



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

INTERNAL AUDIT REPORT

FY 2018-19

Ara Municipal Corporation

GROUP-06
ULBs-18

Vinod & Co. LLP
CHARTERED ACCOUNTANTS
We Plant Quality





To

The Secretary,
Urban Development & Housing Department,
Patna Bihar

Sub: Submission of Ara Municipal Corporation annual internal audit report with management comments for the financial year 2018-19.

Ref No.: Project No. 07/LA-115/17-83 (NTP) dated; 16.01.2019

Dear Sir,

With Reference to the above, we Vinod Singhal & Co.,LLP Chartered Accountants appointed as internal auditor of 18 ULBs of Bihar under Group-06 for the project namely "Appointment of Internal auditor of 140 ULBs of Bihar."

As we have conducted Annual internal audit of Ara Municipal Corporation for the financial year 2018-19. Through This letter we are submitting Annual internal audit report of Ara Municipal Corporation for the FY.2018-19 with management comments.

We confirm that the internal audit report has been prepared as per terms of reference of RFP.

Thanking You

For Vinod Singhal & Co, LLP
Chartered Accountants
FRN: 005826C/C-400276

Sodhani



CA Krishan Kumar Sodhani
M.No:- 404603

UDIN No.:- 20404603AAAAMV7518

Date: 20-12-2020
Place: Patna

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

CONTENTS

Project Title	Internal audit of 18 ULBs of Group-06 of Bihar
Report Title	Annual internal audit report of Arrah Municipal Corporation
Period	1st Apr -2018 to 31th -March-2019
Reporting Entity	Vinod Singhal & Co., LLP, Chartered Accountants
Reporting for	Arrah Municipal Corporation
Report Prepared by	Team, Vinod Singhal & Co. LLP
Date of submission	17th Aug 2019



EXECUTIVE SUMMARY

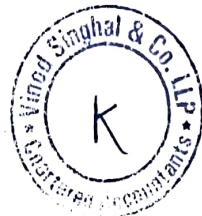
1. INTRODUCTION

Name of the Municipality	Arrah Municipal Corporation
Period covered under current audit	01.04.2018 to 31.03.2019
Name of Municipal Commissioner for the period under Audit	Mr. Dheerendra Paswan

2. RESULTS AND FINDINGS

- Strengths observed during audit engagement
In the existing system as prevailing in the Municipal Corporation day to day work is in progressive manner in respect of collection of revenue and execution of the projects.
- Weaknesses observed in the functioning of office, maintenance of records etc. observed during the audit engagement:

Si. No	Audit Observations
1	Non updating books of account and bank passbook for current transaction.
2	Non-updating of bank reconciliation on monthly basis.
3	Non-Implementation of Double Entry Accounting System
4	No details were made available regarding meeting of municipal accounts committee held during the financial year 2019-20.
5	Non-levy of following taxes <ul style="list-style-type: none">▪ Fire tax▪ Surcharge on electricity consumption within the municipal area▪ Tax on congregations.▪ Tax on pilgrims and tourists.▪ Tax on profession.▪ Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles.▪ User Charges for provision of water-supply, drainage and sewerage▪ User Charges for Solid Waste Management▪ User Charges for Garbage Clearance▪ Collection of Development Charges
6	Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22
7	Non Collection of Notice fee
8	Arrear of property tax, Shop rent, Mobile tower Tax and Advertisement Tax
9	Delay in payment of due date bills
10	Non-preparation of payment vouchers
11	Non-maintenance of required registers as per BMA Rule-130
12	Non-maintenance of register for all Procurements with value above Rs. 15,000
13	Missing signature of wages worker and stamp of ULB on muster roll register
14	Non-preparation of fund wise statement of receipts and payments in BMAR Form No. 71



	not later than 20th of the subsequent month.
15	Non-preparation of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.
16	Non-preparation of financial statements for the financial year 2017-18
17	Non-compliance of statutory compliance 1. Late deposit of TDS 2. Late filling of TDS Return 3. Not issue TDS Certificate on time 4. Non payment of EPF on time 5. Non filling EPF return on time 6. Not comply with ESI law. 7. Late filling of TDS on GST return
18	Non-providing of records regarding stores
19	Arrear of advance to employees
20	Not Charging interest from advance given to employees
21	Non-investment of surplus fund of ULB
22	Deficiency in payroll system
23	Stock register of receipt book not maintain in proper manner

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

4. **AUDIT RECOMMENDATIONS**

Si. No	Audit Observations	Auditor Recommendations
1	Non updating books of account and bank passbook for current transaction.	ULB should update their books of account on daily basis However, they should update their bank passbook on weekly or fortnightly basis. Statements of all bank accounts should be kept in separate file for proper records.
2	Non-updating of bank reconciliation on monthly basis.	ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.
3	Non-Implementation of Double Entry Accounting System	As per requirement of BMAM, ULB should maintain their accounts on double entry accounting system.



4	No details were made available regarding meeting of municipal accounts committee held during the financial year 2019-20.	As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of Municipal Accounts Committee each year.
5	<p>Non-levy of following taxes</p> <ul style="list-style-type: none"> ▪ Fire tax ▪ Surcharge on electricity consumption within the municipal area ▪ Tax on congregations. ▪ Tax on pilgrims and tourists. ▪ Tax on profession. ▪ Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles. ▪ User Charges for provision of water-supply, drainage and sewerage ▪ User Charges for Solid Waste Management ▪ User Charges for Garbage Clearance ▪ Collection of Development Charges 	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
6	Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22	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.
7	Non Collection of Notice fee	ULB should have to collect the notice fee towards reimbursement of notice expenses
8	Arrear of property tax, Shop rent, Mobile tower Tax and Advertisement Tax	Arrear of property tax, Shop rent, and mobile tower tax and advertisement tax income was observed during the audit. ULB should take proper step to boost collection of arrears.
9	Delay in payment of due date bills	Late payment of utility bills causes to penalty on ULB and also may result in barrier in day to day operation. So, ULB should ensure timely payment of bills
10	Non-preparation of payment vouchers	ULB should prepare payment voucher based on running voucher for each payment and should maintain serially numbered voucher file for each month
11	Non-maintenance of required registers as per BMA Rule-130	ULB should ensure proper maintenance of required register as per BMA rule-130. Detail of registers not maintained by ULB is mentioned under PART-A (a)
12	Non-maintenance of register for all Procurements with value above Rs. 15,000	ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000



13	Missing signature of wages worker and stamp of ULB on muster roll register	While making payment to daily wages worker, ULB should ensure signature of wage worker with signature of ULB's competent authority with ULBs Stamp
14	Non-preparation of fund wise statement of receipts and payments in BMAR Form No. 71 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 1. Municipal General ULB. 2. Basic service for urban Fund 3. Water supply & sewerage poor 4. Solid Waste Management fund 5. Road Development & Maintenance Fund 6. Enterprise Fund
15	Non-preparation of 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 Chief Municipal Officer.
16	Non-preparation of financial statements for the financial year 2017-18	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
17	Non-compliance of statutory compliance 1. Late deposit of TDS 2. Late filling of TDS Return 3. Not issue TDS Certificate on time 4. Non payment of EPF on time 5. Non filling EPF return on time 6. Not comply with ESI law. 7. Late filling of TDS on GST return	As ULB is not proper in statutory compliance, that cause financial implication on ULB in mode of interest, penalty and Late Fee. So, ULB should ensure statutory compliance on time. ULB should ensure statutory compliance related to employees on time. As we are not able to comment on compliance of employees statutory liabilities in absence of records
18	Non-providing of records regarding stores	ULB should prepare/update store registers timely. Further physical verification of stores should be done on timely basis. As no-such details regarding stores was provided by ULB
19	Arrear of advance to employees	As long period outstanding of advance recovery is pending with ULB, So ULB should take proper steps to boost recovery of advance
20	Not Charging interest from advance given to employees	As ULB informed that they are not charging interest from employees on advance given that leads to loss of revenue to ULB. So, ULB should take management decision to recover the same.
21	Non-investment of surplus fund of ULB	ULB should invest surplus funds in approved sources as mentioned in BMA/BMAM.
22	Deficiency in payroll system	As ULB is not maintaining salary deduction register, Payment vouchers, Bio-metric and any payroll software. ULB should ensure that all requirements should be in place and complied for effective salary management.



23	Stock register of receipt book not maintain in proper manner	Stock register of receipt book should be maintain in proper manner. The date of issue of receipt book and date of submission should be mention.
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5. COMMENTS FROM MANAGEMENT
Audit observations with audit recommendation has been submitted with management for providing management Comments.

