

Financial  
Year  
2018-19



## Internal Audit Report for FY 2018-2019 of Ghoghardiha Nagar Panchayat

Internal Audit Conducted By  
**M/s Tibrewal Chand & Co. Chartered Accountants**  
From 01.04.2018 to 31.03.2019  
Flat No. 501, 5<sup>th</sup> floor, SS Bihar Apartment  
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**INTERNAL AUDIT REPORT**  
Submitted On: 30<sup>th</sup> August, 2019



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

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## Internal Audit Report Nagar Panchayat – Ghoghardiha

Urban Development and Housing Department in order to implement the best practices of the internal audit of 140 ULBs through NIT No. IA-140 ULBs/2018-19 This Internal audit report has been issued as a part of our appointment for internal audit.

### **The Salient Points of the scope covered by our internal audit are as follows:**

1. Evaluation of internal controls.
2. Compliance of Bihar Municipal Act related Rules and Regulations.
3. Compliance of Bihar Municipal Accounting Manual, BMAR- 2014 and Bihar Municipal Budget Manual.
4. Reporting on all Major own Revenue Losses.
5. Survey Report on Act at least 20 high Value Property in the Town.
6. Report on Procurement made through Tender for value Above Rs. 15,000/-.
7. Report on statutory compliances
8. Report on procurements
9. Report on maintenance of books of accounts and other records and registers.
10. Appraisal of the effectiveness of overall accounting system.

### **We have conducted the Internal Audit with the objective:-**

- ❖ That The Assets of the ULB are properly protected and accounted for.
- ❖ That the current transactions are promptly and completely recorded.
- ❖ That Inefficient or fraudulent operations are revealed.

We started with an overview of activities through a study on various documents generated by the ULB. We then identified Evaluated and tested adequacy, effectiveness and efficiency of internal controls including standard policies and procedure laid down by the management for each of the areas included in the scope of work.

Testing of internal control was carried out by the checking a sample of transaction for the period covered under the audit.

Our observations resulting from the audit test performed on a sample of transactions along with recommendation for addressing these observations are set out under Part (A), Part (B) and Part (C) of the audit report.

During the audit, we reviewed the following Registers and Documents.

- ❖ Accountant cash Book
- ❖ Subsidiary Cash Book
- ❖ Bank Book



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- ❖ Records related to revenue
- ❖ Vouchers along with supporting documents.
- ❖ Others related records and registers.

For Tibrewal Chand & Company  
Chartered Accountants



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

UDIN :- 20518422AAAAE18876

Dated: - 17-10-2020

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### Executive Summary

- 1. Introduction:** Ghoghardiha Nagar Panchayat, with population of about 1,57,224 is located in district of Madhubani sub district of Ghoghardiha district in the state Bihar. There are approximate 3,257 households. Mr. Anil Kumar Mandal is Chairman holding post from 09-06-2017 to till the date of Audit. Mr. Pushkar kumar Pushp is the Executive officer holding post from 09-02-2019 to till the date of Audit.
- 2. Results and Findings:** During our audit we observed below mentioned strengths and weakness in the functioning of ULB:

<b>Strengths observed during the audit engagement</b>	<ol style="list-style-type: none"><li>1. General Cash book has been prepared for the audited period</li><li>2. Few Revenue related records were prepared by the Panchayat</li></ol>
<b>Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement</b>	<ol style="list-style-type: none"><li>1. Non collection of outstanding rent.</li><li>2. Non deduction of TDS in various cases such as contractors payment, advertisement etc., resulting in violation of tax provisions and attraction of interest and penalty.</li><li>3. Non preparation of budget for the year 2016-17, 2017-18 &amp; 2019-20.</li><li>4. Sairat did not bid from 2002.</li><li>5. Non collection of property tax from 2002.</li><li>6. Non maintenance of supporting vouchers.</li><li>7. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes.</li></ol>



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	<p>8. Non deposition of statutory dues on time such as labor cess, TDS, VAT, ESI/PF to the authorities after deduction from bills, resulting in huge penalties and interest.</p> <p>9. Non-Performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.</p> <p>10. Non-Maintenance of assets registers in complete manner resulting in chances of mis-utilization of assets.</p> <p>11. No proper survey of properties has been conducted by the ULB to ascertain the property tax receivables from holdings.</p> <p>12. Delay in deposition of revenue collected.</p> <p>13. Fuel distribution register was not prepared resulting in weakness in control over books of account.</p> <p>14. Daily wages register was not prepared resulting in weakness in control over books of account.</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 matter incidental thereto for overall improvement of the ULB.



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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. 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.
3. Stringent follow up and actions are necessary for recovering arrear relating to property tax, tower tax, rental income and other sources of income.
4. 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.
5. 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.
6. Stock/store register should be updated as per the formats provided in BMAR.
7. Statutory compliances such as deduction and deposition with authorities should be complied strictly to avoid penalty and interests.
8. Fuel issue register should be maintained properly indicating km runs, places covered, purpose of visit, signature of driver, city manager, sanitary inspector etc.
9. Revenue records should be maintained properly including demand and collection details.
10. Property tax is a source of major revenue. It must be collected.
11. Sairat should bid as soon as possible.
12. Supporting vouchers must be collected.



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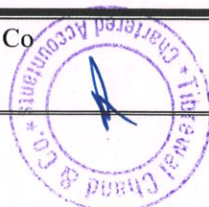
**5. Comments from Management:-**

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. 30,000/- per Tower and the Renewal fee is Rs. 8,000/- per year. During the course of audit it was observed that Rs. 8,90,000.00 is due towards Tower Company for financial year 2018-19. <i>(Details given in report Part A)</i>	Notices have been served on regular and recovery has been made from to some extent. Some of the companies like Tata Indicom are traceless now.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	Fixed Assets Register (FAR) is not maintained properly at Nagar Panchayat level. Also, there is no record of wasted fixed assets & current fixed assets of Nagar Panchayat. Further, identification No. is not mentioned on assets.	FAR is to be maintained very soon.	Due to non – maintenance of FAR, it will become difficult to identify quantity of each class of fixed asset. In case of theft, FAR will be helpful to trace the asset. So, FAR should be prepared at the Nagar Panchayat and Identification No. should be mentioned on the each assets.
3	During the course of Audit, we observed that Nagar Panchayat has conducted CAG audit & Internal Audit for the year 2016-17 & 2017-18 but the compliance report for the same has not been prepared. <i>(Details provided in report)</i>	Not prepared yet.	It should be prepared as soon as possible.
4	Non collection of outstanding rent of Rs. 1,40,050/-.	It has been recovered to large extent.	Outstanding rent should be collected by concerned officer.
5	Nagar Panchayat was paid of Rs. 1,00,000 & 1,38,000 for advertisement but TDS was not deducted.	Specific entrance may kindly be given so that the case can be expedited.	Bills should be attached along with file and TDS should be deducted.



