

INTERNAL AUDIT REPORT

OF ULB

(ARERAJ)

FOR THE PERIOD

01/04/2017 TO 31/03/2018

CONDUCTED BY

**M/s R. N. Singh & Co.
208, Hem Plaza, Fraser Road
Near Dak Bunglaw Chauraha,
Patna – 800001**

**From 25-06-2019 to 05-07-2019
Report Issued on 20th August 2019**

Executive Summary

1. INTRODUCTION

.Name of the Municipality	Nagar Panchayat Areraj
.Period covered undercurrent audit	ANNUAL REPORT 2017-18
.Name of Executive Officer for the period under Audit.	SANDEEP KUMAR

2. Results and Findings

a. Strengths observed during the audit engagement:

- (a). All vouchers have supporting documents.
- (b) Office infrastructure was sufficient for operation.
- (c) Response from officer & Staff were satisfactory.
- (d) Main cash book has been maintained.
- (e) Subsidiary cash books has been maintained.

b. Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement:

- (a) Bank Reconciliation Statement has not been prepared by the ULB.
- (b) Double Accounting System has not been followed whereas accounting has been made on single entry system.
- (c). Fixed Assets Register has not been maintained.
- (e). Advance Register was not maintained.
- (f). Stock Register has not been maintained.
- (g). Daily collection register (Revenue receipt wise) has not been maintained.
- (h). TDS, VAT, Royalty and Labour Cess have been deducted but it has not been deposited till date. Therefore, TDS Return has not been filled till date. As per Income Tax Act 1961, penalty may be levied



on ULB, as it is a statutory irregularity.

- (i). Property / Holding tax has not been assessed on property by the ULB since Financial Year 2008-09.
- (j). No action has been taken by Nagar Panchayat for collection of Tower Tax.
- (k) File Movement register has not been maintained.
- (l) Some amount of grant allotted to Nagar panchayat but against these allotments, no UCs has been submitted.
- (m) Various registers, books of records etc. are not being prepared by the ULB, such as, Statutory Register with TDS, VAT, Royalty etc.

3. Opinion

As per Our Opinion the following improvements are required.

- ULB is not working properly, even internal control is poor.
- Revenue collection of the ULB is very poor it has scope to increase to much higher level.
- All cash collection from source of revenue are not deposited in the bank on same day. It is deposited in the bank after making daily expenditure.
- Due to lack of manpower, there is delay in performing day-to-day work.
- There should be proper segregation of duties to perform day-to-day work in efficient manner.
- Bank reconciliation should be prepared on monthly basis.
- We find that rules and regulation are there but ULB is not following them properly.
- Most of the Books of Accounts as prescribed by BMAR are not maintained by the ULB.
- There are serious lapses in deduction and deposit of statutory dues, such as VAT, Royalty, TDS, Labour Cess etc.
- Separate bank account should be maintained for each scheme.

4. Audit Recommendations:

The Recommendation of Audit Team on the Observed weakness.

SL No	We Recommend the followings:-
1.	ULB should adopt Computerized accounting system. It provides automatic ledger entries accuracy and speed of automatic calculation, automatic production of trial balance from ledger entries and it also provides additional analysis.
2.	ULB should prepare receipt and payments accounts on monthly basis due to which it becomes very easy to find out how much fund has been received by the ULB.
3.	ULB must have to refund the unutilized amount to the Urban Development & Housing Department.



2

4.	ULB have to file statutory returns within prescribed time line and deposit the deducted amount as specified in statutory law.
5.	As per Rules 22(1) of Bihar Municipal Accounting Rules, 2014 Tax Collected has to be deposited on same day or latest before noon on the following working day.
6.	ULB should maintain all the books of account, register, records etc. as prescribed in Bihar municipal accounts Act, Manual and Rules.
7.	ULB should collect mobile tower tax, advertisement tax shop rent etc. as quick as possible and on regular basis.
8.	ULB should prepare UC in prescribed format of various schemes as soon as possible and submit the same to UD & HD Dept. on regular interval as per prescribed guidelines.
9.	ULB should prepare demand and arrear register of holding tax as soon as possible and on regular basis.
10.	ULB should maintain Daily Collection Register separately for each head of its own revenue sources for appropriate internal control and also for appropriate disclosures of books of accounts.
11.	ULB should develop and prepare Pay-roll system of Permanent & Contractual employees.
12.	ULB should assess the Holding & Property tax every year.

5. Comments from Management:

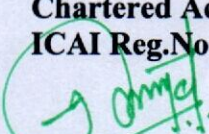
As per discussion with Management, they have ensured that they are looking into the matter and proper action will be taken for all the irregularities coming out from audit.

Detailed discussions on this are given in *Discussion Note* as attached below.

6. Acknowledgement: -

We Thanks Mr. Sandeep Kumar (Executive Officer), for his support during the period of our audit. We are also thankful to the Accountant and other staffs of the Nagar Panchayat for their co-operation during the period of audit.

