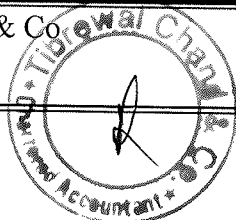
PF and ESI: PF and ESI deduction & deposition details is not provided to us. Therefore we are unable to quantify the amounts.

(Note: Refer point No 06 & 30 of discussion note)

- h. **Utilization certificate report on grants allotted during the year:**

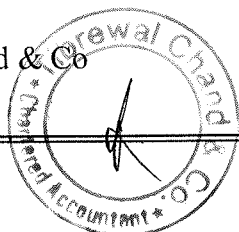
(In Lacs)

Year	Name of fund	Date of Allotment	Amount in Lakh	Expenditure	Un utilized Amount	Remarks
2018-19	14 TH Finance	31-10-2018	101.88	NIL	101.88	Un-Utilized Amount Rs 101.88 transferred to PL A/C



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2018-19	5 TH Finance	03-07-2018	211.01	NIL	211.01	Un-Utilized Amount Rs 211.01 transferred to PL A/C
2018-19	Nagrik Suwidha	20-08-2018	64.22	NIL	64.22	Un-Utilized Amount Rs 64.22 transferred to PL A/C
2018-19	EO Salary	22-05-2018	7.00	NIL	7.00	Un-Utilized Amount Rs 7.00 transferred to PL A/C
2018-19	5 th Finance	10-07-2018	215.80	NIL	215.80	Un-Utilized Amount Rs 215.80 transferred to PL A/C
2018-19	Path puliya nirmaan	27-09-2018	53.78	NIL	53.78	Un-Utilized Amount Rs 53.78 transferred to PL A/C
2018-19	Professional Tax	24-10-2018	18.53	NIL	18.53	Un-Utilized Amount Rs 18.53 transferred to PL A/C
2018-19	Nali Gali	30-05-2018	139.69	NIL	139.69	Un-Utilized Amount Rs 139.69 transferred to PL A/C
2018-19	Nali Gali	06-03-2019	44.08	NIL	44.08	Un-Utilized Amount Rs 44.08 transferred to PL A/C
TOTAL			588.99	-	588.99	



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EO Salary	7.00	-	7.00	-	-
Path Puliya Nirman	53.78	-	53.78	-	-
Professional Tax	18.53	-	18.53	-	-
Total	855.99	-	855.99	-	-

i. Physical Verification of the inventories and stores: Stores registers has not been prepared by the ULB. During the year 2018-19 no physical verification was carries out of the stores.

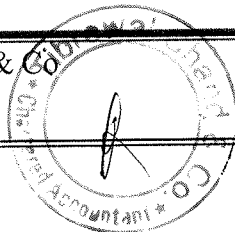
Stationery and other items were purchased not entered into stores registers and also not verified from concerned officer.

(Note: Refer point No 9 and 10 of discussion note)

j. Advances: During the audit we found that the ULB is not adjusting the advance within stipulated time. Details given below:-

Sl. No	Deputed Employee	Date of Advance	Amount
1	Vinod Kumar Singh	04.06.2018	3,00,000
2	Ganga Prasad Das	06.06.2018	1,00,000
3	Vinod Kumar Singh	23.06.2018	1,50,000
4	Vinod Kumar Singh	05.07.2018	1,00,000
5	Vinod Kumar Singh	31.07.2018	1,50,000
6	Ganga Prasad Das	07.09.2018	1,00,000
7	Ganga Prasad Das	15.09.2018	1,50,000
8	Chandranath Chandan	12.10.2018	3,00,000
		Total	13,50,000

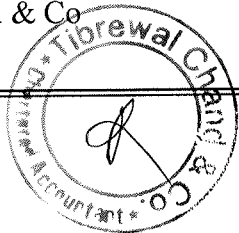
(Note: Refer point No 21, 23 and 24 of discussion note)



Part C

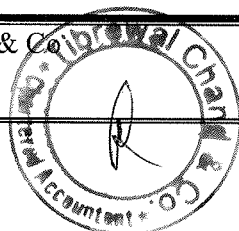
Scope of Audit

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



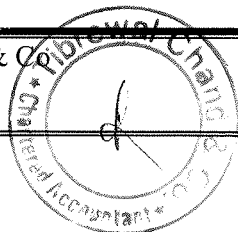
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

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



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

11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No fixed deposit made during the F.Y. 2018-19. All funds held by ULB are maintained at Nationalized Banks and rate of interest is per banking norms.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses.	It has been provided in audit report under part A.
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	It has been provided in audit report under part A.
14	Whether C&AG and Internal audit paras has been complied, if not assistance has been provided in this regard.	It reported in review of outstanding audit paras as Annexure "A" in detailed audit Report.