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6	Report on Findings of the field survey of property tax of minimum 20 high value properties <i>(Details provided in report)</i>	-	Physical survey can't be conducted due to non-availability of ULB staff for conducting physical verification. Further SAF forms were also not provided for 20 high value properties as per list provided by us.
7	Nagar Panchayat is not being collected property tax from 2002.	Started from July, 2019	Executive officer must take necessary step for collection of property tax.
8	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 Panchayat. Further it was observed that return was also not filled for TDS & VAT.	It shall be expedited and informed	All statutory compliances related to deduction, deposition and return filling should be complied.
9	Sairat did not bid from 2002.	For Pond, It is under consideration by higher Authority. For Market, It is to be done in near future.	Executive officer must take necessary step for collection of property tax.
10	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19	The matter shall be kept in board meeting.	As per requirement of BMA-2007, Chapter-XII, ULB should hold a meeting of municipal accounts committee each year. During our audit no evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.
11	Non-maintenance of required registers as per Rule No.-3 of BMAR-2014	Most of the registers are maintained as per requirement.	Details of registers not maintained by ULB is mentioned under Part-A (a). ULB should ensure proper maintenance of required



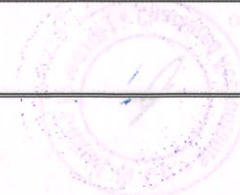
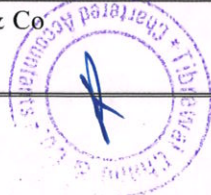
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			books of account and register as per the list given in rule-3 of BMAR-2014.
12	Fuel distribution register was not prepared resulting in weakness in control over books of account.	It shall be maintained as per auditor instruction	Register of fuel distribution should be maintained at ULB.
13	Payment was made to Shashi kumar Singh for Office Expenses amount of Rs. 1,93,376.00 but not maintained in the file and also supporting was not provided to us.	It is to be expedited	Rs. 1,93,376.00 should be recovered from Shashi kumar singh or supporting for office expenses should be taken by authorized person and same should be entered in the file.
14	Tea & Coffee Expenses were written in blank page while Payment was done but supporting documents are not provided to us.	Payment shall be maintained as per auditor instruction.	It should be maintained in register and supporting of payment should be attached in the file.
15	Non preparation of budget for the year 2016-17, 2017-18 & 2019-20.	It is to be expedited	Budget for every organization is important for capture the information regarding expenses, Income, assets & liabilities therefore Budget should be prepared every year.
16	<p><b>Lack of internal control measures</b></p> <p>We observed that there is no internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling, and statutory compliances:</p> <p>(i) Voucher file was not maintained.</p> <p>(ii) No internal mechanism for statutory compliance.</p> <p>(iii) No MIS was prepared for tracking of payments.</p> <p>(iv) Required books of Accounts as per BMAM, was not maintained</p> <p>(v) Statutory compliance reconciliation was not maintained.</p>	It shall be expedited and informed	<p><b>We suggest that:</b></p> <p>(i) MIS system should be implemented over daily collection and deposit.</p> <p>(ii) Need to identify a person to comply with the statutory compliance. In case of any failure to comply with statutory compliances he should also be penalized.</p> <p>The management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.</p>



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17	Non-Compliance of Act & Rules	Acts & Rules are complied.	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.										
18	Non preparation of stores register	Stores register is being maintained now.	The ULB should maintain a store ledger including price of inward goods.										
19	ULB was signed agreement with Yama Kala Parishad as on 10.04.2018 for door to door collection and paid of Rs. 11,22,000.00 without deduction of TDS. <table border="1" data-bbox="183 873 678 1086"> <thead> <tr> <th>Month</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>April</td> <td>11,22,000.00</td> </tr> <tr> <td>May</td> <td>11,22,000.00</td> </tr> <tr> <td>June</td> <td>9,89,290.00</td> </tr> <tr> <td>Feb &amp; March</td> <td>11,22,000.00</td> </tr> </tbody> </table>	Month	Amount	April	11,22,000.00	May	11,22,000.00	June	9,89,290.00	Feb & March	11,22,000.00	Amount has been adjusted. NGO concerned has expiation in Income tax as per section 12AA of IT Act 1961.	Excess payment should be recovered as soon as possible and also TDS amount should be recovered and same should be deposited.
Month	Amount												
April	11,22,000.00												
May	11,22,000.00												
June	9,89,290.00												
Feb & March	11,22,000.00												
20	Non implementation of Double Entry Accounting system. We found the detail that double accounting system is not implemented at Ghoghardiha Nagar Panchayat,	Double Entry System is to be adopted in near future.	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 Ghoghardiha Nagar Panchayat is covered under schedule -1, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule.										
21	The municipality is not in a practice to prepare BRS on regular or periodical basis and few banks did not reconcile. <b>(Refer details audit report)</b>	BRS shall be maintained on monthly basis as per auditor instruction	BRS should be maintained month wise.										
22	PF deducted from all permanent staff salary & deposited but contribution of employer not deposited in his PF account causing loss to the savings of	This matter shall be resolved in near future.	PF should be deposited immediately on particular PF account.										



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	the employees The Ghoghardiha Nagar Panchayat is not complying with the provisions of EPF. It may lead to imposition of Penalty by the Authority in this Regards & Also Separate account maintained with bank for such EPF but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.		
23	<b>Status of Utilization Certificate 2018-19</b>	Matter shall be expedited	Grant is blood of ULB. Therefore, for getting grant and running the ULB working smoothly it is requirement of grant. Further timely submission of utilization certificate helps the grant realizing authority to send the money for fulfill the requirement of future. Therefore, management should submit UC's after utilization of fund.
24	Nagar Panchayat gives advances to their staff for project expenditure but Nagar Panchayat is not being maintained advance register. Therefore we are unable to quantify exact amount that how much fund disburse to staff and how much adjustment made by Nagar Panchayat.	Advance register is being maintained now.	Concerned officer should take necessary step for maintenance of advance register.
25	There is a long outstanding list of property tax collection & Holding Tax Collection since 2002.	Started from July, 2019	Daily collection register for property tax should be maintained year wise and appropriate action should be taken.

*Signed Discussion Note is enclosed with the report*

**6. Acknowledgement:-**

We convey our heartfelt thanks to the entire team of "Ghoghardiha Nagar Panchayat" for rendering their help in successfully completing the assignment.