For R. N. SINGH & CO.
Chartered Accountant
ICAI Reg.No:322066E


CA Chanakya Shree
Partner
M. No: -079322



UDIN-20079322AAAA DT 2251

Date - 14/05/2020

Detailed Audit Report

1. Introduction

The Internal Audit of (Areraj nagar panchayat) covering the Period from 1st April 2017 to 31st March 2018 was conducted by following person under the guidance of TL CA Chanakya Shree and MAE CA Ashok Kumar Pandey:

(1) Sujit kumar

2. Administration

The present body of the ULB has taken charge on 9th September 2014 the Incumbency in the key administrative and executive positions was as under

Smt. Purnima Devi, chairman from 9th June 2012 to 21st July 2017

Sri Dharmendra Kumar chairman from 22nd July 2017 till date.

Sri Shiv Nath Thakur Commissioner/Executive Officer from 08.09.2015 to 22th Jan 2019

Shri Sandeep Kumar Commissioner/Executive Officer from 23rd Jan 2019 till date.

3. Review of outstanding audit paras:

Status of Audit Observations is as under:

Sl. No.	Particulars of Audit and date of report	Total no. of audit Paras	Total no. of audit Paras where necessary improvement/ corrective measure is required	Total no. of audit Paras where recovery of cash is proposed	Total no. of audit Paras where recovery has been made	Total amount of Recovery	Total no. of outstanding para where no action has been taken	No. and Date of Compliance Report
1	AG Audit for the period 2014-15 to 2016-17	9	7	2	0	0	9	No compliance
3	Internal Audit for the period 2016-17	11	10	01	0	0	11	No Compliance



Detailed Report on Compliance of Previous Internal Audit Report: -

SL No.	Audit Observation	Nature of Irregularities
1	There are lack of internal control with respect to collection of taxes.	Persisting since last two year
2	Demand collection register has not been prepared hence it is not possible to ascertain total arrear of taxes	Persisting since last three year
3	Taxes collected by tax collector are on deposited on daily basis we observed that it is being deposited after significant interval which is not proper .As per rule 27 of BMAR it should be deposited on daily basis otherwise a penalty up to 500/- per day may be imposed for delayed deposit.	Persisting since last three year
4	Tower tax due are not collected on timely basis.	Persisting since long time
5	Tower tax is not being collected on timely basis as Rs 914323.00/- is receivable as tower tax as on 31.03.2018.	Persisting since long time
6	Municipals property holding tax is not being collected on timely basis .	Persisting since long time
7	Tender of Ghats, crematorium, Gate ,palm tree and land are not done on yearly basis.	Persisting since last year
8	Grant register is not being maintained hence it is difficult to find out unutilized grant at any point of time.	Persisting since long time
9	Bank reconciliation statement is not prepared hence it is difficult to monitor possible fraud .if any	Persisting since long time
10	Advance register is not prepared hence it is difficult to monitor for advance given and adjustment thereof.	Persisting since long time



11	There is lack of internal control on deduction and deposited of various taxes. On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time taxes such as VAT,I.T, Royalty etc. are collected from time to time but its payment are made on yearly basis which is not proper. Taxes should be remitted to the Govt account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.	Persisting since long time
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4. Finance

I. Budgetary provisions and expenditure for the last three years

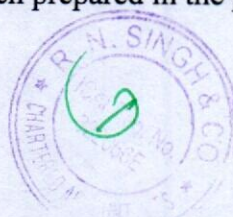
Year	2015-16	2016-17	2017-18
Final/Revised Budget	Budget not prepared	23941637.34	Budget not provided
Actual Expenditure	82707804.75	76724314.79	80261191.80
Savings(+)/ Excess(-)	NA	(52782977.45)	NA

II. Volume of transactions

Period	Budgeted 2017-18	Previous Year (For one Year)2016-17	Current Year(for one year)2017-18
Opening balance	Budget not provided	53090345.81	83740288.77
Receipts		107374257.75	94679452.60
Total		160464603.56	178419741.37
Net expenditure		76724314.79	80261191.80
Closing balance		83740288.77	98158549.57

III. Bank Reconciliation: -

Since different scheme has been maintained in single cashbook therefore segregation of balances of different Scheme as on 31st March 2018 cannot be determined. Similarly, since through one bank account different schemes are being operated the bank balance of a particular scheme on a particular date cannot be determined. Bank Reconciliation Statement has not been prepared in the prescribed format by the ULB.



