



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

# INTERNAL AUDIT REPORT

## FOR

## F. Y. 2017-18

## GROUP 1

## NAWADA MUNICIPAL COUNCIL

## BY

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

PLOT NO. 22, HOUSE NO. 174, ANAND NAGAR LANE,  
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A. P. SANZGIRI & CO.

CHARTERED ACCOUNTANTS

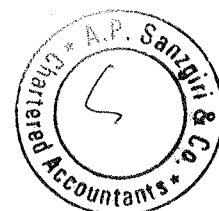
**DOCUMENT HISTORY**  
**INTERNAL AUDIT FOR FY 2017-18**

<b>Project Title</b>	Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar (Tender No. IA-140ULBs/2017-18/2018-19/2019-20) Group - covering 19 ULBs"
<b>Report Title</b>	Internal Audit for FY 2017-18 of Nawada Nagar Parishad
<b>Reporting Entity</b>	A P SANZGIRI & Co., Chartered Accountants
<b>Reporting for</b>	Nawada Nagar Parishad
<b>Report Prepared by</b>	Internal Audit Team of A P SANZGIRI & Co., Chartered Accountants
<b>Date of Submission</b>	31st August 2019



## **ABBREVIATION AND ACRONYMS**

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



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

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

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

**Sub:** Submission of Internal Audit Report of Nawada Nagar Parishad for the Financial Year 2017-18

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

Respected Sir,

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

As per the terms and conditions of RFP Document, we have successfully conducted the Internal Audit Nawada Nagar Parishad for the Financial Year 2017-18 and submitting the report of the same as per our deliverables.

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

Hope you will find the same in compliance.

Thanking You,

Yours faithfully,

On Behalf of

A P Sanzgiri & Co,  
Chartered Accountants

*Satish Gupta*

CA Satish Gupta

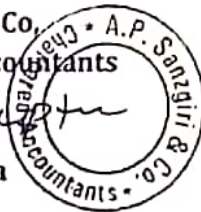
Partner

FRN:116293W

UDIN: 20101134AAAAEL4858

Date - 06-07-2020

Members No. - 101134



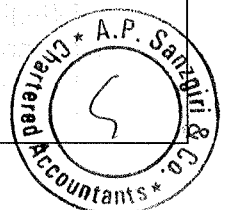
## EXECUTIVE SUMMARY

### 1. INTRODUCTION:

<b>Name of the Municipality</b>	-	<b>Nawada Nagar Parishad</b>
<b>Period covered under Current Audit</b>	-	01 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018
<b>Name of Mayor/Chairman</b>	-	Smt. Punam Kumari
<b>Name of Executive Officer</b>	-	Shri Krishna Murari

### 2. OBSERVATIONS AND FINDINGS:

<b>Strengths</b>	<ol style="list-style-type: none"><li>1. In the existing system as prevailing in the ULB, day to day working is in progressive manner in respect of collection of revenue and execution of the projects.</li><li>2. There is sufficient co-operation from the management during the course of our audit.</li><li>3. General Cash book is properly up-to-dated.</li><li>4. Utilization certificate for FY 2017-18 has been prepared</li><li>5. Fixed assets register was prepared by a CA firm as on 01/04/2014 and it was updated till 2015-16</li><li>6. Bank Reconciliation Statement has been prepared</li></ol>
<b>Weaknesses</b>	<ol style="list-style-type: none"><li>1. The collection of rental income is not satisfactory.</li><li>2. The shopkeeper/tenants have not been paying rent and have huge outstanding debts.</li><li>3. No physical verification of store is exercised by ULB.</li><li>4. No Physical verification of cash is exercised by ULB.</li><li>5. Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.</li><li>6. Fixed assets register is not maintained by ULB</li><li>7. Compliance report of AG audit is prepared by the ULB and also report is not provided to us for inspection for FY 2016-17.Hence, we are unable to comment on the same.</li><li>8. Statutory compliance of the ULB is not deposited timely and hence it incurs penalty and other charges.</li><li>9. Certain Statutory Registers and Books are not maintained.</li></ol> <p><b>10. Non Levy of Taxes:</b></p> <ul style="list-style-type: none"><li>- Tax on advertisements, other than advertisements published in newspapers</li><li>- Surcharge on electricity consumption within the municipal area</li><li>- Tax on congregations.</li><li>- Tax on pilgrims and tourists.</li></ul>



	<ul style="list-style-type: none"> <li>- User Charges for Solid Waste Management.</li> <li>- User Charges for Garbage Clearance.</li> <li>- Collection of fees for sanction of building plans and issue of completion certificates.</li> <li>- Collection of Development Charges.</li> </ul> <p>11. During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 1 to 73 days.</p> <p>12. ULB is not preparing monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.</p> <p>13. ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter</p> <p>14. Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.</p> <p>15. Non Compliance of Rule 130 of BMAR in some of the cases.</p> <p>16. ULB is not maintaining the accounts as well as not preparing the financial statements.</p> <p>17. ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.</p>
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### 3. OPINIONS:

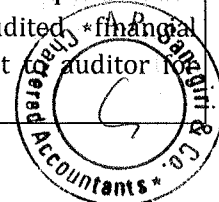
The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel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

### 4. AUDIT RECOMMENDATION:

Observed Weaknesses	Audit Recommendations
No physical verification of store is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of the stock and process.
No Physical verification of cash is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of cash.
Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.	Internal Audit wing should be created by employing the Municipal Internal Auditor on the Board.
Fixed assets register is not maintained at ULB	Fixed assets register should be maintained and updated properly.
Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection for FY 2014-15 to 2015-16. Hence, we are unable to comment on the same.	Compliance report should be prepared as soon as the report is received by ULB and steps to be taken for recovery of the amount for financial irregularities.



Statutory compliance of the ULB are not properly complied, hence it incurs penalty and other charges.	As ULB is not proper complying with statutory obligations, that cause financial implication on ULB in mode of interest and penalty. So, ULB should ensure statutory compliance on time.
Certain Statutory Registers and Books are not maintained.	Statutory register and books of accounts should be maintained as per guidelines and BMAR.
<b>Non Levy of Taxes:</b> <ul style="list-style-type: none"> <li>✓ Tax on advertisements, other than advertisements published in newspapers</li> <li>✓ Surcharge on electricity consumption within the municipal area</li> <li>✓ Tax on congregations.</li> <li>✓ Tax on pilgrims and tourists.</li> <li>✓ User Charges for Solid Waste Management</li> <li>✓ User Charges for Garbage Clearance</li> <li>✓ Collection of fees for sanction of building plans and issue of completion certificates,</li> <li>✓ Collection of Development Charges</li> </ul>	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. ULB should take steps to implement required taxes to boost their revenue
During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 02 to 102 days.	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.
ULB is not prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	As per BMAR Rule No. - 121, ULB should prepare of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the executive officer.
ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	Currently ULB is sending on yearly basis and the same need to be complied on quarterly basis.
Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.	As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB. <ol style="list-style-type: none"> <li>1. Municipal General Fund</li> <li>2. Basic service for urban poor</li> <li>3. Water supply &amp; sewerage fund</li> <li>4. Solid Waste Management Fund</li> <li>5. Road Development &amp; Maintenance</li> <li>6. Enterprise Fund</li> </ol>
Non Compliance of Rule 130 of BMAR in some of the cases.	ULB should ensure compliance related to Rule 130 of BMAR on regular basis.
ULB is not maintaining the accounts as well as not preparing the financial statements.	ULB is required to maintain the accounts as well as prepare the financial statements at the end of the year.
ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.	ULB should prepare financial statements for each year and get it approved from municipal account committee. As per BMAR, audited financial statements are required to submit to auditor for audit.



In-consistencies in assessment of property tax	Checked on random basis and found variation between demand raised by ULB or actual demand.
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**5. COMMENTS FROM MANAGEMENT**

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

**6. ACKNOWLEDGEMENT**

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

On Behalf of

A P Sanzgiri & Co.  
Chartered Accountants

*Satish Gupta*

CA Satish Gupta

Partner

FRN: 116293W

UDIN: 20101134AAA EL4858

DATE: 06-07-2020

Membership No: 101134



**1. INTRODUCTION:**

**DETAILED AUDIT REPORT**

Name Of ULB	Period-covered	Audit Team		
		From	To	
Nawada Parishad Nagar	1 <sup>st</sup> April, 2017	31 <sup>st</sup> March, 2018		1. Team Leader: CA Satish Gupta 2. Name of CA: Bhavesh Jain 1. Name of Auditor-1: Sandeep Jha 2. Name of Auditor-2: Md. Mahtab Alam

**2. ADMINISTRATION:**

Sl. No.	Particulars	Details
1	The present body of the ULB has taken charge on	June, 2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Smt. Punam Kumari
2.1.1	Period of Service:	From: 09 <sup>th</sup> June, 2017 To: Till date
2.2	Name of Executive Officer:	Shri Krishna Murari
2.2.1	Period of Service:	From: 19 <sup>th</sup> August, 2015 To: 10 <sup>th</sup> July, 2018

**3. REVIEW OF OUTSTANDING AUDIT PARAS:**

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

Particulars of audit and date of report	Total No. of audit Para's	Improvement /corrective measures required (Nos. of Para's)	Recovery of cash is proposed (Nos. of Para's)	Recovery has been made (Nos. of Para's)	Total amount of Recovery	No action has been taken	No. & date of compliance report