**Detailed Audit Report**

**1. Introduction:** Ghoghardiha is a Nagar Panchayat city in district of Madhubani, Bihar. The Ghoghardiha city is divided into 11 wards for which elections are held every 5 years. The Ghoghardiha Nagar Panchayat has population of 1,57,224. Ghoghardiha Nagar Panchayat has total administration over 3,257 households.

Name of ULB	Period Covered	Team Deployed
Ghoghardiha Nagar Panchayat	1 <sup>st</sup> April 2018- 31 <sup>st</sup> March 2019	1) <b>Name of MAE:</b> CA Amit Ranjan 2) <b>TL:</b> CA Neerav Bhanushali 3) <b>Auditor:</b> Vicky Kumar

**2. Administration:**

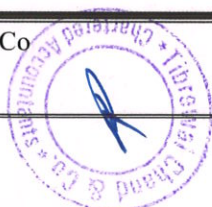
The present body of the ULB has taken charge on 2002. The incumbency in the key Administration and executive was as under:

- Mr. Anil Kumar Mandal, Chairman, from 09th June 2017 to as on date.
- Mr. Pushkar kumar pushp Executive Officer from 09<sup>th</sup> February 2019 to as on date.

**3. Review of outstanding Audit Paras :**

Status of Audit observations is as under:

Sl. No.	Particulars of audit and date of report	Total no. of Audit Paras.	Total No. of Audit Paras where necessary improvement/corrective measure is required	Total No. of Audit Paras where recovery of cash is proposed	Total No. of Audit Paras where recovery has been made	Total amount of recovery	Total No. of outstanding Paras where no action has been taken	No. & date of compliance report
1	AG Audit (2016-17 to 2018-19)	39	39	5	0	0	39	No compliance has been prepared.
2	Internal							Compliance



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Audit 2016-17 & 2017-18							not prepared by ULB
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(Note: Refer point No. 3 of discussion note)

4. **FINANCE:** Financial related to previous years actual and current year's budget is as below :

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

Year	2018-19	2017-18	2016-17
<b>Final/Revised Budget</b>	39,37,39,243	2,84,57,975	13,10,15,431
<b>Actual Expenditure</b>	3,24,58,794	1,99,83,017	8,23,29,527
<b>Savings(+)/Excess(-)</b>	<b>36,12,80,449</b>	<b>84,74,958</b>	<b>4,86,85,904</b>

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

ii. **Volume of Transactions :-**

Period	Budgeted	Previous year (17-18)	Corresponding period of previous year	Current period	Cumulative for the current period
<b>Opening Balance</b>	4,47,46,252	4,14,84,505	4,12,50,130	4,47,46,252	4,47,46,252
<b>Receipts</b>	34,97,46,868	2,32,44,764	8,25,63,902	2,53,61,745	2,53,61,745
<b>Total</b>	<b>39,44,93,120</b>	<b>6,47,29,269</b>	<b>1,23,56,032</b>	<b>7,01,07,997</b>	<b>7,01,07,997</b>
<b>Net expenditure</b>	39,37,39,243	1,99,83,017	8,23,29,527	3,24,58,794	3,24,58,794
<b>Closing Balance</b>	<b>7,53,877</b>	<b>4,47,46,252</b>	<b>4,14,84,505</b>	<b>3,76,49,203</b>	<b>3,76,49,203</b>

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

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



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Name of Scheme	Name of Bank	A/C Number	Balance as per Cash Book	Balance as per Bank Book	Difference	Status
4 <sup>th</sup> Finance	SBI	70239	17.40	17.40	-	Reconciled
5 <sup>th</sup> Finance	SBI	91983	7,96,271.52	7,96,271.52	-	Reconciled
Payejal Nishchay yojana	SBI	92353	4,13,905.00	4,13,905.00	-	Reconciled
Committee Fund	SBI	44381	13,18,697.55	13,18,697.55	-	Reconciled
Salary	SBI	10244	27,347.40	27,347.40	-	Reconciled
Profession Tax	SBI	39917	2,34,834.50	2,34,834.50	-	Reconciled
14 <sup>th</sup> Finance	SBI	11241	1,80,314.34	1,80,314.34	-	Reconciled
State Plan	SBI	62434	2,00,305.80	2,00,305.80	-	Reconciled
Nali-Gali Pakkikaran Yojna	SBI	57737	1,76,039.50	1,76,039.50	-	Reconciled
Additional Stamp Fee	SBI	36239	305.18	305.18	-	Reconciled
SBM	Allahabad	10383	1,49,743.00	1,49,743.00	-	Reconciled
Various	Allahabad	65345	4,76,834.90	4,76,834.90	-	Reconciled
Various	Allahabad	16531	831.00	831.00	-	Reconciled
Election Department	Allahabad	61561	2,300.60	2,300.60	-	Reconciled
Various	Allahabad	51321	10,028.60	10,028.60	-	Reconciled
HFA	Allahabad	10327	6,47,75,969.00	5,54,64,812.00	93,11,157.00	Unreconciled
E-Governance	Allahabad	10236	21.00	21.00	-	Reconciled
Committee Fund	Allahabad	53497	79,638.26	79,638.26	-	Reconciled
SBM	ICICI	00189	20,51,899.00	15,24,245.00	5,27,654.00	Unreconciled
DAY NULM	IDBI	04824	2,86,594.00	2,86,594.00	-	Reconciled
Various	UBGB	02737	2,95,216.00	2,95,216.00	-	Reconciled
Various	P/L	182	4,45,72,753.00	4,45,72,753.00	-	Reconciled

*(Comments: ULB has not prepared bank reconciliation statement on a monthly basis.)*

*(Recommendation: ULB should prepare bank reconciliation on a monthly basis.)*

*(Note: Refer point No. 21 of discussion note)*

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**iv. Revenue and Capital Receipts**