Details of Closing Balance:

Sr no.	Name of scheme / item	Bank name / account no.	Balance as per pass book	Balance as per cash book	Differences	Remarks BRS Prepared/ Not Prepared
1.	Treasury A/C	PL0999	62236068.00	62236068.00	Nil	Reconciled
2.	Internal Source	Bandhan Bank-2080	2052576.00	1738816.00	313760.00	Not Prepared
3.	Day NULM	BOB-1361	157878.00	157878.00	Nil	Not Required
4.	Internal Source	PNB-2541	42836.12	42836.12	Nil	Not Required
5.	SBM	CBI-6517	1735072.00	1076519.25	658552.25	Not Prepared
6.	Kanya Vivah	UBI-7975	24082.00	24294.00	212.00	Not Prepared
7.	Internal Source	CBI-3632	1974865.50	1974556.60	308.90	Not Prepared
8.	Kabir Antosthi	Gramin Bank-7512	1314251.50	57422.00	1256829.00	Not Prepared
9.	4 th State Finance	PNB-2532	26298.12	26298.12	Nil	Not Required
10.	13 th Finance	PNB-2523	136563.12	124338.12	12225.00	Not Prepared

IV. Revenue Receipts:-

Income Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
Total Receipts (A+B)		94679452.60	107374257.75	Not Applicable for this period.			
A.	Revenue Receipts (1+2+3)	10802009.60	26348263.00				
1.	Own Revenue Receipts (a+b)	5375674.00	19447511.00				
a)	Tax Revenue (levied and collected by municipal body)	2438278.00	11054056.00				
i)	Property tax	2438278.00	24223.00				
ii)	Other tax (levied and collected by municipal body)	0.00	11029833.00				
b)	Non-tax revenue (levied and collected by municipal body)	2937396.00	8393455.00				



7

Total Expenditure	80261191.80	76724314.79	Not Applicable for this period.
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(1+2)			
1	Revenue Expenditure	13992142.80	Details not available
1.1	Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	12158072.00	
1.2	Operation and Maintenance (O&M)	355257.00	
1.3	Loan repayment (Interest payments)	0.00	
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	1478813.80	
2.	Capital Expenditure	66269049.00	
2.1	All developmental works under Central/State specific schemes	50454131.00	
2.2	Loan Repayments (Principal Amount)	0.00	
2.3	Other Capital expenditure	15814918.00	

Note: - As per above reporting format, details of expenditure have not been accounted in the concerned ULB premises and the same has not been reported in previous financial year's internal audit report 2016-17, so we are unable to enclose the same in our report.



VI. Status of implementation of Double Entry Accounting System1

Accounting of Nagar Panchayat ARERAJ has not been maintained as Double Entry Accounting system. The consultant for DEAS has been appointed but financial accounts for 2017-18 is still to be prepared. The DEAS team Vinod Singhal & co, has started work from 21st Jan 2019.

VII. Status of Municipal Accounts Committee; if meeting is held

As per section 98 of Bihar municipal act 2007 it is necessary for the Municipality to constitute a Municipal accounts committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto, but No Municipal accounts committee has been constituted by the nagar Panchayat till the date of our audit.

5. Audit Observations:

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.

a) Mobile Tower Collection: -

Audit Objective – As per Point No. – 5 of TOR

Criteria – Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for communication tower erected within municipal area. Currently the registration fee for Nagar Panchayat Rs. 30000/- per tower and annual renewal fee is Rs. 8000.00/- per annum per tower

Condition –As per details provided to us there are total 08 (Eight) Mobile Towers registered with this ULB up to 31.03.2018 and Rs.914323/- has not been collected till the date of audit from these tower operators as Tower Tax.

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

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



i)	Fees & fines	0.00	166382.00	Not Applicable for this period.
ii)	User Charges	0.00	0.00	
iii)	Other non-tax revenue (levied and collected by municipal body)	29337396.00	8227073.00	
2	Other Revenue Receipts	5426335.00	0.00	
a)	Income from interest/investments	603940.60	0.00	
b)	Other Revenue income	4822395.60	0.00	
3.	Transfers/ Grants/ Assigned Revenues	0.00	6900752.00	
a)	State Assigned Revenue	0.00	5393228.00	
b)	State Finance Commission (SFC) Grants/ Devolution	0.00	1505524.00	
c)	Octroi compensation	0.00	0.00	
d)	Other State Govt. Transfer	0.00	0.00	
e)	Central Finance Commission (CFC) Grant	0.00	0.00	
f)	Other Central Govt. Transfer	0.00	0.00	
g)	Others	0.00	2000.00	
B.	Capital Receipts	83877443.00	81025994.75	
1	Sale of Municipal Land	0.00	0.00	
2	Loans (from State Govt. or Banks etc.)	0.00	0.00	
3	State Capital Account Grant (under State Schemes etc.)	37803923.00	51575284.25	
4	Central Capital Account Grant (under Central Schemes etc.)	46073520.00	15031213.00	
5	Other Capital Receipts	0.00	14419497.50	

V. Revenue and Capital Expenditure Information:-

Expenditure Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Expenditure	80261191.80	76724314.79	Not Applicable for this period.			



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

Sl. No.	Company Name	Date of establishment	Registration Fee	Annual fees up to 31.03.2018	Receipt	TOTAL Dues
1.	BSNL	1997-98	30000	153883	0.00	183883
2.	AIRCEL	2008-09	30000	56800	0.00	86800
3.	RELIANCE	2003-04	30000	99640	0.00	129640
4.	AIRTEL	1997-98	30000	144000	0.00	174000
5.	AIRTEL	2008-09	30000	56800	0.00	86800
6.	IDEA	2006-07	30000	73600	0.00	103600
7.	TATA INDICOM	2006-07	30000	73600	0.00	103600
8.	VODA FONE	2013-14	30000	16000	0.00	46000
	TOTAL					914323.00

(b) Advertisement Tax

Audit Objective – As per Point No. – 5 of TOR

Criteria– Non – levied of advertisement tax by the ULB.