Audit report submitted by AG for the F.Y. 2014-15 & 2015-16	14	14	6	0	0	14	Not Prepared (Refer Discussion Note)
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### 3.2. DETAILS OF TOTAL NUMBER OF AUDIT PARA'S:

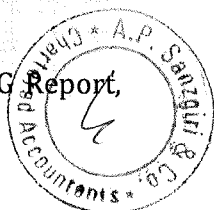
Period of AG Audit Report : 2014-15 to 2015-16

Compliance Report Date & Number: Not Prepared

Audit Para No.	Heading of the audit Para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
1	Non-deposit of collection by tax collector.	1.02 Lac	Yes	No	No
	Less-deposit of collection by tax collector.	0.25 Lac	Yes	No	No
	Non-deposit of amount by the cashier.	3.44 Lac	Yes	No	No
2	Loss of revenue due non-inclusion of development permit fees in map approval.	2.05 Lac	Yes	No	No
3	Non-collection of mobile towers unauthorised installation and renewal/registration fees.	27.10 Lac	Yes	No	No
4	Non-collection of labour cess on map approval.	19.00 Lac	No	No	No
5	Non-deduction of Performance securities and Vat.	0.00	No	No	No
6	Non-endowment of SAIRAT for collection of vehicle Registration fees.	0.12 Lac	Yes	No	No
7	Irregularities in payment due to non-availabilities of Form N & M.	1.95 Lac	No	No	No
8	Idle fund Grant amount against Construction of Urban Government Building.	135.41 Lac	No	No	No
	Loss of Interest due to amount in Current Account.	4.38 Lac	Yes	No	No
9	Un-approved expenditure against Daily Wages.	132.75 Lac	No	No	No
10	Non-collection of outstanding shop rent & service tax.	18.48 Lac	Yes	No	No
11	Non-maintenance of Government Grant Register.	0.00	No	No	No
12	Payment made without quality test against schemes.	0.00	No	No	No
13	Non-maintenance of Assets Register.	0.00	No	No	No
14	Non-presentation of Miscellaneous & H Receipt Book.	0.00	No	No	No

**Note-1:** Compliance Report has not been prepared by managements.

**Management Comment:** We are preparing Compliance Report for above said period of AG Report, Once it is completed thereafter said Report will be provided. (Refer Discussion Note-1)



4. FINANCE

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

Year	Year- 2015-16	Year- 2016-17	Year- 2017-18
Final/Revised Budget Data	35,74,83,000.00	40,95,26,000.00	53,74,22,673.00
Actual Expenditure Data	20,52,56,305.00	30,22,57,680.00	14,81,13,493.00
<b>Savings(+)/Excess(-)</b>	<b>15,22,26,695.00</b>	<b>10,72,68,320.00</b>	<b>38,93,09,180.00</b>

**Auditor's Comment:**

The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16 to 2019-20 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures. Before 2016-17 budget has not been prepared. Preparation of budget started from 2016-17.

**II. VOLUME OF TRANSACTIONS:**

Period	Budgeted for F.Y. 2017-18	Actual for the F.Y. 2015-16	Actual for the F.Y. 2016-17	Actual for the F.Y. 2017-18	Cumulative for the current period
Opening balance	26,09,20,076.00	227,275,842.00	27,62,56,071.00	260,920,076.00	260,920,076.00
Receipts	29,04,44,436.00	254,236,534.00	28,69,21,685.00	213,337,741.00	213,337,741.00
<b>Total</b>	<b>551,364,512.00</b>	<b>481,512,376.00</b>	<b>56,31,77,756.00</b>	<b>47,42,57,817.00</b>	<b>47,42,57,817.00</b>
Net expenditure	53,74,22,673.00	205,256,305.00	30,22,57,680.00	148,113,493.00	148,113,493.00
<b>Closing balance</b>	<b>13,941,839.00</b>	<b>276,256,071.00</b>	<b>26,09,20,076.00</b>	<b>32,61,44,324.00</b>	<b>32,61,44,324.00</b>

**Auditor's Comment:**

The above figures have been taken from the Budget Statement of the ULB for the 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16 to 2019-20 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures. Before 2016-17 budget has not been prepared. Actual figure in respect of F.Y. 2018-19 taken up to December 2018.



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

**BANK RECONCILIATION POSITION AS ON 31-03-2018:**

SN	Name of Bank	Bank A/C No.	Purpose of Bank Account	Balance as per Cash Book	Balance as per Bank Statement	Differences	Reconciled (Yes/No)
1	State Bank of India	11136925283	Town Hall	7,27,227.53	761,672.53	34,445.00	No
2	State Bank of India	32696046354	Revenue	38,912.00	38,912.00	-	Yes
3	State Bank of India	32696047596	13 <sup>th</sup> finance	2,19,231.00	2,19,231.00	-	Yes
4	IDBI	1250104000051457	NaliGali	1,15,71,872.00	1,19,00,334.00	2,38,462.00	No
5	IDBI	1250104000031329	SBM	1,03,133.00	2,39,633.00	1,26,500.00	No
6	IDBI	1250104000051448	SahariPayjal	3,27,04,000.00	3,30,71,045.00	3,67,045.00	No
7	IDBI	1250104000011617	E-Governance	4,751.00	4,751.00	-	Yes
8	IDBI	1250104000037156	14 <sup>th</sup> finance	40.00	40.00	-	Yes
9	IDBI	1250104000011608	SLUM	3,13,85,089.00	3,13,85,089.00	-	Yes
10	PNB	2711000100317247	HFA	35,839.40	35,839.40	-	YES
11	ICICI	133201000314	SBM	13,15,000.00	13,45,000.00	30,000.00	No
12	Treasury	PLA	Yojna	24,46,21,379.43	24,46,21,379.43	-	Yes

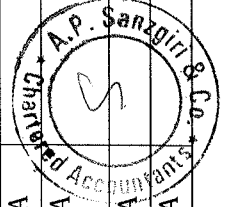
**Management Comment:**

- ✓ Separate BRS will be prepared as per suggestion given by Internal Auditor.
- ✓ IDBI & ICICI related to SBM fund will be reconcile latter as soon as possible.



**IV. RECEIPT DETAILS:**

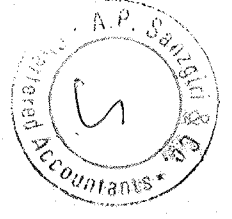
SN	Details	INCOME DETAILS (AMOUNTS TO BE PROVIDED IN RUPEES)					
		2017-18		2018-19		2019-20	
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (Actual)	2019-20 (Actual)	2018-19
	<b>Total Receipts (A+B)</b>	<b>21,33,37,742.00</b>	<b>28,69,21,685.00</b>		<b>21,33,37,742.00</b>	<b>N/A</b>	
A	<b>Revenue Receipts (1+2+3)</b>	<b>6,29,51,914.00</b>	<b>7,91,20,240.00</b>		<b>6,29,51,914.00</b>	<b>N/A</b>	
1	<b>Own Revenue (a+b)</b>	4,89,57,404.00	5,89,23,401.00		4,89,57,404.00	N/A	
a)	Tax Revenue (levied and collected by municipal body)	4,64,98,686.00	5,64,53,333.00		4,64,98,686.00	N/A	
i)	Property tax	72,03,600.00	88,57,849.00		72,03,600.00	N/A	
ii)	Other tax (levied and collected by municipal body)	3,92,95,086.00	4,75,95,484.00		3,92,95,086.00	N/A	
b)	Non-tax revenue (levied and collected by municipal body)	24,58,718.00	24,70,068.00		24,58,718.00	N/A	
i)	Fees & fines	20,35,825.00	18,24,596.00		20,35,825.00	N/A	
ii)	User Charges	4,22,893.00	6,45,472.00		4,22,893.00	N/A	
iii)	Other non-tax revenue (levied and collected by municipal body)	00.00	00.00		00.00	N/A	
2	Other Revenue Receipts	32,93,057.00	34,47,662.00		32,93,057.00	N/A	
a)	Income from interest/investments	32,92,062.00	34,46,432.00		32,92,062.00	N/A	
b)	Other Revenue income	995.00	1,230.00		995.00	N/A	
3	Transfers/Grants/Assigned Revenues	1,07,01,453.00	1,67,49,177.00		1,07,01,453.00	N/A	
a)	State Assigned Revenue	1,07,01,453.00	1,67,49,177.00		1,07,01,453.00	N/A	
b)	State Finance Commission	00.00	00.00		00.00	N/A	



	(SFC) Grants/Devolution								
c)	Octroi compensation	00.00	00.00					00.00	N/A
d)	Other State Transfers	00.00	00.00					00.00	N/A
e)	Central Commission (CFC) Grant	00.00	00.00					00.00	N/A
f)	Other Central Transfers	00.00	00.00					00.00	N/A
g)	Others	00.00	00.00					00.00	N/A
<b>B</b>	<b>Capital Receipts</b>	<b>15,03,85,828.00</b>	<b>20,78,01,445.00</b>					<b>15,03,85,828.00</b>	<b>N/A</b>
1	Sale of Municipal Land	00.00	00.00					00.00	N/A
2	Loans (from State Banks etc.)	00.00	00.00					00.00	N/A
3	State Capital Grant	15,03,85,828.00	20,78,01,445.00					15,03,85,828.00	N/A
4	Central Grant (under Schemes etc.)	00.00	00.00					00.00	N/A
<b>5</b>	<b>Other Capital Receipts</b>	<b>00.00</b>	<b>00.00</b>					<b>00.00</b>	<b>N/A</b>

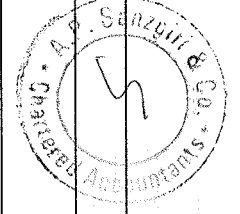
**Auditor's Comment:**

The above figures have been taken from the Budgeted Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2016-17, 2017-18, 2018-19 have not been produced before us by management for verification. Hence, we could not validate the above-mentioned figures. Actual figure for F.Y. 2018-19 has been taken up to December 2018 from budget of F.Y. 2019-20.