		Income Details			
SI. No.	Details	2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	<b>Total Receipts (A+B)</b>	<b>2,53,61,745</b>	<b>2,32,44,764</b>	<b>2,32,44,764</b>	<b>8,25,63,902</b>
<b>A</b>	Revenue Receipts (1+2+3)	1,09,79,130	1,02,79,337	1,02,79,337	5,91,60,463
<b>1</b>	Own Revenue Receipts	20,61,026	9,74,662	9,74,662	18,90,653
<b>a)</b>	Tax Revenue (Levied & Collected By municipal Body) (i+ii)	<b>1,08,571</b>	-	-	<b>8,000</b>
<b>i)</b>	Property Tax	-	-	-	-
<b>ii)</b>	Other Tax (Levied & Collected By municipal Body)	1,08,571	-	-	8,000
<b>b)</b>	Non Tax Revenue (Levied & Collected By municipal Body) (i+ii+iii)	<b>15,00,341</b>	<b>7,35,280</b>	<b>7,35,280</b>	<b>8,57,479</b>
<b>i)</b>	Fess & Fines	7,14,145	3,46,230	3,46,230	5,09,184
<b>ii)</b>	User Charges	1,71,948	67,200	67,200	64,200
<b>iii)</b>	Other Non-Tax Revenue (Levied & Collected By municipal Body)	6,14,248	3,21,850	3,21,850	2,84,095
<b>2</b>	Other Revenue Receipts	<b>4,52,114</b>	<b>2,39,382</b>	<b>2,39,382</b>	<b>10,25,174</b>
<b>a)</b>	Income from interest/Investments	4,52,114	2,39,382	2,39,382	9,95,174
<b>b)</b>	Other Revenue Income	-	-	-	30,000
<b>3</b>	Transfers/grants/Assigned Revenues	<b>89,18,104</b>	<b>93,04,675</b>	<b>93,04,675</b>	<b>5,72,69,810</b>
<b>a)</b>	State Assigned Revenues	15,75,784	12,19,357	12,19,357	38,25,011
<b>b)</b>	State Finance Commission (SFC) Grants/Devolution	73,42,356	80,22,818	80,22,818	5,34,14,799
<b>c)</b>	Octroi Compensation	-	-	-	-
<b>d)</b>	Other State Government transfers	-	-	-	-



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

e)	Central Finance Commission (CFC) Grants	-	-	-	-
f)	Other Central Government transfers	-	-	-	-
g)	Others	-	62,500	62,500	30,000
<b>B</b>	<b>Capital Receipts (1+2+3+4+5)</b>	<b>143,82,615</b>	<b>1,29,65,427</b>	<b>1,29,65,427</b>	<b>2,34,03,439</b>
1	Sale of Municipal Land	-	-	-	-
2	Loan (From state Govt. or Banks etc.)	-	-	-	-
3	State Capital Account Grant (Under state Scheme etc.)	1,21,41,250	1,10,26,165	1,10,26,165	2,01,37,786
4	Central Capital Account Grant (Under central Scheme etc.)	22,41,365	19,39,262	19,39,262	32,65,653
5	Other Capital Receipts	-	-	-	-

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

**v. Revenue & Capital Expenditure Information :-**

Sl. No.	Details	Expenditure Details			
		2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	<b>Total Expenditure (1+2)</b>	<b>3,24,58,794</b>	<b>1,99,83,017</b>	<b>1,99,83,017</b>	<b>8,23,29,527</b>
1	Revenue Expenditure	2,88,36,343	93,59,243	93,59,243	5,03,06,439
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	91,54,524	79,41,962	79,41,962	83,11,781
1.2	Operation & Maintenance (O & M)	58,65,987	3,69,400	3,69,400	20,29,734
1.3	Loan Repayment (Interest Payments)	678	381	381	574
1.4	Others ( any other revenue Expenditure which is not salaries, O&M & or interest payment)	1,38,15,154	10,47,500	10,47,500	3,99,64,350



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<b>2</b>	<b>Capital Expenditure</b>	<b>36,22,451</b>	<b>1,06,23,774</b>	<b>1,06,23,774</b>	<b>3,20,23,088</b>
<b>2.1</b>	<b>All developmental works under central/state specific schemes</b>	<b>36,22,451</b>	<b>1,06,23,774</b>	<b>1,06,23,774</b>	<b>3,20,23,088</b>
<b>2.2</b>	<b>Loan Repayments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3</b>	<b>Other capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

- vi. Status of implementation of double entry accounting system:** The ULB has not yet implemented real time double entry accounting system.  
**PTR:** PTR for the year 2017-18 is completed.  
**FAR:** FAR for the year 2017-18 is completed.  
**AFS:** AFS for the year 2017-18 is completed.  
 The report submitted by A P Sanzgiri & Co but we did not get data for verification of 2018-19.

*(Note: Refer Discussion Note point no.20.)*

- vii. Status of Municipal Accounts Committee: if meeting is held:** Meeting of Municipal Accounts Committee has not been held during the year.

*(Note: Refer Discussion Note point no.10.)*

No	Details	2018-19	2017-18	2016-17
1	Total Expenditure (1+2)	3,24,58,794	1,99,83,011	8,23,29,217
1.1	Revenue Expenditure	2,88,26,243	97,26,343	2,03,06,439
1.1.1	Administrative Expenses	91,28,234	29,41,963	83,11,781
1.1.2	Establishment & Salaries (All Departments regular & contractual staff)	28,68,987	3,69,400	50,29,734
1.1.3	Operation & Maintenance (O & M)	678	381	274
1.1.4	Loan Repayment (Interest Payments)	-	-	-
1.1.5	Others (any other revenue Expenditure which is not salaries, O&M & or interest payment)	1,38,15,124	10,47,200	3,90,64,250



**5. Audit Observations: -**

**I. Part-A**

- i) **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.**

**Holding and Property tax not collected since 2002:**

**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:** These taxes are applied at Nagar Panchayat but ULB were not collected since 2002 to as on date. Therefore necessary steps should be taken on time.

**Consequence/Effect/Impact:** Due to non-collection 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 take necessary step for for collection of property tax.

*(Note: Refer point no. 07 of discussion note.)*

**Tower tax:**

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



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

**Condition:** As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 30,000.00/- per Tower and the Renewal fee is Rs. 8000.00/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was no realized from the Tower Company till 31.03.2019, resulting in loss of Rs. 8,90,000.

Sl. No.	Name of Company	Establishment fee 2000 per miter/per year	Renewal	Total	Amount Due
1	Airtel	30,000	1,12,000	1,42,000	1,42,000
2	Airtel	30,000	1,12,000	1,42,000	1,42,000
3	Voda	30,000	80,000	1,10,000	1,10,000
4	Aircel	30,000	72,000	1,02,000	1,02,000
5	Tata	30,000	96,000	1,26,000	1,26,000
6	BSNL	30,000	1,04,000	1,34,000	1,34,000
7	Reliance	30,000	1,04,000	1,34,000	1,34,000
<b>Total</b>		<b>2,10,000</b>	<b>6,24,000</b>	<b>8,90,000</b>	<b>8,90,000</b>

**Consequence/Effect/ Impact:** Due to non-deposition of Tower Rent with the stipulated time line, ULB incurred heavy revenue loss.