6. ACKNOWLEDGEMENT
Considering the Physical Environment, accessibility, literacy of the Human Resources, communication facilities and so many other hindrances, we are in opinion that, the working of the ULB has a deep impact on the economic & social aspects and values of the inhabitants of the demarcated area. And the unit specifically dedicated for the development of Nagar Nigam in the state of Bihar according to plan & for matters ancillary thereto.



DETAILED AUDIT REPORT

1. INTRODUCTION:

S.NO.	Name Of ULB	Period-covered		Audit Team
		From	TO	
1	Arrah Municipal Corporation	01-04-2018	31-03-2019	1. Name of team leader : CA Krishan Kumar Sodhani 2. Name of MAE: CA Rahul Kumar Shrivastwa 3. Name of Auditor-1: Sanjeev Kumar Name of Auditor-2: Mukesh Kumar

2. ADMINISTRATION:

Sl. No	Particulars	Details
1	The present body of the ULB has taken charge on	23.07.2019 till Date
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	1. Smt. Priyam 2. Smt. Rubee Kumari
2.1.1	Period of Service:	1. From : 09-06-2017 to 22-07-2019 2. From : 23-07-2019 till date
2.2	Name of Commissioner/Executive Officer:	Mr. Dheerendra Paswan
2.2.1	Period of Service:	From: 01-03-2019 till date

3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. Status of Audit Observations is as under:

S.N	Particulars of audit and date of report	Total no. of audit paras	Total no. of audit paras where necessary improvement/corrective measures required	Total no. of audit paras where recovery of cash is proposed	Total no. of audit paras where recovery has been made	Total amount of Recovery	Total no. of O/s para where no action has been taken	No. & date of compliance report
1	Audit report submitted by AG for the F.Y. 2016-17	21	21	9	3	84,62,125	8	06-12-2018 & 2492

3.2. Details of total no of audit paras:

Period of AG audit report : Financial year 2016-17

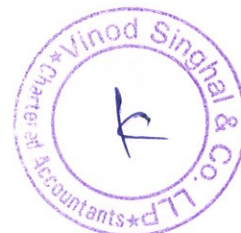


Si.No	Audit Para Number	Heading of the audit para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
Part-II (B) of AG Audit Report						
1	1	Amount not deposited	5,83,703	5,83,703	5,83,703	Yes
2	2	Loss of revenue due to non-recovery from sairat bandobasti	56,90,601	56,90,601	5,00,000	Yes
3	3	Loss of revenue due to departmental non-recovery of sairat bandobasti	54,88,169	54,88,169	-	Yes
4	4	Loss of revenue due to cancellation of recovery of sairat bandobasti	56,36,496	-	-	Yes
5	5	Irregularities in payment	3,35,000	-	-	Yes
6	6	Irregularities in payment	31,66,000	-	-	Yes
7	7	Non recovery of fees & user charges for providing solid waste management services	3,02,09,850	3,02,09,850	-	Yes
8	8	Non recovery of arrear property tax from government buildings	1,58,43,674	1,58,43,674	73,78,422	Yes
9	9	Non recovery of arrear shop rent	15,56,561	15,56,561	-	Yes
10	10	Irregularities in outsourcing of cleaning work	-	-	-	Yes
11	11	Installation of unauthorized mobile tower and non-recovery of renewal charges.	3,59,53,900	3,59,53,900	-	Yes
12	12	Loss of revenue due to not increase of shop rent	26,37,325	26,37,325	-	Yes
13	13	Non recovery of late fees from contractors	26,83,275	-	-	Yes
Total			10,97,84,554	9,79,63,783	84,62,125	

Note :

Above details has been taken from the AG Report the F.Y. 2016-17 and compliance report thereof. For AG Compliance Report, Refer the attached Annexure-01.

Further we wish to say that as we have submitted letter to ULB for asking support and to appoint support staff for working on audit compliance.



4. FINANCE

I. Budgetary provisions and expenditure for the last three years

Year	Year- 2016-17	Year- 2017-18	Year- 2018-19
Final/Revised Budget Data	2,85,16,10,000	3,39,89,20,000	3,42,12,20,000
Actual Expenditure Data	35,79,98,059	33,91,60,373	29,82,29,283
Savings(+)/Excess(-)	2,49,36,11,941	3,05,97,59,627	3,12,29,90,717

Comment:

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

II. Volume of transactions

Period	Budgeted for the F.Y. 2018-19	Actual for the F.Y. 2016-17	Actual for the F.Y. 2017-18	Actual for the F.Y. 2018-19	Cumulative for the current period
Opening balance	9,16,000	34,53,89,834	79,84,31,478	1,06,09,94,067	1,06,09,94,067
Receipts	3,42,13,58,000	81,10,39,703	60,17,22,962	1,04,93,20,537	1,04,93,20,537
Total	3,42,22,74,000	1,15,64,29,537	1,40,01,54,440	2,11,03,14,604	2,11,03,14,604
Net expenditure	3,42,12,20,000	35,79,98,059	33,91,60,373	29,82,29,283	29,82,29,283
Closing balance	10,54,000	79,84,31,478	1,06,09,94,067	1,81,20,85,321	1,81,20,85,321

Comment:

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



S.N	Name of Bank	Bank A/C No.0	Purpose of Bank Account	Balance as per Cash Book	Balance as per Bank Statement	Differences	Reconciled (Yes/No)
1	Central Cooperative Bank	00134001004662	Salary Grant		47,43,366	Can't Ascertain	No
2	Axis Bank	11010005216417	Daily Collection		1,51,35,900	Can't Ascertain	No
3	State Bank of India	33226373245	NULM Grant		1,70,03,269	Can't Ascertain	No
4	IDBI Bank	22104000061676	SLUM Grant		1,16,78,441	Can't Ascertain	No
5	ICICI Bank	062201002936	SBM Grant		43,97,319	Can't Ascertain	No
6	Punjab National Bank	94000100587706	Salary Grant		4,64,344	Can't Ascertain	No
7	Punjab National Bank	94000100611410	14 Finance Grant		2,53,438	Can't Ascertain	No
8	Andhra Bank	37710100016354	HFA Grant		1,89,14,911	Can't Ascertain	No
9	Andhra Bank	37710100012251	High Court		8,73,227	Can't Ascertain	No
10	Canera Bank	0376101083063	AMRUT Mission			Can't Ascertain	No
11	Punjab National Bank	94000100084544	Pension		61,31,610	Can't Ascertain	No
12	Treasury	GOV A/c No-K-6448001020001	PLA	86,07,84,740	86,07,84,740	-	No

Not Provided

Comment:

Bank Reconciliation helps us to monitor over:

1. Difference between Bank Passbook and Cash Book
2. Unauthorised withdrawal from Bank.
3. Excessive debited by Bank
4. Helps to know any other reasons of differences.



3. Excessive debited by Bank
4. Helps to know any other reasons of differences.

Therefore, ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.

IV. Revenue & Capital Receipts information:

Sl No	Details	Income Details (Amount in Rs.)					
		2017-18		2018-19		2019-20	
	Total Receipts (A+B)	60,17,22,962	81,10,39,703	1,04,93,20,537	60,17,22,962	2019-20	2018-19
A	Revenue Receipts (1+2+3)	26,40,41,468	25,94,21,550	32,64,68,303	26,40,41,468	Not Applicable	1,04,93,20,527
1	Own Revenue Receipts (a+b)	8,65,39,406	6,00,07,411	6,78,14,893	8,65,39,406	Not Applicable	32,64,68,303
a)	Tax Revenue (levied and collected by municipal body)	6,65,54,901	4,79,41,515	5,65,81,643	6,65,54,901	Not Applicable	6,78,14,893
i)	Property tax	4,81,17,448	3,02,95,462	4,44,53,633	4,81,17,448	Not Applicable	5,65,81,643
ii)	Other tax (levied and collected by municipal body)	1,84,37,453	1,76,46,053	1,21,28,010	1,84,37,453	Not Applicable	4,44,53,633
b)	Non-tax revenue (levied and collected by municipal body)	1,99,84,505	1,20,65,896	1,12,33,250	1,99,84,505	Not Applicable	1,21,28,010
i)	Fees & fines	1,90,93,653	1,05,24,596	90,38,071	1,90,93,653	Not Applicable	1,12,33,250
ii)	User Charges	8,90,852	15,41,300	21,95,179	8,90,852	Not Applicable	90,38,071
iii)	Other non-tax revenue (levied and collected by municipal body)	-	-	-	-	Not Applicable	21,95,179
2	Other Revenue Receipts	17,30,537	14,88,704	20,90,312	17,30,537	Not Applicable	20,90,312
a)	Income from interest/investments	15,62,652	13,52,852	19,42,144	15,62,652	Not Applicable	19,42,144
b)	Other Revenue income	1,67,885	1,35,852	1,48,168	1,67,885	Not Applicable	1,48,168
3	Transfers/Grants/Assigned Revenues	17,57,71,525	19,79,25,435	25,65,63,098	17,57,71,525	Not Applicable	25,65,63,098