**V. EXPENDITURE INFORMATION:**

Expenditure Details (Amounts to be provided in Rupees)							
S. N	Details	2017-18		2018-19		2019-20	
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (Actual)	2019-20 (Actual)	2018-19 (Actual)
	<b>Total Expenditure (1+2)</b>	<b>14,81,13,494.00</b>	<b>30,22,57,680.00</b>		<b>14,81,13,494.00</b>	<b>N/A</b>	
<b>1</b>	<b>Revenue Expenditure</b>	<b>4,41,52,428.00</b>	<b>4,38,56,038.00</b>		<b>4,41,52,428.00</b>	<b>N/A</b>	
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and	3,12,18,469.00	2,47,97,692.00		3,12,18,469.00	N/A	
1.2	Operation and Maintenance	80,18,376.00	71,74,802.00		80,18,376.00	N/A	
1.3	Loan repayment (Interest payments)	00.00	649.00		00.00	N/A	
1.4	Others(any other revenue expenditure which is not salaries,	49,15,583.00	1,18,82,895.00		49,15,583.00	N/A	
2	Capital Expenditure	10,39,61,066.00	25,84,01,642.00		10,39,61,066.00	N/A	
2.1	All developmental works under Central/State specific schemes	10,39,61,066.00	25,84,01,642.00		10,39,61,066.00	N/A	
2.2	Loan Repayments(Principal Amount)	0	0		0	N/A	
2.3	Other Capital expenditure	0	0		0	N/A	



**AUDITOR'S COMMENT:**

The above figures have been taken from the Budgeted Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2016-17, 2017-18, 2018-19 have not been produced before us by management for verification. Hence, we could not validate the above-mentioned figures. Actual figure for F.Y. 2018-19 has been taken up to December 2018 from budget of F.Y. 2019-20.

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

Name of agency	DEAS (implemented till date)	Remark
M/s SahaniBansal& Associates	Till F.Y 2015-16	There is no back up data available with ULB.
M/s Tibrewal Chand & Co.	From F.Y. 2012-13 to 2019-20	Tally Serial No.- 736803585 Tally ID: <a href="mailto:nawada.ulb@gmail.com">nawada.ulb@gmail.com</a>

**VII. MUNICIPAL ACCOUNTS COMMITTEE:**

Municipal Accounts Committee has not been formed till date, however management replied it will be formed very soon. **(Refer Discussion Note)**

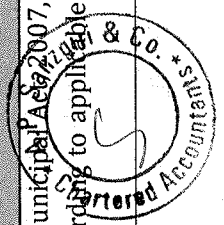
**AUDIT OBSERVATION:**

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

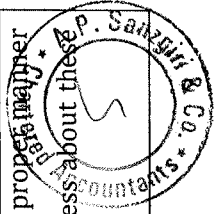
**(A) LEAKAGE OF OWN SOURCE REVENUE EITHER DUE TO WRONG ASSESSMENT OR NON-LEVY OF PROPERTY TAX, MOBILE TOWER TAX, RENT ON MUNICIPAL PROPERTIES, ADVERTISEMENT TAX, FEE ETC.**

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

SN	Head	Comments
1	Objective	The main objective of audit of taxes is to check whether all taxes which are covered under Bihar Municipal Act, 2007, is levied and collected by the ULB. Further to check whether taxes are levied and collected according to applicable provisions and rules.



2	<b>Criteria</b>	We have checked list of all the taxes which to be levied and collected by the ULB as per Act. Further we have checked Receipt book, cashier cash book and accountant cash book etc.																																																							
3	<b>Condition</b>	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. <i>In case of Nawada Nagar Parishad</i> following mentioned tax/charges are not implemented that leads to loss of revenue to ULB:																																																							
		<table border="1"> <thead> <tr> <th data-bbox="279 1612 343 1747">S.N</th> <th data-bbox="279 1747 343 1881">Particulars</th> <th data-bbox="279 1881 343 2029">Implemented by ULB or Not</th> </tr> </thead> <tbody> <tr> <td data-bbox="343 1612 375 1747">1</td> <td data-bbox="343 1747 375 1881">Property tax on lands and buildings.</td> <td data-bbox="343 1881 375 2029">YES</td> </tr> <tr> <td data-bbox="375 1612 406 1747">2</td> <td data-bbox="375 1747 406 1881">Surcharge on transfer of lands and buildings</td> <td data-bbox="375 1881 406 2029">NO</td> </tr> <tr> <td data-bbox="406 1612 438 1747">3</td> <td data-bbox="406 1747 438 1881">Fire tax.</td> <td data-bbox="406 1881 438 2029">NO</td> </tr> <tr> <td data-bbox="438 1612 470 1747">4</td> <td data-bbox="438 1747 470 1881">Tax on advertisements, other than advertisements published in newspapers</td> <td data-bbox="438 1881 470 2029">NO</td> </tr> <tr> <td data-bbox="470 1612 502 1747">5</td> <td data-bbox="470 1747 502 1881">Surcharge on electricity consumption within the municipal area</td> <td data-bbox="470 1881 502 2029">NO</td> </tr> <tr> <td data-bbox="502 1612 534 1747">6</td> <td data-bbox="502 1747 534 1881">Tax on congregations.</td> <td data-bbox="502 1881 534 2029">NO</td> </tr> <tr> <td data-bbox="534 1612 566 1747">7</td> <td data-bbox="534 1747 566 1881">Tax on pilgrims and tourists.</td> <td data-bbox="534 1881 566 2029">NO</td> </tr> <tr> <td data-bbox="566 1612 598 1747">8</td> <td data-bbox="566 1747 598 1881">Tax on profession.</td> <td data-bbox="566 1881 598 2029">NO</td> </tr> <tr> <td data-bbox="598 1612 662 1747">9</td> <td data-bbox="598 1747 662 1881">Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, passenger motor vehicles.</td> <td data-bbox="598 1881 662 2029">NO</td> </tr> <tr> <td data-bbox="662 1612 694 1747">10</td> <td data-bbox="662 1747 694 1881">User Charges for provision of water-supply, drainage and sewerage</td> <td data-bbox="662 1881 694 2029">NO</td> </tr> <tr> <td data-bbox="694 1612 726 1747">11</td> <td data-bbox="694 1747 726 1881">User Charges for Solid Waste Management</td> <td data-bbox="694 1881 726 2029">NO</td> </tr> <tr> <td data-bbox="726 1612 758 1747">12</td> <td data-bbox="726 1747 758 1881">User Charges for Parking Facility</td> <td data-bbox="726 1881 758 2029">NO</td> </tr> <tr> <td data-bbox="758 1612 790 1747">13</td> <td data-bbox="758 1747 790 1881">User Charges for Garbage Clearance</td> <td data-bbox="758 1881 790 2029">NO</td> </tr> <tr> <td data-bbox="790 1612 853 1747">14</td> <td data-bbox="790 1747 853 1881">Collection of fees for sanction of building plans and issue of completion certificates,</td> <td data-bbox="790 1881 853 2029">YES</td> </tr> <tr> <td data-bbox="853 1612 917 1747">15</td> <td data-bbox="853 1747 917 1881">Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,</td> <td data-bbox="853 1881 917 2029">YES</td> </tr> <tr> <td data-bbox="917 1612 949 1747">16</td> <td data-bbox="917 1747 949 1881">Collection of Fees for issue of birth and death certificates.</td> <td data-bbox="917 1881 949 2029">YES</td> </tr> <tr> <td data-bbox="949 1612 981 1747">17</td> <td data-bbox="949 1747 981 1881">Collection of Development Charges</td> <td data-bbox="949 1881 981 2029">YES</td> </tr> </tbody> </table>	S.N	Particulars	Implemented by ULB or Not	1	Property tax on lands and buildings.	YES	2	Surcharge on transfer of lands and buildings	NO	3	Fire tax.	NO	4	Tax on advertisements, other than advertisements published in newspapers	NO	5	Surcharge on electricity consumption within the municipal area	NO	6	Tax on congregations.	NO	7	Tax on pilgrims and tourists.	NO	8	Tax on profession.	NO	9	Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, passenger motor vehicles.	NO	10	User Charges for provision of water-supply, drainage and sewerage	NO	11	User Charges for Solid Waste Management	NO	12	User Charges for Parking Facility	NO	13	User Charges for Garbage Clearance	NO	14	Collection of fees for sanction of building plans and issue of completion certificates,	YES	15	Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,	YES	16	Collection of Fees for issue of birth and death certificates.	YES	17	Collection of Development Charges	YES	
S.N	Particulars	Implemented by ULB or Not																																																							
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14	Collection of fees for sanction of building plans and issue of completion certificates,	YES																																																							
15	Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,	YES																																																							
16	Collection of Fees for issue of birth and death certificates.	YES																																																							
17	Collection of Development Charges	YES																																																							
4	<b>Consequences/Effect</b>	No levy of taxes will be resulted in to revenue loss to ULB.																																																							
5	<b>Cause</b>	There is lack of standard policies and instructions from department. In some cases policies are prepared by it is not followed by the ULBs.																																																							
6	<b>Corrective Action/Recommendation</b>	It is recommended that department should prepare uniform policies for levy and collection of taxes in proper manner and on due time. Further capacity building programmes should be held for ULBs staff and awareness about these taxes should be done.																																																							