**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. While checking the files and other relevant records company wise outstanding was not maintained properly and o/s detail of Rs. 8,90,000 was found. In absence of proper demand and collection register it was difficult to find the exact demand and outstanding.



**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.)*

**A lot of sairat was not held since 2002:**

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

**Criteria:** As per Bihar Municipal Act.

**Condition:** There is a huge loss of revenue if tender will not to be made on time. So, necessary steps should be taken for timely awarded and collection of sairat amount.

**Consequences/ Effect/ Impact:** Revenue Loss.

**Cause:** Revenue Loss.

**Recommendation:** ULB should collect Sairat at proper intervals which would help them in generating income.

*(Note: Refer point no. 09 of discussion note.)*

**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:** Nagar Panchayat is not collecting any advertisement tax.

**Consequences/ Effect/ Impact:** Due to no collection of advertisement tax there is a huge revenue loss to Nagar Panchayat.



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

**Recommendation:** There should be proper collection and monitoring mechanism for advertisement tax.

**Stamp Duty**

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

**Criteria:** As per Stamp Duty Act.

**Condition:** During the audit period it was observed that ULB does not held any Sairat since 2002.

**Consequences/ Effect/ Impact:** Revenue Loss.

**Cause:** Revenue Loss.

**Recommendation:** Concerned officer must take necessary step as soon as possible.

*(Note: Refer point no. 09 of discussion note.)*

**Shop Rent**

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

**Criteria:** As per Bihar Municipal Act.

**Condition:** Nagar Panchayat is not being taken necessary step for collection of outstanding rent. Non collection of outstanding rent of Rs. 1,40,000.00.

**Consequence / Effect / Impact:** Due to non-collection of shop rent 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



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proper mechanisms for supervision and monitoring of the shop which results in Revenue leakage.

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

*(Note: Refer point no. 04 of discussion note.)*

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

i) Tea & Coffee Expenses were written in blank page while Payment was done but supporting documents are not provided to us.

ii) Payment was made to Shashi kumar Singh for Office Expenses amount of Rs. 1,93,376.00 but not maintained in the file and also supporting was not provided to us.

*(Note: Refer point no. 13 & 14 of discussion note.)*

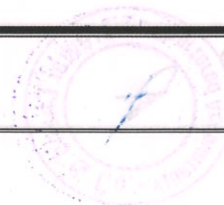
**Report on Findings of the field survey of property tax of minimum 20 high value properties is given here:**

**Comments:** Our team on the basis of information available asked for SAF and demand collection detail of below mentioned properties.

SAF forms of below properties were not provided neither arrangement were made for physical verification.

However details of 20 high value properties provided by the ULB are as below:

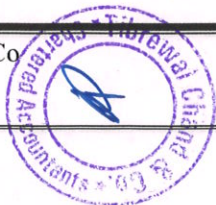
SI No.	Name	Ward No.	Type of Unit	Property Tax
1	Novel Public School	1	Commercial	3,243
2	Koshi Project Bhawan	1	Residential	2,076
3	Chhinemastika Petrol pump	1	Commercial	9,425
4	Co-Operative Bank	1	Commercial	467
5	C. D. P. O. Office	1	Commercial	1,030
6	Primary health care	1	Commercial	12,110



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7	Sarsavati Bal Vidhalay	1	Commercial	175
8	Bazar Samiti	1	Residential	255
9	F. C. I. Godown	1	Commercial	1,25,391
10	Teachers training College	1	Commercial	11,224
11	Pashu chikista office	1	Commercial	561
12	Block Office	1	Commercial	15,082
13	Sahara India	1	Commercial	1,184
14	Gramin Bank	1	Commercial	454
15	Central Bank of India	1	Commercial	2,038
16	Bharat Gas Godown	1	Commercial	11,35
17	Post Office	1	Commercial	506
18	C. M. B. College	1	Commercial	27,194
19	Anand Agency	1	Commercial	1,564
20	Kids Public School	1	Commercial	4,000
21	Shiv Maudal School	2	Commercial	11,129
22	Bhola High School	2	Commercial	11,838
23	Ambika Public School	2	Commercial	7,575
24	Katurva Gandhi Balika Vidhalay	2	Commercial	4,384
25	Honda Agency	4	Commercial	4,703
26	SBI	4	Commercial	2,976
27	Allahabad Bank	4	Commercial	1,452
28	Babu jha annpurna balika high school	4	Commercial	4,909
29	Primary School	5	Commercial	2,949
30	Primary School	7	Commercial	5,056
31	Power Tractor Agency	8	Commercial	1,430
32	Avashiy Kali Vidha Mandir	8	Commercial	2,211
33	Kanya Madhya Vidhalay	10	Commercial	8,655

(Note: Refer point no.06 in discussion note)



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**II. 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. 11 of discussion note)*

**b. Irregularity in procurement process:**

No observation found in this regards.

**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

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- Non compliances of the pending AG Audit Paras
- Non collection of various taxes required to be collected.
- Non maintenance of prescribed books of accounts.
- Non maintenance of prescribed DEAS.
- None maintenance of DCR.

**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. 15 & 17 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. 16 of discussion note)*

**f. Non Compliance of TDS, VAT, and other relevant Statute:** 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. Few cases are-

- i. **TDS:** Various cases were observed where TDS was deducted but not deposited within stipulated time, causing imposition of interest @ 1.5%. Few of such cases are as below:

Sl No	Date of deduction	Date of Deposit	Amount	Return date
1.	June (2017)	Not Deposited	7,809.00	Not Filed
2.	March (2018)	Not Deposited	18,776.00	Not Filed

- ii. **Royalty:** Case in which royalty is not deducted is as below:



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SI No	Date of deduction	Date of Deposit	Amount
1.	June (2017)	Not deposited	15,064.00
2.	March (2018)	Not deposited	21,742.00

iii. VAT: Case in which VAT is not deducted is as below:

SI No	Date of deduction	Date of Deposit	Amount
1.	June (2017)	Not deposited	62,468.00
2.	March (2018)	Not deposited	52,648.00

iv. Labor Cess: Case in which Labor Cess is not deducted is as below:

SI No	Date of deduction	Date of Deposit	Amount
1.	June (2017)	Not deposited	7,809.00
2.	March (2018)	Not deposited	18,776.00

v. Nagar Panchayat was paid of Rs. 1,00,000 & 1,38,000 for advertisement but TDS was not deducted.

vi. ULB was signed agreement with Yama Kala Parishad as on 10.04.2018 for door to door collection and paid the below amounts without deduction of TDS.

