

Financial
Year
2017-18



**Internal Audit Report for the
period from 01-04-2017 to 31-03-
2018 of Kishanganj Municipal
Council**

Date of Submission :- 05-07-2019

INTERNAL AUDIT CONDUCTED BY

M/s Tibrewal Chand & Co., Chartered Accountants

From 01-04-2017 to 31-03-2018

*Flat No. 501, 5th floor Meridian, SS Bihar Apartment Near Karbighiya Station, Patna, Mob No. +91
8825110779*

Email- tccbihar@gmail.com



Index

S. No.	Particulars	Page No.
1.	Executive Summary	
	• Introduction	3
	• Opinion	3
	• Audit Recommendation	4
	• Observations ,Comments From Management	5-9
	• Acknowledgment	9
2.	Detailed Audit Report	10-33
3.	Annexure	34-49



Internal Audit Report- Municipal Council Kishanganj

Urban Development and Housing Department in order to implement the best practices of internal audit of 140 ULBs through NIT No. IA 140ULBs/2017-18. This Internal audit report has been issued as a part of our appointment for internal audit.

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

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

We have conducted the Internal Audit with the objective:-

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

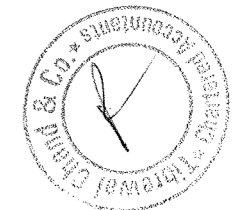
We started with an overview of activities through a study on various documents generated by the ULB. Then we identified evaluated and tested adequacy, effectiveness and efficiency of internal controls including standard policies and procedure laid down by the management for each of the areas included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

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

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

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

- ❖ Accountant cash Book
- ❖ Subsidiary Cash Book
- ❖ Bank Book
- ❖ Records related to revenue
- ❖ Vouchers along with supporting documents.



❖ Others related records and registers.

For Tibrewal Chand & Company
Chartered Accountants



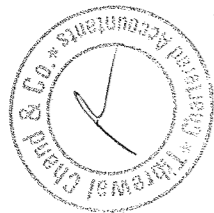
CA ROSHAN JAIN | PARTNER

Membership No 518422

FRN No. 311047E

UDIN: 20518422AAAAAC7863

Dated :- 24-08-2020



Tibrewal Chand & Co

Internal Audit Report for the year ended 31st March of F.Y. 2017-18

Executive Summary

1. **Introduction:**

Name of the Municipality	Kishanganj Municipal Council
Period covered under current audit	01-04-2017 to 31-03-2018
Name of Chief Municipal Officer for the period under audit	Md. ManjurAlam

Results and Findings:

➤ **Strengths observed during the audit engagement:**

In the existing system as prevailing in the Municipal Council, day to day work is in progressive manner in respect of collection of revenue and execution of the project.

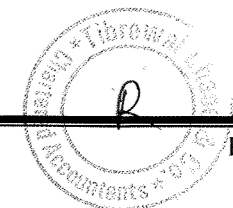
➤ **Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement: -**

1. Non preparation of financial statements resulting in weakness in control over accounts.
2. Non preparation of bank reconciliation statements.
3. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes.
4. Non-Performing of variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.
5. Delay in deposit of collected revenue has been observed.
6. No deduction and late deposit of tax deducted at source (TDS), resulting in violation of tax provisions and attraction of interest and penalty.
7. Non-Maintenance of asset register in complete manner resulting in chances of mis-utilization of assets.
8. Some of the rent agreements were expired.

2. **Opinion:-**

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

Tibrewal Chand & Co.



Page 3

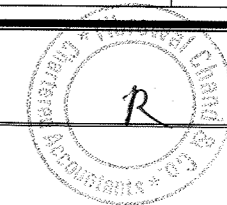
3. Audit Recommendations:-

- i. Books of accounts should be prepared under double entry system and accrual basis should be followed.
- ii. ERP software should be implemented in the ULB for preparation of financial statements and other necessary information as and when required by the management. Employees of all departments should be trained with the software for entering day to day transactions.
- iii. Stringent follow up is necessary for recovering arrear dues relating to property tax and other sources of income.
- iv. Bank statements or treasury statement should be collected and bank reconciliation statement should be prepared on monthly basis. Balance confirmation certificate to be obtained from the respective bank periodically.
- v. Fixed assets register has to be prepared for all fixed assets owned by the ULB, assets will be numbered, whenever applicable and location of assets should be mentioned in such register? Physical verification of such fixed assets has to be conducted by appointing external professional agency at year end.
- vi. Stock/store register has to be updated in all respect. Purchase, issue and balance of each items has to be maintained separately.
- vii. Timely deposit of Taxes is must for The ULB.