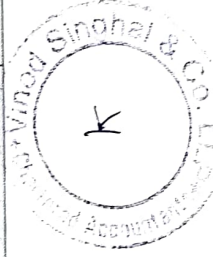
a)	State Assigned Revenue	7,78,07,682	8,86,60,744	9,56,63,454	7,78,07,682	9,56,63,454	Not Applicable	9,56,63,454
b)	State Finance Commission (SFC) Grants/Devolution	9,79,63,843	10,92,64,691	16,08,99,644	9,79,63,843	16,08,99,644	Not Applicable	16,08,99,644
c)	Octroi compensation	-	-	-	-	-	Not Applicable	-
d)	Other State Government Transfers	-	-	-	-	-	Not Applicable	-
e)	Central Finance Commission (CFC) Grant	-	-	-	-	-	Not Applicable	-
f)	Other Central Government Transfers	-	-	-	-	-	Not Applicable	-
g)	Others (Sales & Hire Charges)	-	-	-	-	-	Not Applicable	-
B	Capital Receipts (1+2+3+4+5+6)	33,76,81,494	55,16,18,153	72,28,52,234	33,76,81,494	72,28,52,234	Not Applicable	72,28,52,234
1	Sale of Municipal Land	-	-	-	-	-	Not Applicable	-
2	Loans (from State Govt. or Bank etc.)	-	-	-	-	-	Not Applicable	-
3	State Capital Account Grant (under State Schemes etc.)	33,76,81,494	55,16,18,153	72,28,52,234	33,76,81,494	72,28,52,234	Not Applicable	72,28,52,234
4	Central Capital Account Grant (under Central Schemes etc.)	-	-	-	-	-	Not Applicable	-
5	Other Capital Receipts	-	-	-	-	-	Not Applicable	-

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, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures.

V. Revenue and Capital Expenditure Information.

Sl No	Details	Expenditure Details (Amount in Rs.)						
		2017-18		2018-19		2019-20		
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19	



	Total Expenditure (1+2)	33,91,60,373	35,79,98,059	29,82,29,283	33,91,60,373	Not Applicable	29,82,29,283
1	Revenue Expenditure	16,82,11,228	19,67,46,955	16,56,44,341	16,82,11,228	Not Applicable	16,56,44,341
1.1	Adminstrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	15,80,89,375	17,35,31,895	13,61,17,422	15,80,89,375	Not Applicable	13,61,17,422
1.2	Operation and Maintenance (O&M)	83,12,288	2,22,49,535	1,42,00,558	83,12,288	Not Applicable	1,42,00,558
1.3	Loan repayment (Interest payments)	1,209	-	916	1,209	Not Applicable	916
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	18,08,356	9,65,525	1,53,25,445	18,08,356	Not Applicable	1,53,25,445
2	Capital Expenditure	17,09,49,145	16,12,51,104	13,25,84,942	17,09,49,145	Not Applicable	13,25,84,942
2.1	All developmental works under Central/State specific schemes	17,09,49,145	16,12,51,104	13,25,84,942	17,09,49,145	Not Applicable	13,25,84,942
2.2	Loan Repayments (Principal Amount)	-	-	-	-	Not Applicable	-
2.3	Other Capital expenditure	-	-	-	-	Not Applicable	-

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, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures.

VI. Status of Implementation of Double Entry Accounting System

Till date there is no any double entry accounting system implemented here.

VII. Status of Meeting of Municipal Accounts Committee

There is no any accounting committee has been formed at ULB. We are submitting here with copy letter taken from ULB in respect of these committee as

5. AUDIT OBSERVATION

I. PART-A

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

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

1. **Non-levy of taxes:** As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. In case of Arrah Municipal Corporation, The following mentioned tax/charges are not implemented that leads to loss of revenue to corporation.

- Fire tax
- Surcharge on electricity consumption within the municipal area
- Tax on congregations.
- Tax on pilgrims and tourists.
- Tax on profession.
- Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles.
- User Charges for provision of water-supply, drainage and sewerage
- User Charges for Solid Waste Management
- User Charges for Garbage Clearance
- Collection of Development Charges

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

Criteria - Non levied the taxes reported above by ULB.

Condition -As per details provided to us the ULB is not charging the above mention taxes.

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

Cause- We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB has not proper mechanisms for supervision and monitoring of the Taxes due to which result in Revenue leakage.

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

2. **Late deposit of property tax:** As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made. In case of Arrah Municipal Corporation, during verification of receipts book and deposit slips, we have noticed that there was gap of max 2-6 days in collection of tax and deposit of tax to cashier.

SI N O	Serial Number		Amount of Tax	Date of Collection as per Receipts Booked	Amount Deposited with Cashier	Delay in deposit with cashier	
	From	To				Minim um	Maxim um
1	10501	10511	7,385	27.04.2018 TO 30.04.2018	03.05.2018	3	7
2	10512	10521	26,087	04.05.2018	05.05.2018	1	2
3	10522	10533	12,088	04.05.2018 TO 07.05.2018	07.05.2018	0	4
4	10534	10549		07.05.2018	08.05.2018	1	2



			37,561				
5	10550	10567	20,446	08.05.2018 TO 09.05.2018	10.05.2018	2	3
6	10568	10583	34,221	10.05.2018 TO 11.05.2018	11.05.2018	0	2
7	10584	10591	9,682	11.05.2018 TO 12.05.2018	12.05.2018	0	2
8	16501	16508	25,242	01.06.2018 TO 04.06.2018	05.06.2018	1	5
9	16509	16517	41,677	06.06.2018	08.06.2018	2	3
10	16518	16519	19,538	08.06.2018	09.06.2018	1	2
11	16520	16528	18,272	11.06.2018 TO 12.06.2018	12.06.2018	0	2
12	16529	16532	8,586	12.06.2018	13.06.2018	1	2
13	16533	16533	6,571	13.06.2018	15.06.2018	1	2
14	16534	16537	4,528	15.06.2018	19.06.2018	2	3
15	16538	16540	3,944	18.06.2018 TO 20.06.2018	20.06.2018	0	3
16	16541	16543	6,988	20.06.2018	22.06.2018	2	3
17	16544	16548	4,201	22.06.2018 TO 23.06.2018	23.06.2018	0	2
18	16549	16552	6,189	23.06.2018 TO 26.06.2018	26.06.2018	0	4
19	16553	16562	33,991	26.06.2018	27.06.2018	1	2
20	16563	16564	56,625	27.06.2018	27.06.2018	0	0
21	16565	16572	30,875	28.06.2018 TO 29.06.2018	29.06.2018	0	2
22	16573	16576	8,297	29.06.2018	30.06.2018	1	2
23	16577	16581	5,482	30.06.2018 TO 07.07.2018	07.07.2018	0	7
24	16582	16585	11,824	07.07.2018 TO 09.07.2018	11.07.2018	2	5
25	16586	16591	23,465	11.07.2018 TO 14.07.2018	14.07.2018	0	4
26	16592	16596	8,172	16.07.2018 TO 18.07.2018	19.07.2018	1	4



27	16597	16600	1,01,206	21.07.2017	26.07.2018	5	6
28	301	305	6,315	03.07.2018	03.07.2018	0	0
29	306	315	6,160	04.07.2018 TO 05.07.2018	05.07.2018	0	2
30	316	323	2,816	06.07.2018	07.07.2018	1	2
31	373	376	10,462	25.08.2018 TO 30.08.2018	01.09.2018	2	7
32	377	382	4,932	03.09.2018 TO 10.09.2018	11.09.2018	2	8
33	466	470	6,228	16.08.2018 TO 20.08.2018	21.08.2018	9	6
34	471	481	15,233	28.08.2018 TO 05.09.2018	10.09.2018	5	13
35	4767	4772	17,350	20.03.2019 TO 18.04.2019	20.04.2019	2	31
36	14006	14037	15,941	17.05.2018 TO 24.05.2018	24.05.2018	0	7
37	19152	19172	13,184	15.07.2018 TO 28.07.2018	30.07.2018	2	16
38	10641	10644	2,105	12.05.2018	28.05.2018	16	16
39	5568			Not Found In Tax Collector Register			
40	17664	17671	44,852	22.09.2018 TO 29.09.2018	29.09.2018	0	7
41	16612	16626	20,635	12.06.2018 TO 22.06.2018	27.06.2018	5	15
42	16637		2,20,983	24.07.2018	NOT FOUND		
43	16648	16651	17,008	08.08.2018 TO 28.08.2018	30.08.2018	2	22
44	16695	16700	70,908	25.02.2019 TO 25.03.2019	26.03.2019	1	29
45	10901	10941	43,598	28.04.2018 TO 28.04.2018	03.05.2018	5	5
46	3638	3645	11,569	29.10.2018 TO 10.11.2018	17.11.2018	7	19

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

Criteria - As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000.00



Condition -As per details provided to us the ULB is not depositing the amount collected from public on time.