Month	Amount
April	11,22,000.00
May	11,22,000.00
June	9,89,290.00
Feb & March	11,22,000.00

(Note: Refer point no. 05, 08 & 19 of discussion note)

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

**PF and ESI:** PF deducted from all permanent staff salary & deposited but contribution of employer not deposited in his PF account causing loss to the savings of the employees



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The Ghoghardiha Nagar Panchayat is not complying with the provisions of EPF. It may lead to imposition of Penalty by the Authority in this Regards & Also Separate account maintained with bank for such EPF but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.

*(Note: Refer Discussion Note point no.22.)*

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

Details of UCs related to FY: 2018 – 2019 are given as annexure-1.

*(Note: Refer Discussion Note point no.23.)*

**i. Physical Verification of the inventories and stores:** Stock register is not maintained properly. All the articles of stock are mentioned on the same page in register. Information regarding issue quantity and Opening/Closing balance quantity is not given in stock register.

*(Note: Refer Discussion Note point no.18.)*

**j. Advances:** Nagar Panchayat gives advances to their staff for project expenditure but Nagar Panchayat is not being maintained advance register. Therefore we are unable to quantify exact amount that how much fund disburse to staff and how much adjustment made by Nagar Panchayat.

*(Note: Refer Discussion Note point no.24.)*



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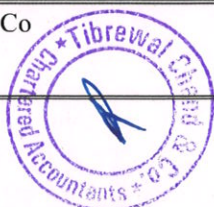
**III. Part C**

Sl. No	Particulars	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 sanctioned 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 SAF is received or not).	It has been discussed in audit report under part A.
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 guidelines of schemes of MOHUA and UD & HD, Gob has been complied.	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob has been complied.



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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.	Refer detailed 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/-	Refer detailed audit report.
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.	Refer detailed audit report.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	It has been provided in discussion notes as well as in audit report under part A.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	It has been provided in discussion notes as well as in audit report under part A.
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. 2017-18. 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	It has been provided in discussion notes as well as in audit report under part A.



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	then prepare a statement of loss for revenue losses.	
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	It has been provided in discussion notes as well as in audit report under part A.
14	Whether C&AG and Internal audit paras have been complied, if not assistance has been provided in this regard.	Discussed in details audit report.

1	Un-utilised amount of Rs. 50.33 is transferred to P.L. A/C	NIL	50.33	31/03/2018	मिनिस्ट्रि फॉर फिना न्स	3	2018-19
2	Un-utilised amount of Rs. 42.23 is transferred to P.L. A/C	NIL	42.23	31/03/2018	14th Finance	2	2018-19
3	Un-utilised amount of Rs. 24 is transferred to P.L. A/C	NIL	24	31/03/2018	पार्ले भंग	7	2018-19
4	Un-utilised amount of Rs. 22.24 is transferred to P.L. A/C	NIL	22.24	31/03/2018	करीपा सम आदि	4	2018-19
5	Un-utilised amount of Rs. 7.91 is transferred to P.L. A/C	NIL	7.91	31/03/2018	प्रीकाश मंड	6	2018-19
6	Un-utilised amount of Rs. 44.92 is transferred to P.L. A/C	NIL	44.92	31/03/2018	14th Finance	8	2018-19
7	Un-utilised amount of Rs. 77.38 is transferred to P.L. A/C	NIL	77.38	03/07/2018	5th Flo	9	2018-19



**Details of UCs related to FY: 2018-2019**

SN	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2018-19	Salary	22/05/2018	7.00	6.81	0.19	Un-utilised amount of Rs. 0.19 is transferred to PL A/C
2	2018-19	नगर प्रबंधक का मानदेय	24/05/2018	1.97	1.11	0.86	Un-utilised amount of Rs. 0.86 is transferred to PL A/C
3	2018-19	मुख्यमंत्री नाली गली योजना	30/05/2018	50.53	NIL	50.53	Un-utilised amount of Rs. 50.53 is transferred to PL A/C
4	2018-19	नागरिक सुविधा मद	31/10/2018	25.54	NIL	25.54	Un-utilised amount of Rs. 25.54 is transferred to PL A/C
5	2018-19	14th Finance	31/10/2018	45.23	NIL	45.23	Un-utilised amount of Rs. 45.23 is transferred to PL A/C
6	2018-19	पेशाकर मद	24/10/2018	7.91	NIL	7.91	Un-utilised amount of Rs. 7.91 is transferred to PL A/C
7	2018-19	पार्षद भत्ता	31/01/2019	2.4	NIL	2.4	Un-utilised amount of Rs. 2.4 is transferred to PL A/C
8	2018-19	14th Finance	25/01/2019	44.92	NIL	44.92	Un-utilised amount of Rs. 44.92 is transferred to PL A/C
9	2018-19	5th Fin	03/07/2018	77.38	NIL	77.38	Un-utilised amount of Rs. 77.38 is transferred to PL



**Details of UCs related to FY: 2018-2019**

							A/C
10	2018-19				NIL		Un-utilised amount of Rs. 79.14 is transferred to PL A/C
		5th Finance	10/07/2018	79.14		79.14	
<b>Grand Total</b>				<b>342.02</b>	<b>7.92</b>	<b>334.1</b>	



Discussion Note

Choghardia Nagar Panchayat

10	3018-19	Nil	Un-audited amount of Rs. 5031 is transferred to P.F. A/C.
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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. 30,000/- per Tower and the Renewal fee is Rs. 8,000/- per year. During the course of audit it was observed that Rs. 8,90,000.00 is due towards Tower Company for financial year 2018-19.	Notices have been served on regular and recovery has been made from to some extent. Some of the companies like Tata Indicom are traceless now.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	Fixed Assets Register (FAR) is not maintained properly at Nagar Panchayat level. Also, there is no record of wasted fixed assets & current fixed assets of Nagar Panchayat. Further, identification No. is not mentioned on assets.	FAR is to be maintained very soon.	Due to non-maintenance of FAR, it will become difficult to identify quantity of each class of fixed asset. In case of theft, FAR will be helpful to trace the asset. So, FAR should be prepared at the Nagar Panchayat and Identification No. should be mentioned on the each assets. It should be prepared as soon as possible.
3	During the course of Audit, we observed that Nagar Panchayat has conducted CAG audit & Internal Audit for the year 2016-17 & 2017-18 but the compliance report for the same has not been prepared.	Not prepared yet.	
4	Non collection of outstanding rent of F.s. 1,40,050/-.	It has been recovered to large extent.	Outstanding rent should be collected by concerned officer.
5	Nagar Panchayat was paid of Rs. 1,00,000 & 1,38,000 for advertisement but TDS was not deducted.	Specific entrance may kindly be given so that the case can be expedited.	Bills should be attached along with file and TDS should be deducted.
6	Report on Findings of the field survey of property tax of minimum 20 high value properties		Physical survey can't be conducted due to non-availability of ULB staff for