Consequence / Effect / Impact - Due to non - levied of collection of advertisement tax, there is a revenue loss to ULB.

Cause– This happens due to lack of awareness of imposition of advertisement tax of concerned person of the ULB.

Corrective Action / Recommendation – There should be proper monitoring and further steps are required to be taken for collection of advertisement tax by concerned ULB.

(c) Holding & Property Tax Deposit – Irregularity: -

Audit Objective – As per Point No. – 5 of TOR

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



Condition - Tax Amount is not deposited timely into Bank. In some cases, collected amount has been retained by the Tax Collectors for a period of 1-2 months from the date of collection of taxes.

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

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

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

(d) Holding & Property Tax Collection: -

Audit Objective - As per Point No. - 5 of TOR

Criteria - Non-Collection of Property Tax/Holding Tax by the concerned ULB.

Consequence / Effect / Impact - Holding / Property Tax is collected by the tax collector from all wards but in some cases, property tax is not being collected from long period by the tax collector. Due to non-collection of Property/Holding Tax, there is a major operational revenue loss to ULB and there is no record / register to know total current & arrear demand of holding tax. Demand / Arrear Register have also not been provided to us for verification.

Cause - This happens due to lack of proper follow up and monitoring of activities of Tax Inspector / Collector by the concerned officers on regular interval.

Corrective Action / Recommendation - There should be day to day monitoring on Collection of Taxes and also maintenance and updating of Demand & Collection Register on regular interval.

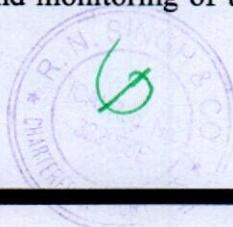
(e) Rent Collection: -

Audit Objective- As per Point No. - 5 of TOR

Criteria- Non-Collection of Rent and imposition of late fine by the concerned ULB.

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

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



Revenue leakage.

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

B. Excess payments against bill, lack of prudence in payment against vouchers inefficiency in control resulting loss to ULB'S;

- A payment of Rs. 497500 was made to Pandey Electronics by the Nagar Panchayat, initially the amount was 487500 but after overwriting it was made 497500.

C Report on finding of field survey of property tax of minimum 20 high value properties;

Report on field survey of 20 high values properties

Sl. No.	Owner Property Name	Ward No	Type of construction	Annual Tax	Housing/ Commercial	Remarks
1	Guna Raut	12	RCC	113	Residential	No variance
2	Vijay Kumar Patel	12	RCC	113	Residential	No variance
3	Tuntun Prasad	12	Asbestos	202	Residential	No variance
4	Kameshwar Prasad	12	RCC	227	Residential	No variance
5	Motilal Prasad	12	RCC	113	Residential	No variance
6	Avdesh Prasad	12	RCC	113	Residential	No variance
7	Vinay Kishore Prasad	12	Asbestos	202	Residential	No variance
8	Mukesh Kumar Patel	12	Asbestos	202	Residential	No variance
9	Madan Prasad	12	RCC	265	Residential	No variance
10	Akhilesh Pandit	12	RCC	227	Residential	No variance
11	Virendra Prasad	12	RCC	189	Residential	No variance
12	Shrikant Tiwari	07	RCC	226	Residential	No variance
13	Prabhu Ram	01	RCC	504	Residential	No variance
14	Md Abu Yaseer	01	RCC	630	Residential	No variance
15	Rameshwar Ram	01	RCC	850	Com/Resi	No variance
16	Laldev Ram	01	RCC	302	Residential	No variance



17	Ramdhani Sharma	06	RCC	567	Residential	No variance
18	Ramekbal Sah	06	RCC	252	Residential	No variance
19	Satish Kumar Sharma	06	RCC	378	Commercial	No variance
20	Sivakant Prasad	11	RCC	378	Residential	No variance

Note: Property / Holding tax are assessed by the ULB. On test check basis, we have calculated the area and no variance found. However, it is very difficult to do the Field Survey due to resentment of property holders and sometimes it gets very ugly.

Part-B

All Audit objections/regularities which has no 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: -

It has been noticed during the audit that the following Books of Accounts & Registers has not been maintained or not properly maintained (Status as mentioned).

Sl. No.	Particulars	Status
1	Fixed Assets Register	Not Maintained
2	Royalty Register	Not Maintained
3	TDS Register	Not Maintained
4	Statutory deduction Register	Not Maintained
5	File Movement Register	Not Maintained
6	Visitors Register	Not Maintained
7	Grievance Register	Not Maintained
8	Advance Register	Not Maintained
9	Daily Collection Register	Not Maintained
10	Demand and Arrear Registers	Not Maintained
11	Stock Register	Not Maintained

b. Irregularity in procurement process: -

Purchases amounting to Rs. 441682 has been made from Suraksha Enterprise, Kumar Shopping Complex, without any Quotation.

c. Non-compliance of directives by UD &HD, Government of Bihar: -

We observed several non-compliances of directives of UD&HD, GOB such as; -

- (1) Non collection of various taxes required to be collected.