पत्रांक.....

प्रेषक :

कार्यपालक पदाधिकारी
नगर परिषद, फारबिसगंज।

सेवा में,

महालेखाकार (लेखापरीक्षा), बिहार
स्थानीय लेखा परीक्षा, शाखा
समाजिक प्रक्षेत्र -1
वीरचन्द पटेल मार्ग
पटना- 01

फारबिसगंज, दिनांक.....

विषय: - अंकेक्षण, प्रतिवेदन सं० 1001/2016-17 का अनुपालन प्रतिवेदन।

महाशय,

उपर्युक्त विषय के प्रसंग में कहना है कि फारबिसगंज नगरपरिषद के लेखा वर्ष 2013-14 से 2015-16 तक का किया गया अंकेक्षण का अंकेक्षण प्रतिवेदन संख्या 1001/16-17 का अनुपालन प्रतिवेदन संलग्न कर भेजा जाता है।

कृपया प्रतिवेदन स्वीकार किया जाय।

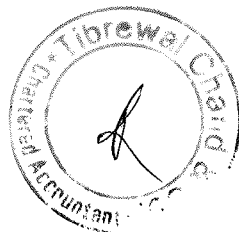
विश्वासभाजन

कार्यपालक पदाधिकारी
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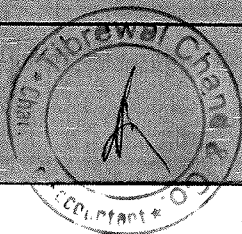
ज्ञापांक...357... दिनांक...28-2-19

प्रतिलिपि - सरकार के विशेष सचिव, नगर विकास एवं आवास विभाग, बिहार, पटना की सेवा में सूचनार्थ एवं आवश्यक कार्रवाई हेतु प्रेषित।

कार्यपालक पदाधिकारी
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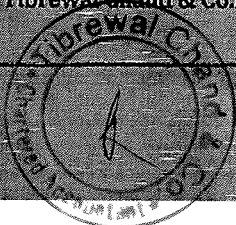


S/N	Observations	Management comments	Recommendation
1	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10,000/- per year. During the course of audit it was observed that Rs 35.70 lakh is due towards Tower Company for financial year 2018-19.	Demand raised but not paid by company they filed write petition.	There is a huge loss of revenue & interest income. So necessary steps should be taken for timely collection of taxes.
2	There is a long outstanding list of property tax collection.	Demand raised and necessary attempt will be taken to realize the Tax.	Demand register for property tax should be maintained year wise and appropriate action should be taken.
3	Report on Findings of the field survey of property tax of minimum 20 high value properties.	Property tax self-assessment has been done as per municipal law.	Physical survey can't be conducted due to Non availability of ULB staff for conducting physical verification.
4	If the electricity bill is not paid within the stipulated date as mentioned in the bill, then they will charge a penalty in the next bill, So It will be better to pay regularly under any circumstances. Electricity bill have to be paid regularly, to avoid penal charges. However outstanding amount is Rs. 8,89,213 were paid on 31.03.2019 ULB.	Due to lack of human resources.	ULB should be paid all outstanding dues of electricity.
5	17 Trade Licenses were issue in reporting period and only Rs. 56,000 collections were made which is showing poor revenue collection.	Demand raised and necessary attempt will be taken to realize the Fee.	Action must be taken.
6	PF and ESI deduction & deposition details is not provided to us. Therefore we are unable to quantify the amounts.	Noted For Future	PF should be deposited immediately.
7	During the audit various cases were	Noted For Future	All statutory compliances