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 27/07/20  
 2018



Discussion Note F.Y. 18-19 Ghoghardia Nagar Panchayat

(Details provided in report)

- conducting physical verification. Further SAF forms were also not provided for 20 high value properties as per list provided by us. Executive officer must take necessary step for collection of property tax.
- 7 Nagar Panchayat is not being collected property tax from 2002. Started from July, 2019
- 8 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 Panchayat. Further it was observed that return was also not filled for TDS & VAT. It shall be expedited and informed. All statutory compliances related to deduction, deposition and return filling should be complied.
- 9 Sairat did not bid from 2002. For Pond, It is under consideration by higher Authority. For Market, It is to be done in near future. Executive officer must take necessary step for collection of property tax.
- 10 No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19. The matter shall be kept in board meeting. As per requirement of BMA-2007, Chapter-XII, ULB should hold a meeting of municipal accounts committee each year. During our audit no evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.
- 11 Non-maintenance of required registers as per Rule No.-3 of BMAR-2014. Most of the registers are maintained as per requirement. Details of registers not maintained by ULB is mentioned under Part-A (a). ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.

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Discussion Note

Ghoghardia Nagar Panchayat

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|----|--|---|---|
| 12 | Fuel distribution register was not prepared resulting in weakness in control over books of account.  | It shall be maintained as per auditor instruction       | Register of fuel distribution should be maintained at ULB.  |
| 13 | Payment was made to Shashi kumar Singh for Office Expenses amount of Rs. 1,93,376.00 but not maintained in the file and also supporting was not provided to us.  | It is to be expedited                                   | Rs. 1,93,376.00 should be recovered from Shashi kumar Singh or supporting for office expenses should be taken by authorized person and same should be entered in the file.  |
| 14 | Tea & Coffee Expenses were written in blank page while Payment was done but supporting documents are not provided to us.   | Payment shall be maintained as per auditor instruction. | It should be maintained in register and supporting of payment should be attached in the file.   |
| 15 | Non preparation of budget for the year 2016-17, 2017-18 & 2019-20.   | It is to be expedited                                   | Budget for every organization is important for capture the information regarding expenses, Income, assets & liabilities therefore Budget should be prepared every year.   |
| 16 | <b>Lack of internal control measures</b><br>We observed that there is no internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling, and statutory compliances:<br><br>(i) Voucher file was not maintained.<br>(ii) No internal mechanism for statutory compliance.<br>(iii) No MIS was prepared for tracking of payments.<br>(iv) Required books of Accounts as per BMAM, was not maintained<br>(v) Statutory compliance reconciliation was not maintained. | It shall be expedited and informed                      | <b>We suggest that:</b><br>(i) MIS system should be implemented over daily collection and deposit.<br>(ii) Need to identify a person to comply with the statutory compliance. In case of any failure to comply with statutory compliances he should also be penalized.<br>The management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working. |
| 17 | Non-Compliance of Act & Rules  | Acts & Rules are complied.                              | Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules.  |



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Discussion Note

Ghoghardia Nagar Panchayat

- 18 Non preparation of stores register Stores register is being maintained now. ULB should ensure compliance of all applicable Act & Rules. The ULB should maintain a store ledger including price of inward goods.
- 19 ULB was signed agreement with Yama Kala Parishad as on 10.04.2018 for door to door collection and paid of Rs. 11,22,000.00 without deduction of TDS. Amount has been adjusted. NGO concerned has expiation in Income tax as per section 12AA of IT Act 1961. Excess payment should be recovered as soon as possible and also TDS amount should be recovered and same should be deposited.
- | Month       | Amount       |
|-------------|--------------|
| April       | 11,22,000.00 |
| May         | 11,22,000.00 |
| June        | 9,89,290.00  |
| Feb & March | 11,22,000.00 |
- 20 Non implementation of Double Entry Accounting system. Double Entry System is to be adopted in near future. As per requirement of BMAR-2014, Part-A, Chapter-2 Rule -4, "All ULB refereed in schedule-1 shall maintain its books of account using the double entry system". Since Ghoghardiha Nagar Panchayat 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 not implemented at Ghoghardiha Nagar Panchayat,
- 21 The municipality is not in a practice to prepare BRS on regular or periodical basis and few banks did not reconcile. BRS shall be maintained on monthly basis as per auditor instruction. BRS should be maintained month wise. (Refer details audit report)
- 22 PF deducted from all permanent staff salary & deposited but contribution of employer not deposited in his PF account causing loss to the savings of the employees The Ghoghardiha Nagar Panchayat is not complying with the provisions of EPF. It may lead to imposition of Penalty by the Authority This matter shall be resolved in near future. PF should be deposited immediately on particular PF account.



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in this Regards & Also Separate account maintained with bank for such EPF but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.

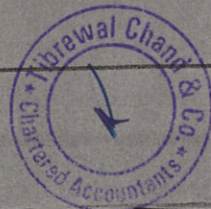
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|----|--|---|--|
| 23 | Status of Utilization Certificate 2018-19  | Matter shall be expedited                 | Grant is blood of ULB. Therefore, for getting grant and running the ULB working smoothly it is requirement of grant. Further timely submission of utilization certificate helps the grant realizing authority to send the money for fulfill the requirement of future. Therefore, management should submit UC's after utilization of fund. |
| 24 | Nagar Panchayat gives advances to their staff for project expenditure but Nagar Panchayat is not being maintained advance register. Therefore we are unable to quantify exact amount that how much fund disburse to staff and how much adjustment made by Nagar Panchayat. | Advance register is being maintained now. | Concerned officer should take necessary step for maintenance of advance register.  |
| 25 | There is a long outstanding list of property tax collection & Holding Tax Collection since 2002.   | Started from July, 2019                   | Daily collection register for property tax should be maintained year wise and appropriate action should be taken.  |

**Bank Reconciliation Statement**

Name of Scheme	Name of Bank	A/C Number	Balance as per Cash Book	Balance as per Bank Book	Difference	Status
4 <sup>th</sup> Finance	SBI	70239	17.40	17.40	-	Reconciled
5 <sup>th</sup> Finance	SBI	91983	7,96,271.52	7,96,271.52	-	Reconciled

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नगर पंचायत घोघरडीहा  
(महाराष्ट्र)