Consequence Effect /Impact - Due to non-deposit of cash on timely basis there is loss of interest to ULB. It seems that huge fund easily available with cashier on the cost of Bihiya ULB.

Cause- We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has not proper control, supervision, and monitoring over collection and deposit of taxes.

Corrective Action / Recommendation - Management should reconcile time to time the physical Cash with cash book for stopping the misuse of cash.

3. **Non collection of Notice fees:** As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but In case of Arrah Municipal Corporation, The Corporation is not collecting any notice fee while issuing notice for demand. As per our discussion corporation has provided that they are sending notice by hand therefore they are not collecting any notice fee. However, in our opinion mode of service of notice doesn't matter in charging of notice fees.

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

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

Condition -As per details provided to us the ULB is not collecting notice fee.

Consequence Effect /Impact - Due to non-collection of notice fee there is loss of interest to ULB

Cause- We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has not proper control, supervision, and monitoring over issue of notices and collection of notice fee.

Corrective Action / Recommendation - Management should monitor the notices issued on periodic basis towards charging and collection of notice fee.

4. **Recovery of outstanding taxes/rental income:** As per record provided by corporation, following income was in arrear as on 30-06-2019.

Summary of outstanding arrear of Income as on 31.03.2019

SINo	Type of Income	Arrear Amount
1	Property tax on lands and buildings. "Annexure -8"	1,55,04,033
2	Shop Rent "Annexure -9"	34,59,710
3	Mobile Tower tax "Annexure -10"	3,73,50,400
4	Advertisement tax " Annexure -11"	7,61,739

Comment:

1. In case of property tax 30 % amount is outstanding, however in case of mobile tower tax 100% amount is outstanding. Further in case of mobile tower tax we observed that cellular company has not submitted any written request explaining reason of non payment.
2. Corporation should implement/take action to boost collection of arrear revenue to increase their own source revenue.



3. Further we observed that in case of outstanding property tax major amount pertain to government building/ offices. As per our discussion with tax collector, the recovery from government organisation is work of honor.

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

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

Condition -As per details provided to us the ULB is not collecting notice fee.

Consequence Effect /Impact - Due to non-collection of notice fee there is loss of interest to ULB

Cause- We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has not proper control, supervision, and monitoring over issue of notices and collection of notice fee.

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

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

1. Payment of bills after due date: During audit of corporation we have noticed that corporation is not in practice to paid bill i.e. electricity bill, telephone bill on or before due date. Due to that corporation has to pay penalty for late payment.
2. Pass payment without preparation of payment vouchers: The Corporation does not prepare Payment Vouchers for making payment to the parties/vendors. Payment was made on the basis of bills only raised in the name of corporation which is passed by the competent authority.
3. Irregularities in payments: No such irregularities were observed in provided sample data. As complete vouchers files was not made available for audit.

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

Sl.No	Holding Name	Ward No	Holdin g Number	Tax Amount	Remark
1	Shreyans Chand Jain S/o Gyan Chand Jain	24	22	64,930	Tax Paid in F.Y. 2017-18
2	Jhulan Kishore Mitta S/o Niram Kumar Mitta	24	55	20,606	Tax Paid in F.Y. 2017-18
3	Arun Kumar Jain S/o Veer Kumar Jain	24	21	22,861	Tax Paid in F.Y. 2017-18
4	Meena Syndar (Dharamshala)	23	6	38,763	Tax Paid in F.Y. 2017-18
5	Brijeshwari Sahay S/o Nareshwari Sahay	23	7	57,192	Tax Paid in F.Y. 2017-18
6	Umesh Narayan Bediya	23	07/A	83,164	Tax Paid in F.Y. 2017-18



7	Ramnath Singh S/o Kuldeep Singh	19	105	6,685	Tax Paid in F.Y. 2017-18
8	Shyam Bihari Singh S/o Sarv Narayan Singh	19	106	6,635	Tax Paid in F.Y. 2017-18
9	Harkhen Kumar Jain	19	232/A	40,591	Tax Paid in F.Y. 2017-18
10	Madhubala Singh W/o Kumar Aravind S/o Harfu Singh	19	146/C	97,044	Tax Paid in F.Y. 2017-18
11	Janardhan Singh S/o Late Bipin Kumar Singh	20	3/3-A	78,460	Tax Paid in F.Y. 2017-18
12	Dr. Madhu Singh W/o Pradip Kumar Singh	20	1/B	42,768	Tax Paid in F.Y. 2017-18
13	Ravindra Kumar Singh S/o Chandradev Singh	18	559/A	28,227	Tax Paid in F.Y. 2017-18
14	Shivshankar Upadhaya	25	27	19,984	Tax Paid in F.Y. 2017-18
15	Security Sagar (Mal Jalan)	41	46	23,328	Tax Paid in F.Y. 2017-18
16	Mantra Adinath Trust (Dharmashalla)	22	56	26,088	Tax Paid in F.Y. 2017-18
17	Mandir Shantinath	22	70	12,130	Tax Paid in F.Y. 2017-18
18	Harkhen Kumar (Dharamshala)	8	84	69,012	Tax Paid in F.Y. 2017-18
19	Mahavir (Dharamshala)	8	262	49,295	Tax Paid in F.Y. 2017-18
20	Kalawati Devi W/o Shivdas Sah	21	64	25,940	Tax Paid in F.Y. 2017-18

Comment:

1. Being details of above high value properties were provided by Tax Daroga.
2. Further we wish to say that as we have submitted letter to ULB for asking support and to appoint support staff for filed survey, however Physical survey of mentioned properties could not be done due to non-availability of ULB staff for survey. Please refer "Annexure-3"

II. PART-B

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

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

Si. No	Name of register	Status of register maintained
1	Register of Advance	Not Maintained
2	Register of Permanent Advance	Not Maintained
3	Summary statement of deposit adjusted	Not Maintained



4	Summary Statement of Bills Raised	Not Maintained
5	Register of Notice Fees, Warrant Fees, Other Fees	Not Maintained
6	Summary Statement of Notice Fees, Warrant Fees, Other Fees	Not Maintained
7	Register of Refunds, Remissions and Write off	Not Maintained
8	Summary statement of Refunds and Remissions	Not Maintained
9	Summary Statement of Write-offs	Not Maintained
10	Statement of outstanding Liability for Expenses	Not Maintained
11	Fixed Assets Register	Not Maintained
	Property Tax & Other taxes	
12	Summary Statement of Demand Raised on assessment	Not Maintained
13	Summary Statement of Head wise Collection of Other Income	Not Maintained
14	Summary Statement of Refunds	Not Maintained
15	Summary Statement of Write off	Not Maintained
	Rentals, Fees & Other Income	
16	Summary Statement of Demand Raised on assessment	Not Maintained
17	Summary Statement of Head wise Collection of Other Income	Not Maintained
18	Summary Statement of Refunds	Not Maintained
19	Summary Statement of Write off	Not Maintained
	Public Works	
20	Work Sheet	Not Maintained
21	Deposit Works Register	Not Maintained
	Stores	
22	Material Receipt Note	Not Maintained
23	Store Ledger	Not Maintained
24	Statement of Closing Stock	Not Maintained
25	Statement of Material Issued	Not Maintained
	Other	
26	BRS of all bank accounts (including doormat accounts)	Not Maintained
	Final Accounts for the F.Y. 2017-18	
27	Audited Balance Sheet	Not Maintained
28	Audited Income & Expenditure Account	Not Maintained
29	Audited Receipts & Payment Account	Not Maintained

Refer Annexure - 3

b. Irregularity in procurement process:

1. Irregularities in publishing of tender

Sr. No.	Particulars	Observation
1	Tender Serial Number: 10/2018-19, Dated: 30.11.2018	<i>We observed the following discrepancies during the audit :</i> 1. Budget control register has not been prepared 2. Noc not taken from ULB 3. Clearance certificate not taken from mining department. 4. Quality test report has not produced for verification.