- (2) Non maintenance of prescribed books of accounts
- (3) Non submission of UC and other reports on timely basis

d. Non- compliance of Act & Rules:

As per section 127 of the Bihar Municipal Act, the Municipality can levy the following taxes: -

- Property tax on land and building
- Surcharge on transfer of land and building.
- Tax on deficit in parking space in any non-residential building.
- Water tax,
- Fire tax,
- Tax on advertisement
- Surcharges on entertainment tax,

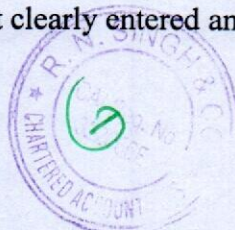
We observed that only property tax has been collected during the year other taxes have not been levied till date.

And as per Income Tax Act 1962 and Vat Act 2005 are not properly followed by Ulb.

- Proper Sec of TDS Deduction is not conduct.
- According to Vat Act 2005, Vat should be deducted from the payment but Ulb is not in practice to deduct vat from payment at the time of procurement of machine or goods.
- Vat is being deducted from departmental work on whole of the work but it is levied only on material purchased.

e. Lack of internal control measures: -

1. During the course of our Audit, we have observed various discrepancies in the Cash Book, which are enumerated below: -
 - Head wise expenditure were not clearly entered and recorded.



- The cash book balances were not reconciled with the Balances in Bank Pass Book.
2. After analyzing operating control, it was observed that there is shortage of Man Power in ULB. Consequently, it is not functioning smoothly with respect to completion of works on time, provide and review the service efficiently which is the main function of ULB, preparation of books and records on time etc.

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

- Quarterly Return for TDS has not been filed for First quarter of F.Y -2017-18.
- Quarterly Return for VAT has not been filed for First quarter of F.Y -2017-18.

g. Deficiency in pay-roll system: -

There is no system of Pay-Roll implemented at the ULB. So, we are unable to comment on the same. Moreover, no Register has been shown to us regarding records relating to statutory deduction like PF, ESIC, Income tax etc. during the period of internal audit. Thus we are unable to comment on deficiency in pay-roll system.

h. Utilisation of Grant and Report on Missing Utilisation Certificates

As per details provided by Areraj Nagar Panchayat, No any UC's Pending of Previous FY's till the date of Audit for submission to the Urban Development & Housing Department till the date of audit



I. Physical verification of inventory/stores: -

Inventory/ Stores Register and Fixed Assets Register have not been maintained in concerned ULB and in the absence of above register; it is difficult to verify the same.

J. Advances, their adjustment & recovery: -

Advance Register has not been maintained by the concerned ULB and in the absence of above register it is difficult to check or comments on adjustment and recovery of advances.

Advance has been given to staff for office expenses without any advance requisition and without the approval of executive officer.

K. Any other matter as may be prescribed in due course: - Nil.

PART – “C”
Scope of Audit

Sl. No	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	No observation found in this regard.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment procedures to check any in-consistencies in assessment. at least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not).	We have witnessed the 20 high value of property same has been reported in point no (c) of Part A of our Report.



3	<p>Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR</p> <p>Rule 22: All moneys to be brought to account</p> <p>Rule: 27: Collections to be deposited into Bank on the same day</p> <p>Rule 69: Grant Related Compliance</p> <p>Rule 120-121: Monthly Receipt & Payment Account and Trial Balance</p> <p>Rule 130: Audit to be completed & reported within 6 month</p>	<p>All the compliance has been made at ULB except Rule :27 & Rule 120-121</p> <p>Rule 22: All moneys to be brought to account but delayed.</p> <p>Rule 27: we have observed that collection money has not been deposited on bank account on time</p> <p>Rule 69: Grant related compliance has been done properly.</p> <p>Rule120-121 Monthly Receipt & payments accounts and Trial Balance are not prepared</p> <p>Rule 130 is not followed .</p>
4	<p>Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.</p>	<p>Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.</p>
5	<p>If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc. have incurred then quantify the same.</p>	<p>Loss of Rs 3838541/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.</p>
6	<p>Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.</p>	<p>A payment of Rs. 497500 was made to Pandey Electronics by the Nagar Panchayat, initially the amount was 487500 but after overwriting it was made 497500.</p>
7	<p>Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-</p>	<p>Purchases amounting to Rs. 441682 has been made from Suraksha Enterprise, Kumar Shopping Complex, without any Quotation.</p>



8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	No any UC are pending for submission to the Urban Development & housing Department for the financial year 2017-18.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	We have verified such instances and found some irregularities. Details of irregularity have been annexed in Executive Summary in Observation Para, and recommendations have also been annexed in Recommendation in Executive Summary.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Yes, all payment has been made according to payment terms & conditions of tenders.
11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No Such type of issued found in this regards.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses.	We have verified all major areas of ULB and assessed some revenue losses, same have been reported in "Part A".
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	<p>We observed that statutory compliance has not been accomplished by ULB regarding deduction, deposit and return also. Details of major statutory irregularities are:</p> <ul style="list-style-type: none"> • TDS return has not been filled. • TDS have not been deposited appropriately. • Labor cess has not been deducted appropriately. • VAT liability has not been settled till the date of audit. <p>Penalty and Interest may be levied on ULB as per Statutory Laws.</p>



"Sheet B".