## Discussion Note

## Ghoghardia Nagar Panchayat

Payejal Nishchay yojana Committee Fund	SBI	92353	4,13,905.00	4,13,905.00	-	Reconciled
Salary	SBI	44381	13,18,697.55	13,18,697.55	-	Reconciled
Profession	SBI	10244	27,347.40	27,347.40	-	Reconciled
Tax	SBI	39917	2,34,834.50	2,34,834.50	-	Reconciled
14 <sup>th</sup> Finance State Plan	SBI	11241	1,80,314.34	1,80,314.34	-	Reconciled
Nali-Gali	SBI	62434	2,00,305.80	2,00,305.80	-	Reconciled
Pakkikaran Yojna	SBI	57737	1,76,039.50	1,76,039.50	-	Reconciled
Additional Stamp Fee	SBI	36239	305.18	305.18	-	Reconciled
SBM	Allahabad	10383	1,49,743.00	1,49,743.00	-	Reconciled
Various	Allahabad	65345	4,76,834.90	4,76,834.90	-	Reconciled
Various	Allahabad	16531	831.00	831.00	-	Reconciled
Election Department	Allahabad	61561	2,300.60	2,300.60	-	Reconciled
Various	Allahabad	51321	10,028.60	10,028.60	-	Reconciled
HFA	Allahabad	10327	6,47,75,969.00	5,54,64,812.00	93,11,157.00	Unreconciled
E-Governance	Allahabad	10236	21.00	21.00	-	Reconciled
Committee Fund	Allahabad	53497	79,638.26	79,638.26	-	Reconciled
SBM	ICICI	00189	20,51,899.00	15,24,245.00	5,27,654.00	Unreconciled
DAY	IDBI	04824	2,86,594.00	2,86,594.00	-	Reconciled
NULM	UBGB	02737	2,95,216.00	2,95,216.00	-	Reconciled
Various	P/L	182	4,45,72,753.00	4,45,72,753.00	-	Reconciled



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## Discussion Note

## Ghoghardia Nagar Panchayat

Details of 20 high value properties:-

S/N	Name	Ward No.	Type of Unit	Property Tax
1	Novel Public School	1	Commercial	3,243
2	Koshi Project Bhawan	1	Residential	2,076
3	Chhinemastika Petrol pump	1	Commercial	9,425
4	Co-Operative Bank	1	Commercial	467
5	C. D. P. O. Office	1	Commercial	1,030
6	Primary health care	1	Commercial	12,110
7	Sarsavati Bal Vidhalay	1	Commercial	175
8	Bazar Samiti	1	Residential	255
9	F. C. I. Godown	1	Commercial	1,25,391
10	Teachers training College	1	Commercial	11,224
11	Pashu chikista office	1	Commercial	561
12	Block Office	1	Commercial	15,082
13	Sahara India	1	Commercial	1,184
14	Gramin Bank	1	Commercial	454
15	Central Bank of India	1	Commercial	2,038
16	Bharat Gas Godown	1	Commercial	11,35
17	Post Office	1	Commercial	506
18	C. M. B. College	1	Commercial	27,194
19	Anand Agency	1	Commercial	1,564
20	Kids Public School	1	Commercial	4,000
21	Shiv Maudal School	2	Commercial	11,129
22	Bhola High School	2	Commercial	11,838
23	Ambika Public School	2	Commercial	7,575
24	Katurva Gandhi Balika Vidhalay	2	Commercial	4,384
25	Honda Agency	4	Commercial	4,703
26	SBI	4	Commercial	2,976
27	Allahabad Bank	4	Commercial	1,452
28	Babu jha annpurna balika high school	4	Commercial	4,909
29	Primary School	5	Commercial	2,949
30	Primary School	7	Commercial	5,056
31	Power Tractor Agency	8	Commercial	1,430
32	Avashiy Kali Vidha Mandir	8	Commercial	2,211
33	Kanya Madhya Vidhalay	10	Commercial	8,655

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*Prakash*  
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Details of statutory deduction:-

## i. TDS:

S/N	Date of deduction	Date of Deposit	Amount	Return date
1.	June (2017)	Not Deposited	7,809.00	Not Filed
2.	March (2018)	Not Deposited	18,776.00	Not Filed

## ii. Royalty:

S/N	Date of deduction	Date of Deposit	Amount
1.	June (2017)	Not deposited	15,064.00
2.	March (2018)	Not deposited	21,742.00

## iii. VAT:

S/N	Date of deduction	Date of Deposit	Amount
1.	June (2017)	Not deposited	62,468.00
2.	March (2018)	Not deposited	52,648.00

## iv. Labor Cess:

S/N	Date of Deduction	Date of Deposit	Amount
1.	June (2017)	Not deposited	7,809.00
2.	March (2018)	Not deposited	18,776.00



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 29/06/20  
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 (गोगर्डीया)

Details of UCs related to FY: 2018-2019

Sl. No.	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2018-19	Salary	22/05/2018	7.00	6.81	0.19	Un-utilised amount of Rs. 0.19 is transferred to PL A/C
2	2018-19	नगर प्रबंधक का मानदेय	24/05/2018	1.97	1.11	0.86	Un-utilised amount of Rs. 0.86 is transferred to PL A/C
3	2018-19	मुख्यमंत्री नाली गली योजना	30/05/2018	50.53	NIL	50.53	Un-utilised amount of Rs. 50.53 is transferred to PL A/C
4	2018-19	नागरिक सुविधा मद	31/10/2018	25.54	NIL	25.54	Un-utilised amount of Rs. 25.54 is transferred to PL A/C
5	2018-19	14th Finance	31/10/2018	45.23	NIL	45.23	Un-utilised amount of Rs. 45.23 is transferred to PL A/C
6	2018-19	पेशाकर मद	24/10/2018	7.91	NIL	7.91	Un-utilised amount of Rs. 7.91 is transferred to PL A/C
7	2018-19	पार्षद भत्ता	31/01/2019	2.4	NIL	2.4	Un-utilised amount of Rs. 2.4 is transferred to PL A/C
8	2018-19	14th Finance	25/01/2019	44.92	NIL	44.92	Un-utilised amount of Rs. 44.92 is transferred to PL A/C
9	2018-19	5th Fin	03/07/2018	77.38	NIL	77.38	Un-utilised amount of Rs. 77.38 is transferred to PL



*Rajesh*  
28/10/2019

Details of UCs related to FY: 2018-2019

10	2018-19						A/C
		5th Finance	10/07/2018	79.14	NIL	79.14	Un-utilised amount of Rs. 79.14 is transferred to PL A/C
<b>Grand Total</b>				342.02	7.92	334.1	

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27/07/20  
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