Refer "Annexure -12"

- Whether a register is kept for all Procurements with value above Rs. 15,000/-: No procurement register was maintained at ULB level for procurement with value above Rs. 15,000/. However, they are keeping copy of bill/ invoice in a separate file. We are submitting some bill as "Annexure -13"
- As per rule no 75, disbursement to the daily wage workers is to be witnessed by the chief municipal officer / engineer and he has to sign the disbursement certificate after ensuring that the acknowledgement has been obtained from the workers on the master payroll (BMAR Form -33):.



- a. As per provided master payroll of daily wages worker, we observed that signature of wages worker against their attendance was not available.
- b. This is noted that stamp of ULB was not affixed on signature done in master payroll.

4. No separate earnest & security deposit register: Earnest money deposit & security deposit register help in tracking refund of EMD/SD on time to concerned parties, but in ULB, no such register was maintained /provided for verification.

c. Non-Compliance of directives by UD&HD, GoB:

SINo.	Direction issued by UDHD	Complied or Not
1	Circular No. 3234 dated 12-06-2018	Complied
2	Circular No. 2154 dated 28-09-2018	Complied

d. Non-Compliance of Act & Rules:

Not Maintained	Audited Receipts & Payment Account
Not Maintained	Audited Income & Expenditure Account
Not Maintained	Audited Balance Sheet
Not Maintained	Final Accounts for the Y. 2017-18
Not Maintained	BS of all bank accounts (including dormant accounts)
Not Maintained	Other
Not Maintained	Statement of Material Issued
Not Maintained	Statement of Closing Stock
Not Maintained	Store Ledger
Not Maintained	Material Receipt Note
Not Maintained	Stores
Not Maintained	Deposit Works Register
Not Maintained	Work Sheet
Not Maintained	Public Works
Not Maintained	Summary Statement of Work of
Not Maintained	Summary Statement of Refunds
Not Maintained	Summary Statement of Head wise Collection of Other Income
Not Maintained	Summary Statement of Demand Raised on assets
Not Maintained	Rentals, Fees & Other Income

Refer Annexure - 3

b. Irregularity in procurement process

1. Irregularities in publishing of tender

No.	Particulars	Observation
1	Date: 30.11.2018 Tender Number: 10/2018-19	<ul style="list-style-type: none"> 1. Budget control register has not been prepared 2. Noc not taken from ULB 3. Clearance certificate not taken from mining department. 4. Quality test report has not produced for verification <p>We observed the following discrepancies during the audit:</p>

Refer Annexure -12

2. Whether a register is kept for all procurements with value above Rs. 12,000/-; No procurement register was maintained at ULB level for procurement with value above Rs. 12,000/-. However, the copy of bill/ invoice in a separate file. We are submitting some bill

3. As per rule no 72, the daily wage workers is to be witnessed by the chief municipal officer. In this regard, it has to sign the disbursement certificate after ensuring that the amount has been obtained from the workers on the master payroll (BMR Form)



Si. NO	Requirement	Criteria	Auditors Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made	BMAR Rule No.-22	Refer point: Part-A (a) (2) No, during audit we observed that there was max 6 days delay in deposit of tax with cashier. Further we have not got any information from cashier towards actual deposit of amount into bank.
2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	BMAR Rule No.- 27	Yes, Every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.
3	Whether the collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	BMAR Rule No.- 27	Yes, Collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.
4	Whether bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated stall of the Municipality	BMAR Rule No.- 27	Yes, bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated stall of the Municipality
5	Whether every bill collector invariably remits his collections (in cash and/or cheques) to Cashier dallies before 4.30 PM and takes the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	Refer point: Part-A (a) (2) Yes, In actual we noted that tax collector was not remitting his collections to cashier on daily basis. We noted that there was delay in deposit of tax with cashier 2-6 days.
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, Scheme wise grant register was not maintained by the corporation. However a single register has maintain for all type of grant. refer "Annexure-13"
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the responsibility of the Chief Municipal Officer that the conditions attached to the grant are complied with without exception.	BMAR Rule No.- 69	Refer point: Part-B (h) No such details/information provided.
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No such details/information provided.
9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	Refer PART-B (h) No, Utilization certificate details produced for verification.
10	Whether Municipality has returned unutilized grant for more than three years from date of receipt to the source from where such grant was received	BMAR Rule No.- 69	No related information was provided by corporation.



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	No, Arrah Municipal Corporation was not preparing a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.
12	Whether ULB prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	BMAR Rule No.- 121	No, Arrah Municipal Corporation was 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.
13	Whether ULB sent the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	BMAR Rule No.- 121	No, Arrah Municipal Corporation was not send the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter. Since they have not produced any such type of documents to us.
14	The Chief Municipal Officer shall, Within three months after the end of each financial year be prepared financial statements for the preceding year in respect of the accounts of the Municipality. The Financial Statements shall comprise of a. Receipts and Payments Account for the year (BMAR Form No.71) b. Income & Expenditure Statement for the year (BMAR Form No.73) c. Balance Sheet as on 31st March of the year (BMAR Form No.74) d. Significant accounting policies adopted by the Municipality in presentation of the financial statements. e. Notes to Accounts, which shall disclose Contingent liabilities, and such other information as, may be useful in understanding the financial statements clearly. f. Comparative amounts shall be entered on the financial statements for the preceding financial year except. In the case of the first year to which those rules apply	BMAR Rule No.- 122	BMAR Rule No. - 122 were not followed by corporation during the F.Y. 2018-19.
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	Refer PART-B (f) No, We observed that municipality is very week in statutory compliances.
16	Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;(BMAR Rule No.-130)	BMAR Rule No.-130	Refer PART-B (g) No, We observed that municipality is not regular in remittance of pension. However, they are paying their dues on the availability of fund.
17	Whether all transactions (incomes, expenditures, assets and liabilities) are	BMAR Rule No.-130	No, BMAR Rule No. 130 was not followed by Corporation. As Single



	correctly classified and stated In sufficient detail;		entry accounting system was followed by Corporation
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, All grant received by Corporation during the year have been accounted properly in grant register. No details regarding deductions from grant were made available to comment thereon.
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 details regarding creation of special fund and their use were made available to comment thereon.
20	Whether the ULB is maintaining proper records showing full particulars, including quantitate details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable Intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	BMAR Rule No.-130	Corporation was not maintaining fixed assets register for the financial year 2018-19. Further no, fixed assets physically verified report was made available to comment upon.
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	BMAR Rule No.-130	No details regarding lease hold property was made available to comment upon.
22	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	BMAR Rule No.-130	Yes, Corporation followed adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets.
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality' s accounts; If so, the details thereof;	BMAR Rule No.-130	We have not observed such type of transaction during audit.
24	Whether the Bank Reconciliation statements have been property prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis;	BMAR Rule No.-130	Refer Point-04 (III) No, Corporation has not prepared bank reconciliation for any bank accounts maintained.
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.-130	As Corporation has single entry accounting system, in that case year end provisions and reconciliation was not made during the reporting period.
26	Whether all the expenditure incurred by the Municipality is authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and are in all cases such as are authorized by Act;	BMAR Rule No.-130	No Comment
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR Rule No.-130	Refer-PART-A (a)(4) Yes, Corporation has accountant revenue properly. But collection and recovery of taxes was in slow pace that's why there was huge arrear of taxes in corporation.



28	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act;	BMAR Rule No.-130	Refer-PART-A (a)(2) Yes, 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. Except; In case of deposit of daily tax collection, that is deposited on average 5-7 days delay of collection.
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR Rule No.-130	Yes, the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order
30	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as It appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.-130	Refer-PART-B (a) No, Some required books of accounts as per BMAM/BMAR has not been maintained.
31	Whether physical verification has been conducted by the ULB at reasonable intervals In respect of stores;	BMAR Rule No.-130	No store verification report was made available during the reporting period to comment upon.
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No, procedures of physical verification of stores followed by the ULB have been provided to comment upon.
33	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and If so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to Identify any unserviceable or damaged stores and whether provision for the loss In this respect, If any, has been made In the accounts;	BMAR Rule No.-130	No such details provided
34	Whether the valuation of stores is in accordance with the accounting principles laid down In the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR Rule No.-130	No such details provided
35	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR Rule No.-130	Refer-PART-B(j) No such details provided, However, we have observed during audit that there are some advances given to employee and parties.
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.-130	No, We have not received any information/ documents w.r.t. utilisation of advances. However, we observed that employees are not providing any utilisation detail of advances given to them. However they are continuously getting advances for expenses.
37	Municipal Fund: Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	No, Corporation is using single entry accounting system, so there was no fund was accounting followed.