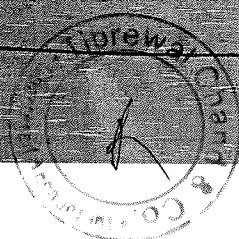
कार्यपालक अधिकारी
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	observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Parishad. Further it was also observed that return was also not filed for TDS & VAT.		related to deduction deposited and return filing should be complied.
8	The municipality is not in a practice to prepare BRS on regular or periodical basis. (Details given in audit report Part A)	Noted For Future	BRS should be maintained month wise.
9	FAR is not maintained/updated by the ULB	Prepared By outside Agency.	FAR including assets wise identification number should be maintained/ updated by Nagar Parishad.
10	Non preparation of stores register	Prepared By outside Agency.	Due to non - maintenance of FAR, it will become difficult to identify quantity of each class of stock. So, the ULB should maintain a store ledger including price of inward goods.
11	Recently holding tax is not collection from those holding which does not has ownership documents resulting in decline in revenue of ULB.	Demand raised and necessary attempt will be taken to realize the Revenue	Should be collect immediately.
12	Forbesganj Nagar Parishad is not in practice to prepare monthly receipt and payment account and the trial balance.	Noted For Future	ULB should prepare receipts and payment account on monthly basis. It helps to find out that how much fund received by the ULB and whether its utilization was made properly or not.
13	Daily wages register were not produced to us for audit	Produce in next quarter Audit.	Daily wages register should be made available to auditors.
14	Log books not maintained or maintained with incomplete information in ULB.	Noted For Future	Log book should be maintained by ULB.
15	Advertisement tax is not being collected by Nagar Parishad due to which Nagar Parishad is losing its revenue.	No external agencies take permission to advertisement. Nagar Parishad therefore must take	Advertisement tax is a major revenue source for Nagar Parishad therefore must be take



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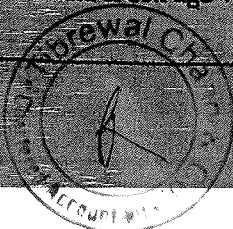
		financial year 2018-19.	necessary action to collect.
16	Non preparation of subsidy cash book.	Our staff prepared all registers suggested by your team.	Subsidy cash book should be maintained.
17	Scheme register not prepared for the financial year 2018-19	Our staff prepared all registers suggested by your team.	Separate register should be maintained for each scheme.
18	Property Tax-As per the records made available during the audit, delays were observed between date of collection made by the tax collector and the deposit of the same to the cashier.	Tax collector is directed to deposit the tax on the same day.	Tax must be deposited on next day.
19	Demand Register for collection of Trade License for the financial year 2017-18 & 2018-19 is not yet prepared.	Demand collection register is under process.	Demand register should be prepared.
20	As per the records made available during the audit, delays were observed between date of collection made by the Naajir and the deposit of the same to the Bank/Treasury.	Nazir is directed to deposit the tax on the same day.	Tax must be deposited on next day.
21	During the audit we found that the ULB is not adjusting the advance within stipulated time.	Necessary action for recovery will be taken.	Advance must be adjusted within stipulated time.
22	Collection of internal resources is very poor.	Due to lack of human resources.	It should be timely collected.
23	ULB is not in practice to prepare Register relating to disbursement of Advance and Adjustment of Advance, which creates problem to know summarized figure of Advance. Since ULB follow a practice to disburse advance and very late adjustment of such so it is recommended to bring maintenance of Advance related Register.	Our staff prepared all registers suggested by your team.	Advance disbursement & Advance adjustment register must be prepared by Nagar Parishad.
24	Advance was given to Chandra Nath Chandan for cleaning work but order copy to depute this work is not attached	Noted For Future	ULB must be followed process which relates to advance.



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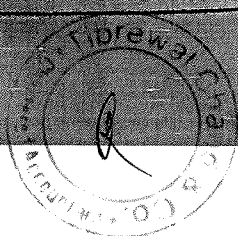
in the concerned file. Further during the course of Audit it comes in our knowledge that the adjustment has been made after taking litigation process and through Order of Judiciary but also such documents are absence from concerned file. Vr.no 554 dated 12.01.2019.