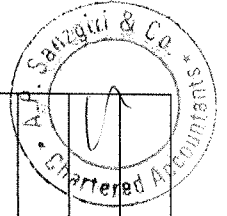
7	Management Comments	Kindly refer discussion note attached with the report.
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**OBSERVATION-2: DELAY IN DEPOSIT OF PROPERTY TAX COLLECTED BY ULB STAFF**

SN	Head	Comments
1	Objective	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 the amount of tax collected by the tax collector is required to be handed over to cashier and deposited into bank on the same day on which collection is made. To check compliance of these provisions, we have carried audit of such type of cases.
2	Criteria	We have checked respective books in order to carry the audit and some cases were checked on random basis.
3	Condition	During verification of receipts book and deposit slips, we have noticed that there is gap period in collection of tax around 1 to 73 days. Details of such cases are given in <b>Annexure-1</b> .
4	Consequences/Effect	In respect of above in most of the cases property tax has not been deposited on same day of collection which resulted in interest loss to ULB.
5	Cause	It is explained by concern person that due to non-availability of human resources the same issues arises.
6	Corrective Action/Recommendation	It is recommended that tax collector/cashier should deposit the collected money into bank on same day itself and if he fails to do the same, necessary action should be taken by the ULB management in such cases.
7	Management Comments	Kindly refer discussion note attached with the report.

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

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



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

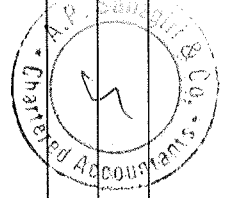
**OBSERVATION-4: RECOVERY OF OUTSTANDING TAXES/RENTAL INCOME:**

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

SN	Head	Comments
1	<b>Objective</b>	ULB is authorized to collect holding tax from households situated in the municipal area and Property tax have major role in the internal revenue of ULB.
2	<b>Criteria</b>	It is checked from progress report prepared by ULB
2	<b>Condition</b>	During checking it is noted that property tax of Rs. 70.23 lacs was outstanding as on 31/03/2018:
3	<b>Consequences/Effect</b>	It leads in shortage of fund for ULB and loss of revenue.
5	<b>Cause</b>	No proper explanation in this regard given by ULB.
6	<b>Corrective Action/ Recommendation</b>	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	<b>Management Comments</b>	<b>Kindly refer discussion note attached with the report.</b>

**2. RECOVERY OF ADVERTISEMENT TAX:**

SN	Head	Comments
1	<b>Objective</b>	ULB authorized to charge advertisement tax/fee in municipal are as per act/rule.
2	<b>Criteria</b>	It is checked from progress report prepared by ULB
2	<b>Condition</b>	During checking it is noted that is not in Practice of Providing and collecting Advertisement.
3	<b>Consequences/Effect</b>	Delay in collection or outstanding dues results in revenue loss to ULB.
5	<b>Cause</b>	Not Applicable
6	<b>Corrective Action</b>	ULB should Providing & Collecting
7	<b>Management Comments</b>	Not Applicable



**3. RENT INCOME:**

SN	Head	Comments
1	Objective	ULB authorized to charge rent from municipal properties.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that there was <b>28.81 Lack</b> rent income outstanding as on 31/03/2018.
3	Consequences/Effect	Not Applicable
5	Cause	Not Applicable
6	Corrective Action/Recommendation	Not Applicable
7	Management Comments	<b>Recovery procedure are under process. we are establishing camp to boost collection as well as to recover outstanding dues.</b>

**4. MOBILE TOWER TAX:**

SN	Head	Comments
1	Objective	ULB is authorized to collect tax from telecom companies for mobile towers installed in the municipal area.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that mobile tower tax of Rs. <b>17.68 lacs</b> was outstanding as on 31/03/2018.
3	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	<b>Recovery procedure are under process. we are establishing camp to boost collection as well as to recover outstanding dues.</b>



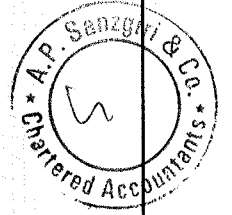
5 OTHER TAX:

SN	Head	Comments
1	Objective	ULB is authorized to collect other various types of taxes/fee.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that no other tax was outstanding as on 31/03/2018:
3	Consequences/Effect	Not Applicable
5	Cause	Not Applicable
6	Corrective Action/Recommendation	Not Applicable
7	Management Comments	Not Applicable.

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

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

SN	Head	Comments	S.N	Name of Party	Payment Head	Invoice Amount	Approved Amount	Date of Payment	Audit Observations
1	Objective	Checking of payment made by ULBs to find out irregularities made during payment							
2	Criteria	Payment were checked on random basis							
3	Condition	We have checked following payment related to FY 2017-18 during audit:							
			1	Sri Ram Tractor	Purchase of Tractor engine	656000.00	656000.00	20.03.2018	
			2	Kumar Services	Automotion Tomar Cartage	79977.00	79977.00	12.02.2018	
			3	Bangal Engineering Repair	Tractor Repairing	25780.00	25780.00	16.03.2018	No irregularity found
			4	Nilam Devi	Contractor	307262.00	307262.00	04.10.2017	
			5	Roshan Furniture	Purchase of Store Bel Plain	21719.00	21719.00	20.02.2018	



4	<b>Consequences/Effect</b>	Irregularities in payment lead to excess payment, wrong deductions, non-compliance with agreement and statutory compliances.
5	<b>Cause</b>	Cases were identified during audit and observations given.
6	<b>Corrective Action</b>	Management can implement standard checklist for each payment so that irregularities in payments can be avoided.
7	<b>Management Comments</b>	Not Applicable.

**(C) REPORT ON SURVEY ON 20 HIGH VALUE PROPERTIES:**

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

SN	Head	Comments
1	<b>Objective</b>	Field survey and report of 20 high value properties of ULB and report on the basis of area of building, rate of property tax etc of the same. Comparison with the data of same property provided by the ULB and report on variance between them if available.
2	<b>Criteria</b>	Survey was done for 20 High value properties.
3	<b>Condition</b>	We have checked twenty high value assessed property and found variances related to FY 2017-18 during audit. Details of such cases are given in <b>Annexure-2</b>
4	<b>Consequences/Effect</b>	Irregularities in this area may cause short recovery of revenue receipt and it will result in loss to the ULB.
5	<b>Cause</b>	There are some cases found in which variance arise due to assessment of area of property on lower side.
6	<b>Corrective Action/Recommendation</b>	Management need to carry survey of properties on regular interval.
7	<b>Management Comments</b>	<b>Kindly refer discussion note attached with the report.</b>



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

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

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

S.N	Name of Register	Maintained/ Not Maintained	Last date of Update
1	Cash Book-Cashier	Not Maintained	31.03.2018
2	Cash Book-Accountant	Maintained	31.03.2018
3	Collection Register	Maintained	31.03.2018
4	Cheque issue Register	Maintained	
5	Register of Advance	Maintained	
6	Register of Permanent Advance	Not Maintained	
7	Deposit received register	Not Maintained	
8	Summary statement of deposit adjusted	Not Maintained	
9	Demand Register	Maintained	31.3.2018
10	Summary Statement of Bills Raised	Not maintained	
11	Register of Notice Fees, Warrant Fees, Other Fees	Not maintained	
12	Summary Statement of Notice Fees, Warrant Fees, Other Fees	Not maintained	
13	Register of Refunds, Remissions and Write off	Maintained	
14	Summary statement of Refunds and Remissions	Not maintained	
15	Summary Statement of Write-offs	Not maintained	
16	Statement of outstanding Liability for Expenses	Not maintained	
17	Document Control Register/Stock Account Receipts/Cheque Book	No Maintained	
18	Fixed Assets Register	Not Maintained	
19	Summary Statement of Demand Raised on assessment	Not Maintained	



20	Summary Statement of Head wise Collection of Other Income	Not Maintained
21	Summary Statement of Refunds	Not Maintained
22	Summary Statement of Write off	Not Maintained
23	Grant Register	Not Maintained
24	Summary Statement of status of Capital Work in Progress	Not Maintained
25	Work Sheet	Not Maintained
26	Deposit Works Register	Not Maintained
27	Material Receipt Note	Not Maintained
28	Store Ledger	Not Maintained
29	Statement of Closing Stock	Not Maintained
30	Statement of Material Issued	Not Maintained
31	BRS of all bank accounts (including dormant accounts)	Not Maintained
32	Final Accounts for the F.Y. 2012-13 to 2017-18	Not maintained
33	Audited Balance Sheet	Not maintained
34	Audited Income & Expenditure Account	Not maintained
35	Audited Receipts & Payment Account	Not maintained

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

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

SN	Name of Party	Invoice Amount	Check required deductions from bill has made or not	Whether Deductions are with appropriate Rate	Check signature of Commissioner/EO in Payment Order	Whether measurement book & bill signed by the JE of ULB	Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority; (B/MAR Rule No.-30)
1	M/s Vikash Kumar	336844	Yes	Yes	Yes	Yes	Most of supporting documents was missing in the file. It might be kept in some other places or files.