Amount Collected from own sources revenue has not been deposited into bank by the ULB on the same date /next to the same date as required. The details are given below.

Receipt no.	Amounts	Periods	Deposit date
401-434	30168	21.04.2017 to 22.04.2017	30.04.20017
439-441	7656	22.04.2017 to 05.05.2017	03.06.2017
1124-1128	5928	11.09.2017 to 13.09.2017	16.09.2017
1251-1256	5432	20.12.2017 to 21.12.2017	30.12.2017
1390-1400	3723	28.2.2018 to 8.3.2018	09.03.2018

General Observations: -

There is lots of scope for improvement with respect to maintenance of Records and Registers. The important and basic records like Advance register, annual accounts, assets register were not maintained. Effective steps may be taken to improve the maintenance of accounts and increasing of its own sources of revenues.

For R.N. Singh & Co.
Chartered Accountants
FRN: 322066E



CA Chanakya Shree
Partner

Mem No: 079322

UDIN - 20079322AAAADT2251

Date - 14/05/2020

Nagar Panchayat Areraj, East Champaran

Discussion Notes :-

F.Y. 2017-18

Sl. No.	Particulars	Management Comments
1	Suraksha Enterprise, Kumar Shopping Complex, Total Purchase Rs. 441682 without any quotation.	अविल्य में ध्यान रखा जाएगा
2	Most of the vouchers are not proper taxable vouchers but which payments are made by Ulb.	॥
3	Cashbook has not been regularly written it has been written from passbook from long period of time.	लिख लिखा गया है
4	Cashbooks are not regularly authorize by Executive Officer.	है जाएगा
5	Fixed assets register and stock register are not maintain.	बन जाएगा
6	Holding Tax arrear and demand register are not maintain, hence not possible ascertain total arrear of tax.	बन जाएगा
7	Daily Collection register are not properly maintain.	ध्यान दिया जाएगा
8	Holding tax are not properly ascertain by ulb.	॥
9	Internal control regarding collection of holding tax are very weak.	स्वाप के कारण प्रोजेक्टिव है रहा है
10	Interest has not been charge holding tax outstanding from long period of time. Which has been revenue loss to ulb.	अप से चार्ज किया जाएगा
11	Daily collection from holding tax are not deposited to bank daily.	अप से जमा किया जाएगा
12	Previous internal audit report fy 2016-17 has not been provided by the ulb.	मित गया है
13	Trade License registration, renewal and monthly charges are not properly collected.	अप से मनेन रहेगा
14	Trade License arrear and demand register are not maintain hence not possible to ascertain total arrears of taxes.	स्वाप के कमी केवल है मनेन नहीं है पा रहा है अप से है जाएगा
15	Mobile Towers details are not properly maintained by ulb so, we are unable to comment	॥
16	Mobile tower tax demand and arrear register are not maintain hence not possible to ascertain total arrear of taxes	अप से बनाया जाएगा
17	Mobiles towers registration, renewal and interest have not been charged by ulb ,hence revenue loss to ulb.	॥
18	Team work or responsibility among employers are very weak.	ध्यान में रखा जाएगा
19	Advance register are not maintained by ULB,hence it is	ध्यान में रखा जाएगा



	difficult to monitor for advances given and adjustment thereof.	
20.	Grivance register are not maintain by ULB.	लिम्बा पासा
21.	Double accounting system are not maintain by ulb.fy2017-18&2018-19.	प्रोसेस में है
22.	Visitors register are not maintain by ULB.	जब से होगा
23.	File movement register are not maintain.	,,
24.	Vouchers are not serially arranged.	,,
25.	Survey report & holding collection list are not matched like owners name,types of building,purpose for use and size.	ध्यान रखा जा रहा है
26.	Advertisement tax is not being levied by N.P. as a result there is a loss to the N.P of advertisement tax amount.	सही हो रहा है
27.	Rs 4375 collection from holding tax not deposited into bank till audit date.	जमा हो जाएगा
28.	Bank reconcilatation statement has not been prepared by N.P	प्रोसेस में है
29.	Yojna no. o7F2/2017-18 (ward no.4) contractor -Lucky Srivastav Date of starting -18/04/2017 period of completion- 3 months complete date -20/04/2018 so delayed charged has not beeb collected by N.P	ध्यान रखा जाएगा
30.	Yojna no. 12F2/2017-18 (wardno.3) contractor-Lucky srivastav Date of starting-18/04/2017 Period of complete - 3month date of complete 25/06/2018 so delayed charged has not been collected by N.P	,,
31.	Yojna no. 04F2/2017-18 (ward no.03) contractor - Lucky srivastav Date of starting 18/04/2017 period of complete 3month date of complete 20/04/2018 so delayed charged has not been collected by N.P	,,
32.	Yojna no. 01F2/2017-18 (ward no.8) contractor Lucky srivastav Date of start 18/04/2017 Period of complete 3 months complete date 25/06/2018 so delayed charged has not been collected by N. P	,,
33.	Yojna no. 3F2/2017-18 (ward no.08) contractor name Islam miya date of start 18/4/2017 period of complete 3 month date of complete 12/10/2017 so delayed charge has not been collected by N.P	,,
34.	Attendence pay roll system or punching system are not working.	✓
35.	Pandey Electronic voucher was over written & payment made by N.P initially it was Rs 487500 but after over written it was made Rs 497500.	सही हो गया है