38	Investment of surplus money. Whether municipality has invested surplus fund as per the requirement of the chapter-X of BMA-2007. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period. Check whether comparative interest rate is invited from parties before investing surplus funds:	BMA,2007: Chapter X	No details provided
39	Preparation of budget estimate of Municipality. 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,	BMA,2007: Chapter XI	Yes, followed by the corporation
40	Maintenance of accounts. Whether the Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in such form, and in such manner, as may be prescribed,	BMA,2007: Chapter XII	As ULB was following single entry accounting system. So receipts and payments details were being maintained in form of cash book. Audited receipts & payments account as per BMAM was not prepared by ULB.
41	Financial Statement. Whether The Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality,	BMA,2007: Chapter XII	No, ULB was not preparing 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.
42	Submission of financial statement and balance sheet to auditor. The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.	BMA,2007: Chapter XII	No, Financial Statements were not provided for audit by ULB
43	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act,2007 various tax are applicable on ULBs	BMA,2007: Chapter XV	Refer-PART-A(a)(1) for status of taxes not collected by ULB
44	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007,) Municipality shall, by regulations, provide for issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore,	BMA,2007: Chapter XIX	Refer-PART-A(a)(3)

e. Lack of internal control measures: We have observed the following areas where internal control

Measures are required by ULBs-

1. Voucher file was not maintained
2. No internal mechanism for statutory compliance
3. No MIS was prepared for tracking of payments



4. Required books of accounts as per BMAM was not maintained
5. Statutory compliance reconciliation was not maintained
6. Year-end reconciliation was not available
7. Bank reconciliation of any bank account was prepared.
8. Bank balance as per cash book was not maintained.

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

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

During the audit, we observed that ULB was not regular in deposit of TDS deducted, as per below mentioned details this is clear that ULB had just deposited some challans for the financial year 2017-18. This practice of delay in deposit of TDS late would cause ULB in form of interest and penalty. Further we wish to say that after various reminder the ULB has not produced the copy of TDS return filed. Refer "Annexure -14"

Sl. No	Date of deduction	Total amount deducted	Total deposited	Date of deposit	Delay
1	Entire Year	16,51,775	20-04-2019	15,51,081	Can't ascertain

Note:

1. We have not received statutory compliance register and expenses invoices for our verification.
2. A single copy of challan been presented to us, therefore we are unable to comment that payment made on time or not. However, we have got some data from the file available with us. Refer "Annexure -14A"
3. we wish to say that non-payment of tax on due or before date will attract interest @ 1.5% p.m. or part of month
4. As per provision of sec. 276B, If a person fails to pay to the credit of the Central Government to the amount of tax deducted at source by him as required by or under the provisions of Chapter XVII-B; or the tax payable by him, as required by or under sub-section (2) of section 115-O; or the second proviso to section 194B, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

i. Details of TDS returns filled are mentioned below:

During the audit, we observed that ULB was not filed his TDS return for the the FY 2018-19. This practice of delay in filling of TDS return would cause ULB in form of penalty.

Sl. No	Quarter	Due date of Return	Actual date of Return filled	Remark
1	Quarter-1 of F.Y. 2018-19	31 st -Jul-2018		Return Not filled
2	Quarter-2 of F.Y. 2018-19	31 st -Oct-2018		Return Not filled
3	Quarter-3 of F.Y. 2018-19	31 st -Jan-2019		Return Not filled
4	Quarter-4 of F.Y. 2018-19	31 st -May-2020	-	Return Not filled

Note:

1. As per provision of Sec. 234E where a person fails to file the TDS/TCS return on or before the due date prescribed in this regard, then he shall be liable to pay, by way of fee, a sum of Rs. 200 for every day during which the failure continues. The amount of late fees shall not exceed the amount of TDS Further as per provision of Sec 271H inductor or collector of tax at source fall to file the return wit the stipulated date, he/she can also be penalized with a fee which is not less than Rs 10,000. The amount of penalty could go up to Rs. 1 lakh.



2. Downloading of TDS Certificates from TRACES made mandatory: In this regard, your attention is invited to the CBDT circulars 04/2013 dated 17.04.2013, CBDT Circular No. 03/2011 dated 13-5-2011 and CBDT Circular No. 01/2012 dated 9-4-2012 on the Issuance of certificate for Tax Deducted at Source in Form 16/16A as per IT Rules 1962. It is now mandatory for all inductor's to issue TDS certificates after generating and downloading the same from "TDS Reconciliation Analysis and Correction Enabling System" or TRACES Portal. In view of above circulars, it may kindly be noted that the TDS Certificates downloaded only from TRACES Portal will be valid. Certificates issued in any other form or manner will not comply to the requirements referred in the Income-tax Act 1961 read with relevant Rules and Circulars issued in this behalf from time to time. Further as per the provisions of section 203 of the Income Tax Act, 1961 read with rule 31A, Certificate of tax deducted at source is to be furnished within fifteen (15) days from the due date for furnishing the statement of tax deducted at source. Failure to comply with the provisions of the Act will attract penalty under the provisions of section 272A of the Act, a sum of one hundred rupees for every day during which the failure continues.
3. During the audit we observed that Ara ulb has various transaction having no PAN or that three are various transaction were either wrong PAN or no PAN are available. We are submitting detail in "**Annexure -15**"

Provision relating to TDS [No PAN - TDS at higher rate]

Finance Act (2) of 2009 makes PAN compulsory in case of TDS eligible payments. Failing that, the detector will be paying TDS at a higher rate. The government of India issued a notification dated January 20, 2010, relating to tax deduction at source (TDS) under Income Tax Act 1961. This was applicable with effect from **1st April 2010**.

As per the notification, all transactions liable for TDS will have tax deduction at a higher percent of 20% if the Permanent Account Number (PAN) of the payees is not available. The law also applies to all non-residents in respect of payments/remittances liable to TDS.

Section 206AA

Income Tax Act has introduced a New Section, Section 206AA to bring the notified changes. As per this new section, any Dedicator making a TDS eligible payment to a party, who has not provided PAN, should make TDS at a higher rate.

For such case, the rate of TDS determine at higher of below conditions:

- TDS rate prescribed in the Act
- Rate of Tax in force
- At 20%

The first condition states about the rate of tax prescribed through Section 193 to 196. The second condition states the rate of tax for Salaries (Section 192), where the tax should be calculated at Normal rates for Individuals. The third is a flat rate of 20%. The Deductor has to determine the tax amount for all the three conditions and apply the higher tax amount among the three.

The new section will be applicable only for the payments made on or after April 01, 2010. Till then, normal rates / prescribed rates would be applicable even in the case, PAN is not available / invalid.

ii. **Details of Delay in deposit of TDS on GST are mentioned below:**

Sino	Month	Due date of Return	Actual date of Return filled	Delay (in Days)	Remarks
1	Oct. 2018	10.11.2018	-10.11.2018	-	Filed
2	Nov. 2018	10.12.2018	29.03.2019	109	Delay Filed



	Dec. 2018	10.01.2019	29.03.2019	78	Delay Filed
	Jan. 2019	10.02.2019	29.03.2019	47	Delay Filed
	Feb. 2019	10.03.2019	10.04.2019	31	Delay Filed
3	March 2019	10.04.2019	10.04.2019	-	Filed

Note:

1. In absence of any information that there was any deduction in the respective month has been done or not, we have reported above that return is not filed.
2. Non filling of GSTR -7 on times will cause of penalty of Rs. 200 per day. Refer "**Annexure -16**"

iii. Details of Delay in deposit of EPF are mentioned below:

Note:

1. We have received Partial documents or information w.r.t. deduction and payment of epf liability.
2. We observed that ULB is not regular in payment of EPF amount.
3. Usually they are paying accumulated amount of 2-3 month once.

Refer Annexure -17

4. **Late deposit of EPF may cause of penal damage and late fee. We are submitting below the list of penalty applicable on the assessee due to late deposit of EPF :**

NO OF MONTHS DELAYED	PENALTY RATE
Delay for up to 2 months	5% per annum
Delay ranging from 2 months to 4 months	10% per annum
Delay ranging from 4 months to 6 months	15% per annum
Delay exceeding 6 months	25% per annum (It may correspondingly go up to 100%)

v : Non compliance with ESI

We observed that ULB is not registered under ESI ACT. However as per provision of ESI Act 1948, The ULB is covered under definition of "Establishment" The ESI scheme is applicable to all factories and other establishments as defined in the Act with 10 or more persons employed in such establishment and the beneficiaries' monthly wage does not exceed Rs 21,000 are covered under the scheme. Whether the employer has employed 10 or more employees, all employees employed by the employer, agnostic of the salary are reckoned.