**2. DETAILS OF LOG BOOK MAINTAINED:**

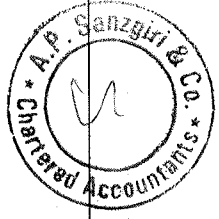
SN	Name of Vehicle	Whether vehicle log book is maintained or not	Whether log book is properly updated or not	Whether vehicle is insured or not	Whether Rate of Diesel/Petrol properly mention in log book
1	JCB (02 nos.)	Yes	No	No	No
2	Tractor	Yes	No	No	No
3	Tipper	Yes	No	No	No
4	Section Machine	Yes	No	No	No

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

SN	Directions Issued by UDHD	Particulars of Circulars/Orders/Notices	Complied or Not
1	04/2016/808/UDHD/28.03.2018	Notification regarding provisions made in Buy Laws, 2014 No.-1(2)(V)(Vi)	Complied
2	25-02/2014/47/14-09-2017	5 <sup>th</sup> finance commission notification	Complied
3	02-04/2016/128/07.03.2018	Notification regarding Water Lobbing	
4	408/2017/286/10-03-2018	Guidelines related to Procurement	Not complied

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

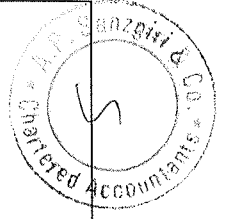
SN	Requirement	Criteria	Auditors Comment	Management Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.	BMAR Rule No.-22	<b>Refer point: Part-A (a) (2)</b> The same rule did not follow by Tax Collector and on an average 01 to 73 days delayed found in hand of Tax Collector;	<b>(Refer Discussion Note)</b>
2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	BMAR Rule No.- 27	Only Tax collector are entrusted to collect municipal revenue within municipality area;	



3	Whether the collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	BMAR Rule No.- 27	Yes, Tax Collector kept receipt book in his personal custody.	
4	Whether bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated stall of the Municipality.	BMAR Rule No.- 27	Yes, Daily Collection Register is verified by designated Officer of Council.	
5	Whether every bill collector invariably remit his collections (in cash and/or cheques) to Cashier daily before 4.30 PM and take the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	<b>Refer point: Part-A (a) (2)</b> The same rule did not follow by Tax Collector and on an average 01 to 73 days delayed found in hand of Tax Collector;	<b>(Refer Discussion Note)</b>
6	Whether Grant Register as prescribed in BMAR Form 28 was maintained by the Municipality to record receipts and utilization of grants sanctioned by the Government.	BMAR Rule No.- 69	No.	ULB is not in practice of maintaining Grant Register.
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the responsibility of the	BMAR Rule No.- 69	<b>Refer point: Part-B (h)</b>	

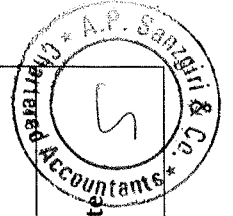


	Chief Municipal Officer that the conditions attached to the grant are complied with without exception.			
8	Whether the grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No such case was found and we have checked through cash book and relevant file under different Yojna/Scheme	
9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	<b>Refer PART-B (h)</b> Yes, but complete UC has not been prepared;	<b>(Refer Discussion Note).</b>
10	Whether Municipality has returned unutilized grant for more than three years from date of receipt to the source from where such grant was received.	BMAR Rule No.- 69	No such case found in this ULB.	
11	Whether The Chief Municipal Officer prepare a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.	BMAR Rule No.- 120	Currently Receipt and Payment A/c has not been prepared by ULB;	Currently it is not prepare, however we will proceeds further. <b>Refer Discussion Note</b>
12	Whether ULB prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	BMAR Rule No.- 121	Trail Balance has not been prepared;	ULB not in a practice to prepared Trail balance, Income and Expenditure and Balance Sheet. It will be prepare after implementation of double entry System
13	Whether ULB sent the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each	BMAR Rule No.- 121	No	



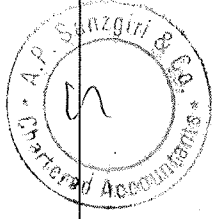
14	<p>quarter.</p> <p>The Chief Municipal Officer shall, Within three months after the end of each financial year be prepared financial statements for the preceding year in respect of the accounts of the Municipality. <b>The Financial Statements shall comprise of</b></p> <p>a. Receipts and Payments Account for the year (BMAR Form No.71)</p> <p>b. Income &amp; Expenditure Statement for the year (BMAR Form No.73)</p> <p>c. Balance Sheet as on 31st March of the year (BMAR Form No.74)</p> <p>d. Significant accounting policies adopted by the Municipality in presentation of the financial statements.</p> <p>e. Notes to Accounts, which shall disclose Contingent liabilities, and such other information as, may be useful in understanding the financial statements clearly.</p> <p>f. Comparative amounts shall be entered on the financial statements for the preceding financial year except. In the case of the first year to which those rules apply.</p>	<p>BMAR Rule No.- 122</p>	<p>Financial Statement has not been prepared by municipality.</p>	<p>ULB not in a practice to prepared Trail balance, Income and Expenditure and Balance Sheet. It will be prepare after implementation of double entry System</p>
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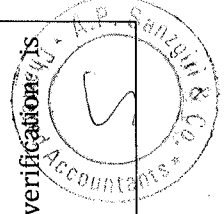


15	Whether the municipality is regular in depositing statutory dues including Tax deducted at source, GST, TDS on GST, service tax, VAT, works contract tax, cess payable to the government etc. and If not, the nature and cause of such delay and the amount not deposited: (BMAR Rule No.-130).	BMAR Rule No.-130	<b>Refer PART-B (f)</b> Amount of statutory dues has not been deposited on due date. Whole deduction amount for entire F.Y. 2018-19 has been deposited on 11.03.2019;	( Refer Discussion Note)
16	Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation; (BMAR Rule No.-130).	BMAR Rule No.-130	<b>Refer PART-B (g)</b> Yes deposited on time except April, June, July, August, October and November and March for F.Y. 2018-19;	Refer Discussion Note
17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail.	BMAR Rule No.-130	No trial balance is prepared hence classification of transaction was not done;	
18	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted.	BMAR Rule No.-130	Yes recorded properly in grant register as well cash book, but no case of deduction was found;	
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created.	BMAR Rule No.-130	No special fund created;	
20	Whether the ULB is maintaining proper records showing full particulars, including quantitative	BMAR Rule No.-130	There are no FAR, has not Not maintained; There is no system developed to physically verify the existing assets	Refer Discussion Note

	details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable Intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account.				
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry.	BMAR Rule No.-130	- Refer Part-A(a)(4)	Refer Discussion Note	
22	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	BMAR Rule No.-130	Yes Procedure have been followed.		
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality's accounts; If so, the details thereof.	BMAR Rule No.-130	No such case was found during the period of Audit.		
24	Whether the Bank Reconciliation statements have been properly prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis.	BMAR Rule No.-130	<b>Refer Point-04 (III)</b> Yes BRS of all existing bank a/cs, except one bank a/c, have been prepared. Remedial Action, rectification of entries have been made in proper order. reconciliation statement have been prepared in cash book itself except one bank A/c which is mentioned in this report;		
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules.	BMAR Rule No.-130	YES,		

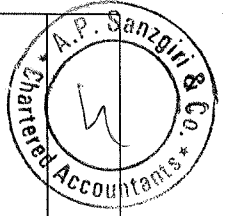


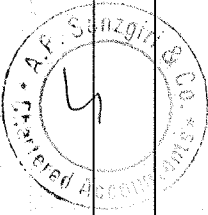
26	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and in all cases such as are authorized by Act.	BMAR Rule No.-130	YES.	
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis.	BMAR Rule No.-130	<b>Refer-PART-A (a)(4)</b>	
28	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act.	BMAR Rule No.-130	<b>Refer-PART-A (a)(2)</b> Yes, sums due to and received by ULB have been brought to books of accounts. But it takes on an average 1 to 73 days in case of holding tax. This delay was found in hand of tax collector;	<b>( Refer Discussion Note)</b>
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.	BMAR Rule No.-130	UC have not been prepared in prescribed format in timely manner	<b>( Refer Discussion Note)</b>
30	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as It appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.-130	<b>Refer-PART-B (a)</b> Some Books of accounts has not been prepared;	<b>( Refer Discussion Note)</b>
31	Whether physical verification has been conducted by the ULB at reasonable intervals In respect of stores;	BMAR Rule No.-130	No such practices followed by ULB;	It will be followed by F.Y. 2019-20. <b>Refer Discussion Note</b>
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No physical verification is carried out.	No physical verifications carried out



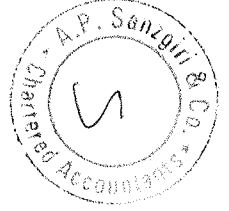
33	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and If so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to Identify any unserviceable or damaged stores and whether provision for the loss In this respect, If any, has been made In the accounts;	BMAR Rule No.-130	ULB not maintained stock register properly and further physical verification is also not carried out;	(Refer Discussion Note)
34	Whether the valuation of stores is in accordance with the accounting principles laid down In the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR Rule No.-130	ULB did not follow the practice of valuation of stock.	(Refer Discussion Note)
35	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR Rule No.-130	Advance Register has not been maintained	ULB does not given loan and advances. Refer Discussion Note
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.-130	Advance Register has not been maintained	ULB does not given loan and advances. Refer Discussion Note
37	Bihar Municipal Accounting Manual, 2014, every year budget should be prepared for receipts and expenditure in Performa 75,77 and 80	BMAR Rule No.-132	Yes, budget is prepared	