<p>25 Shop: Since Audit commence we continuously demanded the Registers regarding the same but that are not produced before us. We discuss the same with Executive Officer and he explains that the details of same are maintained in computerized form and the concerned staff is on medical leave so unable to produce the same before Audit Personnel.</p>	<p>Produce during next quarter Audit.</p>	<p>Shop details must be produced to auditor.</p>
<p>26 Trade License: Since Audit commence we continuously demanded the Registers regarding the same but that are not produced before us. We discuss the same with Executive Officer and he explains that the details of same are maintained in computerized form and the concerned staff is on medical leave so unable to produce the same before Audit Personnel.</p>	<p>Produce during next quarter Audit.</p>	<p>Trade License details must be produced to auditor.</p>
<p>27 During the course of Audit, we observed that Nagar Parishad has conducted internal audit for the year 2016-17 and 2017-18 but the compliance report for the same has not been prepared. <i>Details provided in report.</i></p>	<p>It takes few weeks.</p>	<p>It should be prepared as soon as possible.</p>
<p>28 As per section 98 of Bihar Municipal Act, 2007 it is necessary for the Municipality to constitute accounts committee at its first meeting in each</p>	<p>Future Reference</p>	<p>Municipal accounts committee has been constituted as soon as possible.</p>



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<p>year or as soon as may be at any meeting subsequent thereto but no municipal accounts committee has been constituted till the date of our audit.</p>		
<p>During the course of audit we observed that during the year various items were prepared but procurement norms were not followed, as per Bihar financial rules 2017 (Amended) procurement of value above Rs. 50,000 is required to be made by GeM portal, but the same was made by normal bidding.</p>	<p>Procurement norms of Bihar financial rules should be followed for all procurements.</p>	<p>Management take care regarding this type of issue.</p>
<p>30 During the audit it was observed that no biometric attendance was used for making attendance. Further there was very poor internal control on leave tracking of the employees.</p>	<p>Future Reference</p>	<p>Management take care regarding this type of issue.</p>
<p>31 Non-Compliance of Act & Rules</p>	<p>Noted for Future Reference</p>	<p>Refer point of Paragraph (ii) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.</p>
<p>32 Lack of internal control measures: We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling and statutory compliances:</p> <ul style="list-style-type: none"> (i) Voucher file was not maintained (ii) No internal mechanism for statutory compliance (iii) No MIS was prepared for tracking of payments (iv) Required books of Accounts as per BMAM was not maintained (v) Statutory compliance reconciliation was not maintained 	<p>Noted for Future Reference</p>	<p>We suggest that MIS system should be implemented over daily collection and deposit. Reason for non-deposit/late deposit should be strongly addressed to minimize delay. Need to identify a person to comply with the statutory compliance. In case failure to comply with Statutory compliances he should also be penalized. Therefore, the management has to take serious effort in implementation of internal</p>



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Non-implementation of double entry accounting system. We found the local double accounting system is implemented at Forbesganj Nagar Parishad and AFS, FAR & PTR for 2018-19 has been submitted by M/s RODAR & MAZUMDAR. However no any data for 2018-19 verification.

control mechanism for getting a better result from ULS working.

As per requirement of Section 201A Part 2A Chapter 2 Part 4 (2A) ULS covered under schedule II shall maintain its books of account using the double entry system. Since Forbesganj Nagar Parishad is covered under schedule II therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule.

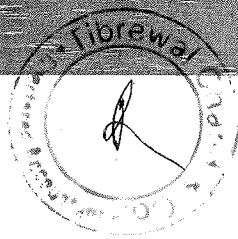
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Bank Reconciliation Statement

Name of Scheme	Name of Bank	Account Type	Account No.	Passbook Balance	Cash Book Balance	Diff.	Status
Revenue Collection	BOB	Current	00616	26,23,079.52		26,23,079.52	Reconciled
Revenue Collection	PNB	Saving	32570	9,09,571.90	9,09,571.90	-	Reconciled
Revenue Collection	SBI	Saving	38663	2,75,509.61	2,75,509.61	-	Reconciled
BRGF	BOB	Saving	14485	4,41,840.13	4,41,840.13	-	Reconciled
SISRY	BOB	Saving	12042	3,41,948.00	3,41,948.00	-	Reconciled
Balika Samridhi	PNB	Saving	14750	86,157.00	86,157.00	-	Reconciled
Kabir Vidyarthi	BOB	Current	00042	2,58,830.40	2,58,830.40	-	Reconciled
IHSDP House	BOB	Saving	29901	1,39,22,379.00	1,39,22,379.00	-	Reconciled
IHSDP Infra	UBI	Saving	01097	68,38,498.00	68,38,498.00	-	Reconciled
13 th /14 th Finance	BOB	Saving	23179	22,80,957.00	22,80,957.00	-	Reconciled
MTD	BOB	Saving	23719	1,95,03,051.13	1,95,03,051.13	-	Reconciled
BM	BOB	Saving	29902	30,44,555.00	30,44,555.00	-	Reconciled
Calicut	Canara	Saving	03086	75,38,922.00	75,38,922.00	-	Reconciled
Cal Jal	Canara	Saving	02948	5,13,74,639.00	5,13,74,639.00	-	Reconciled
Chandrika	Canara	Saving	03245	1,71,96,754.00	1,71,96,754.00	-	Reconciled
FA	UBI	Saving	09372	31,45,160.44	31,45,160.44	-	Reconciled
MM	Canara	Saving	03520	2,98,564.00	2,98,564.00	-	Reconciled
Treasury			PLA 140	12,28,21,614.00	12,28,21,614.00	-	Reconciled