As per this scheme complete medical care and attention are provided to the employee registered under the ESI Act, 1948 at the time of his incapacity, restoration of his health and working capacity. During absenteeism from work due to illness, maternity or factories accidents which result in loss of wages complete financial assistance is provided to the employees to compensate for the wage loss. The scheme provides medical care to family members also. The benefits under this scheme are categorized under two categories:

- 1) Cash benefits (which includes sickness, maternity, disablement (temporary and permanent), funeral expenses, rehabilitation allowance, vocational rehabilitation and medical bonus) and,



2) Non-cash benefits through medical care.

The scheme is self-financing and being contributory in nature. The funds under the ESI scheme are primarily built out of the contribution from the employees and employers payable monthly at a fixed percentage of wages paid. Currently, the employee contribution rate is 1.00% of the wages and that of employers is 4.00% of the wages paid. For newly implemented areas, the contribution rate is 1% and 3% respectively for employee and employer for the first 24 months. The employer makes the contribution from its own share in favour of those employees whose daily average wage is Rs 137 as these employees are exempted from own contribution. The employer is required to pay his contribution and deduct employees' contribution from wages and deposit the same with ESIC within 15 days from the last day of the calendar month in which the contribution fall due. The payment can either be done online or through designated and authorized public sector banks

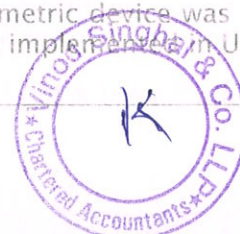
ESIC contribution rates (Reduced w.e.f. 15/02/2019)		
Particulars	Rate (Before 15th Feb 2019)	Rate (On or After 15th Feb. 2019)
Employer Share	4.75%	4.00%
Employee Share	1.75%	1.00%
Total	6.50%	5.00%

The Employees' State Insurance Act, 1948 is one of the most important social legislation in India. It aims to guarantee certain benefits to insurable employees working in factories and establishments. There are some penalties under the Act which ensure that employers and managers comply with its provisions. Sections 84 to 86 describe these penalties.

All penal provisions under the ESI Act generally aim to make employers accountable. This is because the failure of employers to carry out their obligations directly affects their employees. In order to prevent this, the Act allows courts to punish employers with imprisonment as well as fines. In certain cases, even employees can be liable for punishment under the Act. The provisions describe various offenses and relevant punishments for them u/s 84 to 85 C of the Act

g. Deficiency in payroll system:

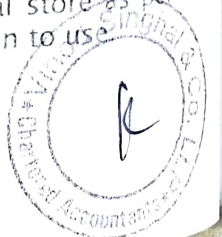
Sl. No	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/Daily wages/ Contract worker)	Yes, Salary register was maintained for all employees
2	Non availability of Salary payment voucher	ULB was not in practice to issue salary payment voucher, Payment of salary was passed based on approval by competent authority on salary register.
3	Matching of voucher number with cash book	No salary payment voucher number was mentioned in cash book
4	Salary register contains all elements of salary	Yes, all elements of salary were mentioned in salary register.
5	Maintenance of Salary Deduction register	Deductions from salary was mentioned in salary register, no separate deduction register was maintained
6	Whether biometric devices and payroll software is implemented in ULB. If Yes, then is it integrated with accounting software	Biometric device was and payroll software was not implemented in ULB.



b. Utilisation of grant and report on missing Utilisation Certificates: Corporation has provided as per paid and copy of Approved utilization certificate letter send to the partner of the work and the summary of UC submitted till date.

Sl. No.	Name of Scheme	Approval No. and Date	Amount Allotted	Amount withdrawal	Amount expended	Balance amount	Amount deposited in PL Account	Amount of UC Submitted	Status of UC
1	City Manager Salary	08/24-05-2018	1.97	1.97	1.97	-	-	1.97	Submitted
2	Nali-Gali	09/30-05-2018	509.34	509.34	290.64	218.70	218.70	290.64	Submitted
3	5th Fin	15/03.07.2018	1,264.12	1,264.12	-	1,264.12	1,264.12	Deposited in PL Account	
4	14th Finance	82/21.10.2018	533.93	533.93	-	533.93	533.93	Deposited in PL Account	
5	City Manager Salary	08/24-05-2018	1.97	1.97	-	1.97	1.97	Deposited in PL Account	
6	5th Finance	21/10-07-2018	1,292.81	1,292.81	-	1,292.81	1,292.81	Deposited in PL Account	
7	Nali-Gali	09/30-05-2018	509.34	509.34	-	509.34	509.34	Deposited in PL Account	

1. **Physical verification of inventory/Stores:** We have verified the physical store as per detail provided to us. Out of these stores some are outdated and not in condition to use.
2. **Advances, their adjustment & Recovery:**

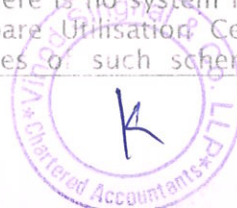


Since the ULB has not provided any detail of the amount of advance given during the year, therefore we are unable to comment on it.

k. **Any other matters as may be prescribed in due course:** As all relevant matters has been covered in above mention point

III. PART-C

Si. No	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.	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.
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;	We have reported on this point under PART-A(c). Please refer the same for detail. Further ULB is Assessing the property as per valuation of the FY 2009-10. We have discussed on this point with executive officer and Tax Daroga
C	Auditor should report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR : Rule 22: All moneys to be brought to account Rule 27: Collections to be deposited into Bank on the same day Rule 69: Grant Related Compliance Rule 120-121: Monthly Receipt & Payment Account and Trial Balance Rule 130: Audit to be completed & reported within 6 month	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	We have reported on this point under PART-B(c) of the report. Please refer the same for detail.
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.;	We have reported on this point under PART-A of the report. Please refer the same for detail.
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.	We have reported on this point under PART-B(b) of the report. Please refer the same for detail.
G	Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions , if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	We have reported on this point under PART-B(b) of the report. Please refer the same for detail.
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	We have reported on this point under PART-B(h) of the report. Please refer the same for



	UD&HC website	detail.
1	Auditor should report instances of losses, failures or deficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied Refer-Audit recommendation
2	Internal Auditor will report on each payment, that the payment terms & conditions of lender and rate offers are according to prudential law and policies	Complied Refer-PART-B(a)
3	Internal Auditor will report on each payment, that the payment terms & conditions of lender and rate offers are according to prudential law and policies	Complied Refer PART-B(b)
4	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 respective period.	Complied Refer-PART-B(d)
5	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will assess the loss and Prepare a statement of loss.	Complied Refer-PART-A(a)
6	Auditor will report on that all kind of tax deductions i.e. Commercial tax, Income tax, provident fund etc. Should be deducted from the payments as applicable & deposited properly and also should be properly recorded in appropriate ledgers.	Complied Refer-PART-B(f) & (g)
7	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been complied by the ULBs, if not complied the internal Auditor shall help the ULBs staffs to prepare the compliance report.	Complied Point-03 Detailed Report of Audit

Thanking You,

Dr. Vinod Singhal & Co. LLP

(Chartered Accountants)

Ph: 053260240275

Sodhani

CA Krishan Kumar Sodhani

Partner

MCA 2104603

UDIN No :-> 20404603AAAAH77518

DATE :-> 22-12-2020



Management Comments

1. INTRODUCTION

Name of the Municipality	Ara Nagar Nigam
Period covered under current audit	01.04.2018 to 31.03.2019
Name of Executive Officer for the period under audit	Mr. Dhirendra Paswan

Sl. No	Audit Observations	Auditor Recommendations	Management Comment
1	Non-updating of bank reconciliation on monthly basis.	ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.	We are preparing Reconciliation for the operating accounts. We will submit the same for your verification at next Audit.
2	Non-implementation of Double Entry Accounting System	As per requirement of BMAM, ULB should maintain their accounts on double entry accounting system.	Double entry system was implemented at ULB till FY 2015-16, M/s Sushil Jetpuria & Co. was working here as D&AS consultant. Further New Ca firm M/s KRA and Co. has been appointed here by UD & HD head office.