	Preparing Budgets as per the Rules framed under Bihar Municipal Accounts Rule 2014. Rule 132 regarding Public Participation in Preparation Of Budget. Moreover, as required under provisions of Rule 139, mid -year review of Budget.				
38	<b>Municipal Fund:</b> Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	Not found		
39	<b>Payment not to be made out of Municipal Fund unless covered by budget grant:</b> Whether any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007: Chapter X	No such case was found during Audit period.		
40	<b>Procedure when money not covered by budget grant is paid.</b> Whether the case is put up with Empowered Standing Committee, in case any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007: Chapter X	(Refer Discussion Note)	(Refer Discussion Note)	
41	<b>Investment of surplus money.</b> Whether municipality has invested surplus fund as per the requirement of the chapter-X of BMA-2007. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period. Check whether comparative interest rate is invited from parties before investing surplus funds:		No fund has been invested by ULB as investment..	ULB does not follow the practices of investing its surplus amount.	
	<b>Preparation of budget estimate of Municipality.</b>		Yes, the same is levied at specified rate.		



42	<p>Whether The budget estimate stated the rates at which various taxes, surcharges, cesses and fees shall be levied by the Municipality in the year next following.</p>			
43	<p><b>Maintenance of accounts.</b> Whether the Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in such form, and in such manner, as may be prescribed,</p>		<p>Receipt and Expenditure A/c has not been prepared;</p>	<p>(Refer Discussion Note)</p>
44	<p><b>Financial Statement.</b> Whether The Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality,</p>		<p>Not Prepared;</p>	<p>(Refer Discussion Note)</p>
45	<p><b>Submission of financial statement and balance sheet to auditor.</b> The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.</p>		<p>Financial Statement has not been submitted.</p>	<p>(Refer Discussion Note)</p>
	<p><b>As per section 127, 128, 129 &amp; 131 of chapter XV</b></p>			

46	<p><b>Bihar Municipal Act, 2007 various tax are applicable on ULBs</b>  Section 145, 146 and 147 of the Bihar Municipal Act 2007 chapter XVII provides for Advertisement tax on Advertisement in Urban Areas. Chapter XVII of the Bihar municipal Act, 2007 required license of Advertisement of any holding, etc. As per act Every person who erects, exhibited, fixes or retain upon or over any land, building, wall, boarding, frame, post, kiosk, structure, vehicle, neon-sign or sky sign any advertisement, or display any advertisement to public view in any manner whatsoever. (including any advertisement exhibited by means of cinematograph), visible from a public street a public place in any location in a municipal area including airport or a port or a railway station, shall pay or every advertisement, which is so erected, exhibited, fixed or retained or so displayed to public view, a tax calculated at such rate as may be determined regulations. it requires payment of certain fee for advertisement.</p>		<p>Yes  <b>Refer-PART-A(a)(1)</b></p>	<p>Tender is advertised for collecting advertisement tax</p>
47	<p>As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality shall, by regulations, provide for issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore,</p>	<p>BMA, 2007:  Chapter XIX</p>	<p><b>Refer-PART-A(a)(3)</b>  Yes, Notice of demand issued but levy of Notice Fee is not followed currently.</p>	<p><b>( Refer Discussion Note)</b></p>
48	<p>As per section 342 of Bihar Municipal Act, 2007 Trade license fee is to be collected from different types of Trader, who are trading in Concerned Municipal area.</p>	<p>BMA, 2007:  Chapter  XXXVII</p>	<p>Yes, trade licence have been collected, but collection rate is very slow</p>	<p><b>Refer Discussion Note</b></p>



#### 4. LACK OF INTERNAL CONTROL MEASURES:

We have observed the following areas where internal control measures are required by ULBs-

- a. Tax should be collected & deposited on timely basis as per BMAR Rules-As per trend every tax collector takes 01 to 73 days to deposit the same after collection.
- b. ULB should be followed Books of Account, Trial Balance, FAR, FS, and other records as per BMAR- Neither Trial Balance nor Financial Statement have been prepared by ULB.
- c. ULB should prepare & Maintain monthly BRS- Monthly Bank Reconciliation statement has not been prepared, however year end reconciliation has been prepared.
- d. Necessary sub-ledger is not maintained by the ULB. For instance register of fuel, bleaching powder etc. not maintained separately.
- e. In respect of budget, realistic approach is not adopted by the ULB in preparation of budget.
- f. Appropriate staff is not deployed at appropriate place.
- g. No MIS was prepared for tracking of payments.

#### NON-COMPLIANCE OF TDS, VAT AND OTHER RELEVANT STATUTE:-

##### a. DETAILS OF DELAY IN DEPOSIT OF TDS ARE MENTIONED BELOW:

SN	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/Challan Number
1	BIPIN KUMAR	18,26,394.00	18,268.00	07-02-2018	09-02-2018	281
2	MD.SHAHID KHAN	3,52,098.00	3,521.00	07-02-2018	09-02-2018	281
3	AIM OF PEPIE	7,88,307.00	15,776.00	07-03-2018	08-03-2018	281
4	RAM JATAR SINGH	3,85,258.00	3,835.00	07-10-2017	08-10-2018	281
5	MERAJUDDIN SHAHANSHA	1,23,731.00	1,237.00	07-12-2017	11-12-2017	281
6	VINAY SINHA	26,67,272.00	24,673.00	07-09-2017	11-09-2017	281

##### b. DETAILS OF DELAY IN DEPOSIT OF VAT ARE MENTIONED BELOW:

SN	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
1	UMESH PRASAD	2,00,396.00	15,666.00	23-03-18	834706
2	UMESH PRASAD	3,00,071.00	20,734.00	23-03-18	834706
3	K.K.SINHA	3,00,000.00	25,733.00	23-03-18	834706
4	K.K.SINHA	2,00,000.00	17,761.00	23-03-18	834706

##### c. DETAILS OF DEPOSIT OF ROYALTY ARE MENTIONED BELOW:

SN	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
1	KUMOD RANJAN	31,92,351.00	63,847.00	26-03-2018	834719
2	K.K.SINHA	2,37,700.00	4,208.00	30-05-2017	056763
3	UMESH PRASAD	2,37,700.00	2,926.00	30-05-2017	056763
4	K.K.SINHA	97,000.00	550.00	23-03-2018	834703



**d. DETAILS OF DEPOSIT OF LABOUR CESS ARE MENTIONED BELOW:**

SN	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
1	MUZAHID ISLAM	3,82,211.00	3,822.00	20-03-2018	782098
2	SHAHID KHAN	3,86,000.00	3,521.00	20-03-2018	782098
3	SRI RAVI SHANKAR	6,65,000.00	393.00	20-03-2018	782097
4	K.K. SINHA	2,16,000.00	2,158.00	20-03-2018	782097

**Auditor Comment:**

While doing audit of deduction made by ULB, the statutory deduction has not been Deposited on due date. For F.Y. 2017-18 deducted amount has been deposited after due date. For example TDS should be deposited on or before 7<sup>th</sup> day of next month.

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

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

**Management Comments:** It will be deposit on or before due date from 2019-20. **(Refer discussion note)**

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

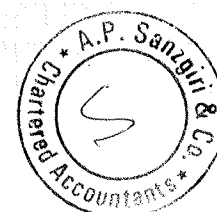
There is no liability in respect of TDS on GST during F.Y. 2018-19

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

No data in that respect provided. **(Refer discussion note).**

**9. DEFICIENCY IN PAYROLL SYSTEM:**

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



**10. DETAILS OF DELAY OF DEPOSIT OF EPF:**

Month of Deduction	Amount PF Deduction	PF Advance (Loan)	Due date of deposit	Amount Deposit	Actual Date of deposit	Delay in days
April - 17	33,782.00	-	15.05.2017	33,782.00	09.12.2018	572
May - 17	33,782.00	-	15.06.2017	33,782.00	09.12.2018	543
June - 17	33,782.00	-	15.07.2017	33,782.00	09.12.2018	513
July-17	32,782.00	-	15.08.2017	32,782.00	09.12.2018	484
August-17	32,482.00	-	15.09.2017	32,482.00	09.12.2018	454
September-17	32,482.00	-	15.10.2017	32,482.00	01.01.2019	443
October-17	32,482.00	-	15.11.2017	32,482.00	01.01.2019	413
November-17	32,482.00	-	15.12.2017	32,482.00	01.01.2019	381
December-17	32,482.00	-	15.01.2018	32,482.00	01.01.2019	351
January-18	32,482.00	-	15.02.2018	32,482.00	01.01.2019	322
February-18	32,482.00	-	15.03.2018	32,482.00	01.01.2019	291
March-18	31,794.00	-	15.04.2018	31,794.00	01.01.2019	261