कार्यपालक पदाधिकारी
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Discussion Note: 2018-19

Forbesganj Nagar Parishad

Details of 20 high value properties:-

Sl.No	Holding No	Ward No	Type of Properties	Area	Tax
1	364	5	Commercial	6995	1,391
2	364	24	Commercial	1822	1,391
3	319	7	Commercial	2169	1,391
4	236	7	Commercial	23455	9,126
5	111	18	Commercial	1897	416
6	180	25	Commercial	2272	1,890
7	113	7	Residential	1409	416
8	68	20	Commercial	2733	668
9	255	7	Commercial	2100	7,743
10	31	18	Residential	1085	720
11	48	7	Commercial	4938	6,586
12	70	21	Residential	911	567
13	167	3	Residential	730	1,183
14	87	10	Commercial	6966	10,976
15	81	10	Commercial	1822	11,033
16	239	18	Residential	1301	416
17	196	19	Commercial	6995	1,763
18	82	6	Residential	1084	466
19	128	6	Residential	1590	4,160
20	171	14	Commercial	2277	303

Details of statutory deduction:-

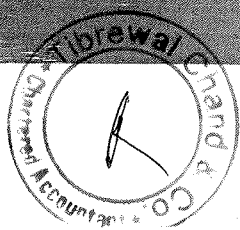
i. TDS:

Sl.N	Yojna Name	TDS Amount	Date of deduction	Date of deposit
1	Sanskriti Gyanam Adhar bhuti Samachana	24,014	20-04-2018	30-08-2018
2	Road Construction	43,493	19-04-2018	16-05-2018
3	Drainage Construction	54,297	19-04-2018	16-05-2018

ii. Details of TDS return filing:

Sl. No.	Quarter	Due date	Date of Filing
1	Quarter 1	31st July	Details not provided
2	Quarter 2	31st October	Details not provided
3	Quarter 3	31st January	Details not provided
4	Quarter 4	15th May	Details not provided

Forbesganj Nagar Parishad
 नगर कार्यपालक कार्यालय
 फोर्बेसगंज



Details of UC's of Financial Year 2018 - 2019

Year of allotment	Name of Scheme	Date of Allotment	Amount allotted In Lakh	Expenditure	Un-utilized Amount	Remarks	
2018-19	14th Finance	31/10/2018	101.88	NIL	101.88	Un-Utilized Amount Rs. 101.88 transferred to PL A/C	
2	2018-19	5th Finance	03/07/2018	211.01	NIL	211.01	Un-Utilized Amount Rs. 211.01 transferred to PL A/C
3	2018-19	नगरिक सुविधा	20/08/2018	64.22	NIL	64.22	Un-Utilized Amount Rs. 64.22 transferred to PL A/C
4	2018-19	EO SALARY	22/05/2018	7.00	NIL	7.00	Un-Utilized Amount Rs. 7.00 transferred to PL A/C
5	2018-19	5th Finance	10/07/2018	215.80	NIL	215.80	Un-Utilized Amount Rs. 215.80 transferred to PL A/C
6	2018-19	पथ -पुलिया निर्माण	27/09/2018	53.78	NIL	53.78	Un-Utilized Amount Rs. 53.78 transferred to PL A/C
7	2018-19	Professional Tax	24/10/2018	18.53	NIL	18.53	Un-Utilized Amount Rs. 18.53 transferred to PL A/C
8	2018-19	Nali-Gali	30/05/2018	139.69	NIL	139.69	Un-Utilized Amount Rs. 139.69 transferred to PL A/C
9	2018-19	Nali-Gali	06/03/2019	44.08	NIL	44.08	Un-Utilized Amount Rs. 44.08 transferred to PL A/C
Grand Total			588.99		588.99		