R. N. SINGH & CO.
 11/11/19
 जं. कार्यपालक पदाधिकारी
 नगर पंचायत अरराज (पू. च.)
 11/11/19

कार्यालय:-नगर पंचायत अरेराज, पूर्वी चम्पारण

वित्तीय वर्ष 2003-2016-17 में प्राप्त सहायक अनुदानों की निकासी/व्यय एवं अवशेष राशि की चालान द्वारा कोषागार में जमा विकरणी संबंधित प्रतिवेदन
नगर निकाय का नाम:- नगर पंचायत अरेराज
कोषागार का नाम:- पूर्वी चम्पारण मोतिहारी

DDO Code:-PLA 099 URB-007

Treasury Code:-EAST CHAMPARAN

PL Account No:- 99

Bank Account No:-

क्र.सं.	विवरण	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	सहायक अनुदान का स्टैटमैन्ट का स्टैटमैन्ट का स्टैटमैन्ट																		
2	सहायक अनुदान का स्टैटमैन्ट का स्टैटमैन्ट का स्टैटमैन्ट																		
3	सहायक अनुदान का स्टैटमैन्ट का स्टैटमैन्ट का स्टैटमैन्ट																		
4	सहायक अनुदान का स्टैटमैन्ट का स्टैटमैन्ट का स्टैटमैन्ट																		
5	सहायक अनुदान का स्टैटमैन्ट का स्टैटमैन्ट का स्टैटमैन्ट																		
6	सहायक अनुदान का स्टैटमैन्ट का स्टैटमैन्ट का स्टैटमैन्ट																		



क्र. सं.	वर्ष	संबंधित अनुदान का प्रकार	संबंधित मंजूरी/प्रमाण-पत्र का दिनांक	संबंधित अनुदान में निवेशित राशि	अवधि के लिए निकाले गए राशि	विकल्प द्वारा निकाले गए राशि	टीडीएन नं. एवं तिथि	वीएलए खाता में जमा की गई राशि	बैंक खाता में जमा की गई राशि	कोषागार में जमा की गई राशि	खाली राशि/रिजर्व	संबंधित उपयोगिता प्रमाण-पत्र में विहित राशि	समाप्त उपयोगिता प्रमाण-पत्र की तिथि	लक्षित U/C की राशि	बैंक खाता में जमा अथवा अन्य राशि	वीएलए खाता में जमा अथवा अन्य राशि	अनुदान
1	2																20
7	2016-17	मुख्यमंत्री शाहरी नाली गली	42/09.08.2016	6.04	6.04			6.04	6.04	0.00	0.00	6.04	1191/01.06.2018	NIL	0	0	
8	2016-17	14th Finance	23/06.07.2016	47.26	47.26		2217/0000 15.00016/ 15.07.2016	47.26	47.26	0.00	0.00	47.26	10.04.2019	NIL	0	0	
9	2016-17	मुख्यमंत्री शाहरी नाली गली	42/09.08.2016	7.75	7.75		2217/0000 10/15.02.17	7.75	7.75	0.00	0.00	7.75	29.5.18	NIL	0	0	
Total				307.48	307.48		0.00	307.48	307.48	0.00	0.00	302.17	0.00	0.00	17268.00	17268.00	

प्रमाणित किया जाता है कि अवशेष राशि को कोषागार में जमा कर दिया गया है इसके अतिरिक्त किसी तरह की राशि शेष नहीं है।

Sandhya Kishore
कार्यपालक पंचायत अधिकारी,
नगर पंचायत अरराज,
पूर्वी चम्पारण।



कार्यालय:-नगर पंचायत अरेराज, पूर्वी चम्पारण

वित्तीय वर्ष 2003-2015-16 में प्राप्त सहायक अनुदानों की निकासी/व्यय एवं अवशेष राशि की चालान द्वारा कोषागार में जमा विवरणी संबंधित प्रतिवेदन