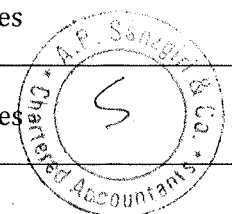
**11. UTILISATION OF GRANT AND REPORT ON MISSING UTILISATION CERTIFICATES**

S N	Head	Details
1	Status of Utilisation Certificate	<i>(Refer Annexure)</i>
2	Status of use of grant as per default allocation	Specifically grant allocation details has not been maintained, however it is maintained in grant register. <i>(Refer Discussion Note)</i>
3	Physical Verification of inventory/ stores	Refer point 31-40 PART-B (d). ULB did not follow the practice of physical verification of stock. <i>(Refer Discussion Note)</i>
4	Advances, their adjustment & recovery	Refer point 35-36 PART-B (d), ULB did not give loan/ advance, hence there are no case of adjustment and recovery. <i>(Refer Discussion Note)</i>



### III. PART-C

SN	Particulars	Complied or Not
A	Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GoB; Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Refer II PART-B (C) of this Report
B	Auditor should Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	Refer I PART-A (C) of this Report- Complied and Differences have been mentioned.
C	Auditor should report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR :	
	<b>Rule 22:</b> All moneys to be brought to account	Yes
	<b>Rule 27:</b> Collections to be deposited into Bank on the same day	Yes
	<b>Rule 69:</b> Grant Related Compliance	Yes
	<b>Rule 120-121:</b> Monthly Receipt & Payment Account and Trial Balance	No
	<b>Rule 130:</b> Audit to be completed & reported within 6 month	No
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Yes
E	Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc;	Refer I. PART-A (a)(1) and(2)- Amount of outstanding and delay has been mentioned in this respect.
F	Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.	Yes
G	Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions , if any and whether a register is kept for all Procurements with value above Rs. 100,000/-	Yes
H	Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Not Complied- (Refer Discussion Note)
I	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Refer II PART-B (e), Where Auditor suggest for disposal of Scrap to save opportunity cost.
J	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Yes
K	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies	Yes

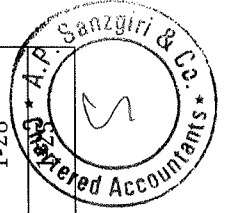


L	Auditor will report on that the fixed deposit and other funds should be in nationalized Banks/Approved financial institutions and should earn maximum interest at their gestation period.	No FD/ deposit made by ULB
M	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	Refer - Irregularity of Payment section of this Report
N	Auditor will report on that all kind of tax deductions i.e. Commercial tax, Income tax, provident fund etc. Should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	Yes deduction and Recording procedure is appropriate but the same has not been deposited on due date- Refer IIPART-B (f) of this Report.
O	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.	(Refer Discussion Note)



**INTERNAL AUDIT REPORT FOR F.Y 2017-18**  
**ULB-NAWADA NAGAR PARISHAD**  
**ANNEX-1 REPORT ON LATE DEPOSIT OF PROPERTY TAX**

S.N	Serial no		Amount of Tax	Date of Collection as per Receipts Booked	Amount Deposited with Cashier	Date of deposit with Cashier	Delay in Deposit with Cashier	Date of Deposit into Bank as per Deposit Slip	Delay in deposit with Bank
	From	To							
01	65501	65550	21442	10-04-2017-13-04-2017	21442	21-04-2017	11 days	25-04-2017	1-5
02	65901	65930	21894	20-04-2017-26-04-2017	21894	2-05-2017	12 days	29-05-2017	1-7
03	65951	66000	44070	8-05-2017-6-06-2017	44070	12-06-2017	34 days	14-06-2017	1-2
04	66701	66725	37300	9-06-2017-14-06-2017	37300	16-06-2017	7 days	19-06-2017	1-3
05	66725	66770	79628	15-06-2017-20-06-2017	79628	22-06-2017	7 days	25-06-2017	1-3
06	66771	66800	71213	21-06-2017-24-06-2017	71213	28-06-2017	7 days	3-07-2017	1-5
07	66901	66950	118421	25-06-2017-28-06-2017	118421	30-06-2017	5 days	3-07-2017	1-3
08	66951	66975	60782	29-06-2017-29-06-2017	60782	1-07-2017	3 days	3-07-2017	1-3
09	66976	67000	26833	30-06-2017-30-06-2017	26833	4-07-2017	4 days	20-07-2017	1-16
10	67101	67125	52935	1-07-2017-5-07-2017	52935	8-07-2017	5 days	20-07-2017	1-12
11	67126	67175	37608	6-07-2017-14-07-2017	37608	15-07-2017	9 days	08.08.2017	1-25
12	67176	67192	29994	15-07-2017-18-07-2017	29994	20-07-2017	5 days	29-08-2017	1-39
13	67601	67626	60252	20-07-2017-21-07-2017	60252	26-07-2017	6 days	25-08-2017	1-30
14	67636	67650	12354	25-07-2017-29-07-2017	12354	4-08-2017	10 days	25-08-2017	1-21
15	67651	67680	33370	1-08-2017-8-08-2017	33370	9-08-2017	8 days	25-08-2017	1-16
16	67681	67700	22278	9-08-2017-11-08-2017	22278	12-08-2017	3 days	28-08-2017	1-16
17	67901	67925	56708	13-08-2017-19-08-2017	56708	22-08-2017	9 days	4-09-2017	1-13
18	67926	67950	13558	20-08-2017-22-08-2017	13558	28-08-2017	8 days	25-09-2017	1-28
19	67951	67975	68414	23-08-2017-30-08-2017	68414	31-08-2017	8 days	25-09-2017	1-28



20	67976	68000	13896	31-08-2017-31-08-2017	11396	1-09-2017	1 days	25-09-2017	1-24
21	68201	68225	29136	1-09-2017-4-09-2017	29136	6-09-2017	5 days	25-09-2017	1-19
22	68226	68275	45225	5-09-2017-10-09-2017	45225	11-09-2017	6 days	25-09-2017	1-14
23	68276	68300	21352	11-09-2017-15-09-2017	21352	16-09-2017	5 days	10-10-2017	1-24
24	68501	68525	25027	16-09-2017-17-09-2017	25027	19-09-2017	3 days	18-10-2017	1-29
25	68526	68575	29265	18-09-2017-19-09-2017	29265	22-09-2017	3 days	18-10-2017	1-26
26	68576	68600	52470	20-09-2017-21-09-2017	52470	23-09-2017	3 days	11-11-2017	1-48
27	68801	68825	23703	22-09-2017-25-09-2017	23703	26-09-2017	4 days	11-11-2017	1-46
28	68826	68840	12333	26-09-2017-26-09-2017	12333	3-10-2017	8 days	11-11-2017	1-39
29	68841	68900	100746	26-09-2017-30-09-2017	100746	5-10-2017	9 days	11-11-2017	1-37
30	69001	69050	25579	3-10-2017-9-10-2017	25579	11-10-2017	8 days	18-11-2017	1-38
31	69051	69100	39974	10-10-2017-15-10-2017	39974	18-10-2017	8 days	18-11-2017	1-30
32	69101	69200	69650	16-10-2017-27-10-2017	69650	6-11-2017	21 days	13-12-2017	1-37
33	69201	69250	51766	28-10-2017-2-11-2017	51766	6-11-2017	8 days	13-12-2017	1-37
34	69251	69300	35672	3-11-2017-8-11-2017	35672	11-11-2017	8 days	13-12-2017	1-32
35	69601	69685	49841	9-11-2017-19-11-2017	49841	25-11-2017	16 days	19-01-2018	1-54
36	69686	69700	12149	20-11-2017-20-11-2017	12149	25-11-2017	5 days	19-01-2018	1-54
37	69801	69900	63682	26-11-2017-11-12-2017	63682	12-12-2017	16 days	5-02-2018	1-43
38	70001	70050	30914	12-12-2017-18-12-2017	30914	23-12-2017	11 days	6-03-2018	1-73
39	70051	70425	61986	19-12-2017-30-12-2017	61986	5-01-2018	17 days	6-03-2018	1-63
40	70426	70475	31329	1-01-2018-15-01-2018	31329	24-01-2018	23 days	12-03-2018	1-46
41	70476	70500	28445	16-1-2018-30-01-2018	28445	1-02-2018	15 days	25-03-2018	1-52
42	70601	70660	46723	1-02-2018-14-02-2018	46723	20-02-2018	19 days	25-03-2018	1-33

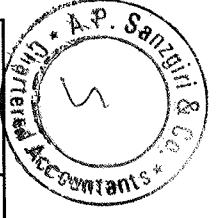


INTERNAL AUDIT REPORT FOR FY 2017-18

ULB- NAWADA NAGAR PARISHAD

ANNEX-2 REPORT ON FINDINGS OF FIELD SURVEY OF PROPERTY TAX OF MINIMUM 20 HIGH VALUE PROPERTIES

S. N	Holding Name	W.N	H.N.	Type of Use of Property		Area of Property				Tax Amount			Remarks	
				As per tax Collector	As per Auditor	As per Tax Collector	As per Auditor	Diff.	As per Tax Collector	As per Auditor	Diff.			
1	Suresh Prasad Sinha	12	144	Residential cum Commercial	Residential cum Commercial	18646	18646	57114	57114	-	57114	57114	-	-
2	Mejar Ajay Krishn	12	154	Commercial	Commercial	11040	11040	53655	53655	-	53655	53655	-	-
3	Gopal Bohra	12	156/ 157	Residential cum Commercial	Residential cum Commercial	10535	10535	34637	34637	-	34637	34637	-	-
4	Md Syed Manohar Mohshin	12	166	Commercial	Commercial	8840	8840	37234	37234	-	37234	37234	-	-
5	Mahant Sukh Ram Das	12	181	Residential cum Commercial	Residential cum Commercial	19382	19382	70392	70392	-	70392	70392	-	-
6	Shail Kumari	11	191	Commercial	Commercial	5922	5922	30026	30026	-	30026	30026	-	-
7	Brij Bhushan Singh	11	161	Residential cum Commercial	Residential cum Commercial	14788	14788	32958	32958	-	32958	32958	-	-
8	Shiv Prasad Bhagat	9	85/8 6	Commercial	Commercial	16824	16824	31000	31000	-	31000	31000	-	-
9	Ramesh Chandra Singh	11	156	Residential cum Commercial	Residential cum Commercial	12598	12598	24750	24750	-	24750	24750	-	-