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<p>3</p> <p>No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.</p>	<p>As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of Municipal Accounts Committee each year.</p>	<p>There is no any accounting committee has been formed at ULB. We have submitted a request letter in board for formation of Municipal accounting Committee.</p>
<p>4</p> <p>Non-levy of following taxes</p> <ul style="list-style-type: none"> • Fire tax • Tax on congregations. • Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles. • User Charges for provision of water-supply, drainage and sewerage • User Charges for Solid Waste Management • User Charges for Garbage Clearance 	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. ULB should take steps to implement required taxes to boost their revenue</p>	<p>Many of taxes as reported here are not applicable on it. Further we insure you that we will collect all applicable taxes as soon as possible.</p>



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17/05/2014

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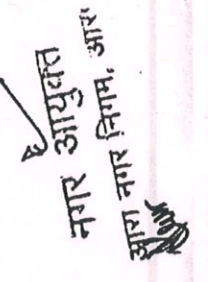


<p>5</p> <p>Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22</p>	<p>As per Bihar Municipal Act, 2007 & Rules 22 of BMA-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.</p>	<p>Due to work load and filed survey the collector not submitted their collection for deposit into bank. However irrespective of fact we have directed the collector to submit their collection amount as per Rule. Now there is maximum delay in deposit is 2-3 days.</p>
<p>6</p> <p>Arrear of property tax and shop rental income</p>	<p>Arrear of property tax and shop rental income was observed during the audit. ULB should take proper step to boost collection of arrears.</p>	<p>The major tax defaulter at our ULB is Government tax department and electricity department. However, we have served several notices for payment of the arrear taxes on all assessee including and we are continuously try to collect the same at earliest.</p>



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<p>7</p> <p>Delay in payment of due date bills</p>	<p>Late payment of utility bills causes to penalty on ULB and also may result in barrier in day to day operation. So, ULB should ensure timely payment of bills</p>	<p>Except Electricity bill, we paid all dues on time. There are arrear of property tax on electricity department from very long time, We have served various notices on them towards settlement of account, However we have not received any affirmative answer from there side. Now we have submitted a letter towards waive-off of charges. Once we will get the revised bill after waiving off the charges from the electricity department, we will pay the same immediately.</p>
<p>8</p> <p>Non-preparation of payment vouchers</p>	<p>ULB should prepare payment voucher based on running voucher for each payment and should maintain serially numbered voucher file for each month</p>	<p>With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>
<p>9</p> <p>Non-maintenance of required registers as per BMA Rule-130</p>	<p>ULB should ensure proper maintenance of required register as per BMA rule-130. Detail of registers not maintained by ULB is mentioned under PART-A (a)</p>	<p>With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>
<p>10</p> <p>Non-maintenance of register for all Procurements with value above Rs. 15,000</p>	<p>ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000</p>	<p>With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>
<p>11</p> <p>Non-preparation of fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.</p>	<p>As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB.</p> <ol style="list-style-type: none"> 1. Municipal General Fund 2. Basic service for urban poor fund 3. Water supply & sewerage fund 4. Solid Waste Management Fund 5. Road Development & Maintenance Fund 6. Enterprise Fund 	<p>Annual Financial statement are prepared till FY 2015-16 by M/s Manas Das & Co.. However New CA Firm M/s KRA and Co. Has been appointed by UD & HD Head office. Once the aforesaid firm submit the financial, we will present the same for your verification.</p>


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12	Non-compliance of statutory compliance	As ULB is not proper in statutory compliance, that cause financial implication on ULB in mode of interest, penalty and Late Fee. So, ULB should ensure statutory compliance on time.	All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.
13	Non-availability of records regarding 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)	ULB should ensure statutory compliance related to employees on time. As we are not able to comment on compliance of employees statutory liabilities in absence of records	We are maintain the same with contractor register. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.
14	Non-providing of records regarding stores	ULB should prepare/update store registers timely. Further physical verification of stores should be done on timely basis. As no-such details regarding stores was provided by ULB	With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.
15	Arrear of advance to employees	As long period outstanding of advance recovery is pending with ULB, So ULB should take proper steps to boost recovery of advance	All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.
16	Non-providing of Utilization certificate for the reporting audit period	Grant is blood of ULB. Therefore, for getting grant and running the ulb working smoothly it is very important to comply with all necessary requirement of grant. Further timely submission of utilisation certificate helps the grant realising authority to send the money for fulfil the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.	We have submitted various UC at the department. We will submit the same at your next visit. However, Balance UC will be prepared and submitted in 20 th February 2020 with the help of your team.



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कार्यालय, आरा नगर निगम

प्रेषक,

पत्रांक

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आरा नगर निगम, आरा।

50.7 सेवा में,

वरीय लेखा परीक्षा अधिकारी,
महालेखाकार कार्यालय, समाजिक प्रक्षेत्र-1,
स्थानीय लेखा परीक्षा शाखा, पटना

आरा, दिनांक 7 वीं दिसम्बर, 2018

विषय:- नगर निगम, आरा के अंकेक्षण प्रतिवेदन संख्या-929/17-18 का अनुपालन
प्रतिवेदन साक्ष्य सहित उपलब्ध कराने के संबंध में।

महाशय,

उपरोक्त विषयक प्रासंगिक पत्र के आलोक में नगर निगम, आरा के अंकेक्षण प्रतिवेदन संख्या-929/2017-18 का अनुपालन प्रतिवेदन साक्ष्य सहित इस पत्र के साथ संलग्न कर आवश्यक कार्रवाई हेतु भेजी जा रही है।
अनुलग्नक:- यथोपरि।

विश्वासभाजन

१०

नगर आयुक्त,
आरा नगर निगम, आरा।

ज्ञापांक 2492 दिनांक 6.12.18
प्रतिलिपि:- सहायक निदेशक-सह-संयुक्त सचिव, नगर विकास एवं आवास विभाग, बिहार
पटना को उनके पत्रांक 1283/न.वि.एवं. आ.वि. दिनांक 13.06.18 के क्रम में सूचनार्थ प्रेषित।

नगर आयुक्त,
आरा नगर निगम, आरा।



नगर विकास एव आवास विभाग

वित्तीय वर्ष 2003-04 से 2016-17 में प्राप्त सहायक अनुदानों की निकासी/व्यय एवं अवशेष राशि की चलान द्वारा कोषागार में जमा विवरणी संबंधित प्रतिवेदन

नगर निकाय का नाम:-

आरा नगर निगम, आरा।

कोषागार का नाम:-

भोजपुर आरा।

DDO Code:-

URB-001

Treasury Code:-

BJR

PL Account No.-

K8448001020001

Bank Account No.-

क्र०सं	सहायक अनुदान आवंटन का वित्तीय वर्ष	सहायक अनुदान आवंटन का मद	संबंधित स्वीकृत्यादे श सख्या एवं तिथि	स्वीकृत्यादे श आवंटनादे श में निकाय को आवंटित राशि (लाख में)	आबंटित राशि के विरुद्ध निकाय द्वारा निकासी की गई राशि	टी.वी. नम्बर एवं तिथि	पी.एल. खाता में रखी गई राशि	बैंक खाता में जमा की गई राशि	वित्तीय वर्ष जिसमें राशि व्यय की गयी	संबंधित मद में व्यय की गई राशि	संबंधित आवंटन के अनुरूप की गई विरुद्ध किए गए व्यय के उपरंत अवशेष राशि	कोषागार में जमा की गई राशि	चलान संख्या/ तिथि	समर्पित उपयोगिता प्रमाण-पत्र में निहित राशि	समर्पित उपयोगिता प्रमाण-पत्र की तिथि	लंबित U.C. की राशि	बैंक खाता में जमा अवशेष राशि	पी.एल. खाता में जमा अवशेष राशि	अभ्युक्ति
1	2003-04	11 th Finance Commission	1340/30-03-04	38.17	38.17	1/31.03.04	38.17	-	2005-06	38.17	शून्य	-	-	38.17	-	0	0	0	20
2	2003-04	Salary Allowance	460/05-02-04	31.78	31.78	03/31-03-2004	31.78	-	2005-06	31.78	शून्य	-	-	31.78	-	0	0	0	
3	2003-04	Salary Allowance	459/055-02-04	23.83	23.83	03/31-03-04	23.83	-	2005-06	23.83	शून्य	-	-	23.83	-	0	0	0	
4	2004-05	Salary Allowance	800/30-03-05	23.33	23.33	1/31-03-05	23.33	-	2005-06	23.33	शून्य	-	-	23.33	-	0	0	0	
5	2004-05	Salary Allowance	801/30-03-05	26.96	26.96	2/31-03-05	26.96	-	2005-06	26.96	शून्य	-	-	26.96	-	0	0	0	
6	2005-06	12 th finance commission	3191/28-09-05	46.26	46.26	1/20.03.06	46.26	-	2007-08	46.26	शून्य	-	-	46.26	-	0	0	0	
7	2005-06	Water Supply, Sewerage & Solid	470/18-02-06	10.00	10.00	01/23-03-2006	10.00	-	2007-08	10.00	शून्य	-	-	10.00	-	0	0	0	
8	2005-06	Salary Allowance	3134/24-09-05	10.37	10.37	01/05-01-2006	10.37	-	2007-08	10.37	शून्य	-	-	10.37	-	0	0	0	



thank you



Vinod & Co. LLP
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