नगर निकाय का नाम:- नगर पंचायत अरेराज
कोषागार का नाम:- पूर्वी चम्पारण मोतिहारी

DDO Code:-PLA 099 URB-007
Treasury Code:-EAST CHAMPARAN
PL Account No:- 99
Bank Account No:-

क्र.सं.	सहायक अनुदान आवंटन का वित्तीय वर्ष	सहायक अनुदान आवंटन का मद	संबंधित स्वीकृति/संख्या एवं तिथि	स्वीकृति/देश एवं आवंटन/देश में निकाय को आवंटित राशि	आवंटित राशि के विरुद्ध निकाय द्वारा निकासी की गई राशि	टी.पी.ओ. नं० एवं तिथि	पी.एल.ओ खाता में रखी गई राशि	बैंक खाता में जमा की गई राशि	वित्तीय वर्ष जिसमें राशि व्यय की गई	संबंधित मद में व्यय की गई राशि	संबंधित अनुदान के विरुद्ध किये गए व्यय के उपरांत 2016 को अवशेष राशि	कोषागार में जमा की गई राशि	चालान संख्या/तिथि	समाप्त प्रमाण-पत्र में विहित राशि	समाप्त उपयोगिता प्रमाण-पत्र की तिथि	लंबित U.C की राशि	बैंक खाता में जमा अवशेष राशि	पी.एल.ओ खाता में जमा अवशेष राशि	अभ्युक्ति
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	2016-17	पेशाकर	155/27.09.2016	5.06	5.06		5.06	0.00	16-17	5.06	0.00	0.00	0.00	5.06	1872/22.11.2017	NIL	0	0	0
2	2016-17	E.O Salary	20/23.06.16	5.13	5.13		5.13	0.00		0.00	0.00	0.00	0.00				0	0	0
3	2016-17	5th State Finance	162/19.10.2016	111.93	111.93		111.93	0.00	16-17	111.93	0.00	0.00	0.00	111.93	469/28.02.2018	NIL	0	0	0
4	2016-17	पार्वट भत्ता	11/18.05.2016	4.14	4.14	2217/000 06/27.8.16	4.14	0.00	16-17	3.96	17268.00	17268.00	0.00	3.96	06.03.19	17268.00	17268.00	17268.00	0
5	2016-17	5th State Finance	353/29.03.2017	115.49	115.49		115.49	0.00	16-17	115.49	0.00	0.00	0.00	115.49	469/28.02.2018	NIL	0	0	0
6	2016-17	नागरिक सुविधा मद	249/10.03.17	4.68	4.68	2217/000 37/25.3.17	4.68	0.00	16-17	4.68	0.00	0.00	0.00	4.68	29.5.18	NIL	0	0	0



Excel sheet

क्र. सं.	सहायक अनुदान आवंटन का वित्तीय वर्ष	सहायक अनुदान आवंटन का मद	संबंधित स्वीकृति/देश संख्या एवं तिथि	स्वीकृति/देश एवं आवंटन/देश में निकाय को आवंटित राशि	आवृत्त राशि के विरुद्ध निकाय द्वारा निकासी की गई राशि	टीपीओ नं० एवं तिथि	पीओएसओ खाता में खर्ची गई राशि	बैंक खाता में जमा की गई राशि	वित्तीय वर्ष जिसमें राशि व्यय की गई	संबंधित मद में व्यय की गई राशि	संबंधित आवंटन के अंतर्गत की गई निकासी के विरुद्ध किये गए व्यय के उपरान्त 2016 को अवशेष राशि	कोषागार में जमा की गई राशि	चालान संख्या/तिथि	सम्पत्ति उपयोगिता प्रमाण-पत्र में लिहित राशि	सम्पत्ति उपयोगिता प्रमाण-पत्र की तिथि	लंबित U.C की राशि	बैंक खाता में जमा अवशेष राशि	पीओएसओ खाता में जमा अवशेष राशि	अभूषित
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
7	2016-17	मुख्यमंत्री शहरी नाली गली	42/09.08.2016	6.04	6.04		6.04	0.00	16-17	6.04	0.00	0.00	0.00	6.04	1191/01.06.2018	NIL	0	0	0
8	2016-17	14th Finance	29/06.07.2016	47.26	47.26			0.00	16-17	0.00	0.00	0.00	0.00	0					
9	2016-17	मुख्यमंत्री शहरी नाली गली	42/09.08.2016	7.75	7.75	22170000	7.75	0.00	16-17	7.75	0.00	0.00	0.00	7.75	29.5.18	NIL	0	0	0
Total				307.48	307.48	0.00	260.22	0.00	0.00	254.91	17268.00	17268.00	0.00	254.91	0.00	0.00	17268.00	17268.00	

प्रमाणित किया जाता है कि अवशेष राशि को कोषागार में जमा कर दिया गया है इसके अतिरिक्त किसी तरह की राशि शेष नहीं है।

29/10/19.
अकाउंटपालक पदाधिकारी,
नगर पंचायत अरेराज,
पूर्वी चम्पारण।

Ajkeel Kumar
29/10/19