10	Manorma Devi	11	152	Residential cum Commercial	Residential cum Commercial	4224	4224	-	9808	9808	-	-
11	Sant Josheph School	26	06	Commercial	Commercial	74678	74678	-	141838	141838	-	-
12	Subodh Pandit	25	111	Commercial	Commercial	10584	10584	-	27435	27435	-	-
13	Md Ehshan Ali	28	115/ 193	Commercial	Commercial	7238	7238	-	18761	18761	-	-
14	Sarda Devi	25	103	Residential cum Commercial	Residential cum Commercial	5861	5861	-	17862	17862	-	-
15	Arjun	28	276/ 12	Commercial	Commercial	1870.74	1870.74	-	14204	14204	-	-
16	Ranjana Sharma	9	386/ 1	Commercial	Commercial	11684	11684	-	9288	9288	-	-
17	Kunti Devi	7	254/ 1	Residential cum Commercial	Residential cum Commercial	15323	15323	-	40545	40545	-	-
18	Md Shahansha Bokt	24	02	Residential cum Commercial	Residential cum Commercial	8405	8405	-	21404	21404	-	-
19	Madarsa Islamia Dukan	23	74	Commercial	Commercial	3244	3244	-	1350	1350	-	-
20	Md Shahid Ayub Khan	25	163/ k	Commercial	Commercial	5546	5546	-	9943	9943	-	-



## Nawada Municipal Council

Letter No.

Date: 21.12.2019

To

AP Sangziri & Co.

(Chartered Accountants)

Subject: Regarding confirmation of documents not maintained and management comment in Audit report for F.Y. 2017-18.

We, Municipal Council Nawada, confirm the following books of accounts/ documents/ file has not been maintained, hence we could not produced it:

S.N.	Auditor observation	Management comment
1	Non implementation of Double entry system;	Currently DEAS work has been started.
2	AG Compliance Report;	It is under process and management will submit it as soon as possible;
3	Non maintenance of Advance Register;	ULB has prepared Advance Register but it is not updated since F.Y. 2016-17. Advance Register also not maintained as per BMAR.
4	No Municipal Accounts committee established;	Under process, and matter will be put before board for constitution of "Municipal Accounts Committee";
5	Notice fee;	Currently not collecting, but It will be consider and collected accordingly;
6	TDS return acknowledgement;	It has been provided;
7	Non levy of Taxes in IAR Para "I Part-A a) (1);	Some of Taxes is collected by other department of Government like professional tax; And there is many taxes mentioned in this Para are not collected by ULB due to not providing services in this respect like fire taxes. For rest we will discussed in meeting of board and implement accordingly;
8	Late deposit of property Tax;	Show cause notice has been issued to tax collector in this respect and It will be collected as per Act. A copy of show caused attached
9	Late deposit of statutory deduction of TDS;	It will deposit on or before due date from now;
10	Delay In deposit of EPF	Due to implementation of CFMS the same problem arise.
11	Non preparation of Complete UC details;	It is under process and will be submit in coming next month;



### Nawada Municipal Council


12	Non practice of Stock valuation; Non-preparation of Stock Register.	It will be follow as per rule and management will decide about reasonable period of valuation i.e. frequency of time for valuation;
13	Non maintenance of log book.	ULB has prepared and updated Log book except few vehicle, but not maintained as per BMAR.
14	Maintenance of grant record with bifurcation like amount for Salary, water management, nail gali solid waste management and so on ;	It will be provided.
15	Non maintenance of book refer to Para : II-PART B (a) ;	After reading this para we conclude the following comments: 1. S.N. 6 to 8 - no transaction happened; 2. 10 to 11 - amount not collected in this respect;  Rest will be maintained upon applicability of concern para.
16	Difference In Holding Tax Amount as per Physical Measurement: ➤ Auditor found difference in area; as per self assessment form and actual measurement of property area there is difference for some cases selected on sample basis ➤ Valuation method not Revised till 2011.	➤ We will take necessary action and imposed Holding Tax as per actual measurement taken. ➤ The Entire process of valuation need to be changed and the concern matter will be put before Board very soon and after approval of UD & HD (will be send after approval of board) it will be implement accordingly;
17	Non preparation of Receipt and Payment A/c, Trial Balance, Income and Expenditure A/c and Balance Sheet (Financial Statement)	Receipt and Payment A/c, Trial Balance, Income and Expenditure A/c and Balance Sheet will be prepare after implementation of DEAS.
18	Non creation Special Fund and Fund Mentioned in Chapter ix of BMAR, 2007	The same will be created on applicability of relevant provision of said act;
19	Non Maintenance of Fixed Assets Register	It will be maintained.
20	Outstanding Taxes	We will makes our best effort to realized it by established camp in ward;

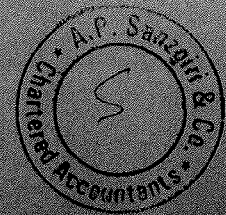


### Nawada Municipal Council

21	Bank Reconciliation on Monthly Basis	It will be maintained;
22	Bank A/c which closed	Following Bank A/c has been closed:- SBI - 11398297326 - NSDP PNB- 2711000100170743 - BRGF CBI - 2255503259 - MMSVY PNB- 2711000100048464 - HSDP SBI - 11136966944 - SJSRY IDBI- 1250104000007771 - MLA Fund, Social economic, Mid-day CBI - 3151826602 - Pension IDBI- 1250104000037165 - 4 <sup>th</sup> Finance IDBI- 1250104000036485 - State Plan IDBI- 1250104000061579 - HFA Co-operative - 3301 - Special fund
23	Any payment made out of Municipal Fund that is not covered by	Payment made out of budget provision. No such payment made that is not cover by budget;
24	Non implementation of Biometric Devices and Payroll Software	It is under process;
25	Directive/Circular issued during Q-1 of 2019-20	No such directives or circular issued during said period.

Further we confirm/affirm the management comment given in Internal Audit report for 2017-18 is on behalf of Municipal Council Nawada.

  
 Executive Officer  
 Nagar Parisad, Nawada  
 21/12/18



NAWADA MUNICIPAL COUNCIL  
STATUS OF UTILIZATION CERTIFICATION FOR FY 2017-18

S.No	Head	Approval order and date	Sanctioned Amount	Expenses Incurred	Balance Amount	UC Submitted against Expenses	UC Pending Against Expenses	% of UC Submitted against expenses	% of UC Pending against expenses	Letter No. & Date of Submission of Ucs
1	EO salary	07/23.05.2017	8.44	8.44	-	0.44	-	100%	NIL	85/15.01.2018
2	Rajya Vojna	65/30.10.2017	49.90	-	49.90	-	-	NIL	NIL	Transferred to PL A/c
3	City Manager Honorarium	10/31.05.2017	1.97	-	1.97	-	-	NIL	NIL	Transferred to PL A/c
4	Path and Pulliya Nirman	31/27.07.2017	21.79	13.00	8.79	13.00	-	100%	NIL	817/03.04.2018
5	Path and Pulliya Nirman	31/27.07.2017	14.96	-	14.96	-	-	NIL	NIL	Transferred to PL A/c
6	City Manager Honorarium	102/29.01.18	1.97	0.20	1.77	-	0.20	0%	100%	1797/08.08.2018
7	Bus Stand	100/08.02.2018	200.00	140.00	60.00	140.00	-	100%	NIL	Not Provided
8	EO (salary)	101/29.01.2018	1.70	-	1.70	-	-	NIL	NIL	Transferred to PL A/c
9	Nali Gali	68/30.10.2017	116.49	116.49	-	116.49	-	100%	NIL	Not Provided
10	14th Fin	97/24.01.2018	165.01	165.01	-	165.01	-	100%	NIL	Not Provided
11	Allowance Payment	15/15.06.2017	7.74	7.74	-	7.74	-	100%	NIL	Not Provided
12	Civil Liberties	43/24.08.2017	92.39	92.39	-	92.39	-	100%	NIL	696/15.05.2019
13	14th Finance	33/02.08.2017	165.42	165.42	-	165.42	-	100%	NIL	696/15.05.2019
14	Peshakar	23/30.06.2017	32.81	32.81	-	32.81	-	100%	NIL	Not Provided
15	Nali Gali	38/11.08.2017	135.94	135.94	-	135.94	-	100%	NIL	696/15.05.2019
16	5th Finance	47/14.09.2017	410.48	-	410.48	-	-	NIL	NIL	Transferred to PL A/c
17	Nala Nirman	127/07.03.2018	50.51	-	50.51	-	-	NIL	NIL	Transferred to PL A/c
18	Nal Jal	130/08.03.2018	272.95	272.95	-	-	272.95	0%	100%	Not Provided