4. Comments from Management:-

S. No	Observation	Management Comment	Auditor Recommendation
1	Delay in deposit of cash to Bank by tax collector:-As per the records available during the audit, delays were observed between date of collection and deposit to the Bank. Detailed attached in Annexure "A" of our discussion note.	All tax collector are directed to deposit the tax in time and avoid in delay in deposit	Follow the direction given by UD & HD. Should be deposited at same date.
2	The cash kept in the locker is not insured against theft & fire.It can be seen that huge amount of cash is kept no of days. So, it is necessary to keep the physical Cash under insurance cover.	Step are taken to purchase locker soon.	Insurance should be taken for cash kept in hand and locker should be purchased.
3	After reconciliation of cash book with treasury challan, we observed that collections under different head are not deposited in Treasury Account. Detailed attached in Annexure "B" of our discussion note.	Rs 111 deposited via MR. no. 159 dated 26-04-2019 Rs. 565 deposited via MR.no. 160 dated 26-04-19	After Tax collection amount should be deposited with treasury.
4	Demand Register for collection of holding/property tax for the financial year 2017-18 is not yet prepared.	Demand register are preparing.	Demand register should be maintained year wise.
5	In DCR, most of the cases signature is not done by the tax collector, cashier or other competent authorities.Date of deposit is also not mentioned in most of the pages. It is advice to maintain the records in DCR clearly and sequentially.	All tax collector, cashier and tax daroga is instruct to make necessary attempt in this regard.	DCR should be maintained Year wise for each party and concerned authority should be verified.
5	Report on Findings of the field survey of property tax of minimum 20 high value properties is given in Annexure "C" of our discussion note.	Property tax self-assessment has been done as per municipal law.	Field survey should be done at appropriate interval.



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

7	After reconciliation of cash book with treasury challan, we observed that collections under tower tax are not deposited in treasury Account. Details of such are given in Annexure "D" of our discussion note	Shown to the auditor	All collection should be deposited with treasury.
8	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Mobile Operators must apply to the ULB for operation of the mobile tower in the concerned area with the requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10000/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was found that only Rs. 400000/- was realized from the Tower Company till 31.03.2018, resulting in loss of Rs. 3656000. Details of such are given in Annexure "E" of our discussion note.	Taking necessary action to realize the mobile tower tax. Notice will be given to the defaulter tower owner.	Take appropriate action in this regard.
9	During the verification of sairat register, we observed that during the financial year 2017-18, a lot of sairat was not held at municipal council. Due to this reason Revenue loss of Rs 467000 to concerned ULB. Details of such are given in Annexure "F" of our discussion note.	Madhavnagar mass- machali bazaar collected by municipal council and was showing to the auditor. Rickshaw thela file for the year 2017-18 was shown to the auditor. And 4 nos of public toilet are free of cost for the benefit of passenger.	Sairat should be prepared every year. If any party not come negotiation would be conduct with appropriate person.
10	During the verification of sairat file, we observed that some agreement between the party and ULB for the concerned sairat was not available at	Step are taken to deposit stamp duty for the sairat occupier.	Stamp duty should be deposited with concerned authority.



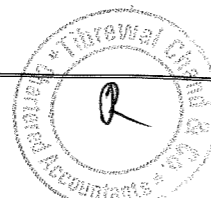
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

	ULB. Due to this reason stamp duty loss of Rs 3000 to concerned ULB. Details of such are given in Annexure "G" of our discussion note.		
11	During the financial year 2017-18, a lot of sairat was not held at municipal council. Due to this reason stamp duty loss of Rs 23350 to concerned ULB. Details of such are given in Annexure "H" of our discussion note.	During 2017-18 sairat amount collected by Municipal council	Sairat should be done every year.
12	Rent Agreement expired in case of few market shops and no new agreement was made till the date of audit. Details of such are given in Annexure "I" of our discussion note.	Notice are issued to the defaulter to make agreement, some shop keeper are turn up. Taking necessary step to make agreement as soon as possible.	Agreement should be renewed at appropriate intervals.
13	Only 75% rent has been collected till 31-03-2018, balance amount of Rs 2,16,599 was due for the year. Details of such are given in Annexure "J" of our discussion note.	Out of Rs. 2,16,599 Rs 1,25,169 has been collected and Rs.91,430 is total due. Steps are taken to realization for balance amount.	Take necessary action in this regard.
14	Demand Register for collection of Trade License for the financial year 2017-18 is not yet prepared.	Demand collection register is being prepared.	Demand register for trade license should be maintained for every year.
15	Only some money was collected as Advertisement Tax (Code 110-11) during the financial year 2017-18. List of unrealized advertisement tax is required to be prepared.	5 person are appointed for collection of advertisement tax and Rs.1,44,364 has been collected and deposited.	For Advertisement tax at appropriate interval field survey should be done to avoid unauthorized advertisement.
16	During the verification of advertisement tax files, we observed that, some work allowed without issuing work order to concerned party. Details of such are given in Annexure "K" of our discussion note.	Advertisement amount has been deposited into and further step would be taken and work order would be issued next time.	ULB give work order to any contractor/supplier before starting the work.
17	While verifying the applicable procurement process, we have noticed few irregularities. Details of	Both these scheme in annexure "L" work has been allotted to contractor by S.E in	Procurement should be done as per financial rule and should follow



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

	such are given in Annexure "L" of our discussion note	UDHD	procurement procedure.
18	A lot of staff advance of previous year has not been adjusted till 31-03-2018. Details of such are given in Annexure "M" of our discussion note	Deduction process is going on	Management should take appropriate action in this regard.
19	We found a few discrepancies while vouching the expenditure. Details of such are given in Annexure "N" of our discussion note	management comment has been given in detail in annexure	Management should take appropriate action in this regard.
20	Vouchers are not filed serially and kept in loose form. Those need to be filed properly and date wise sequentially.	Future reference.	Voucher should be maintained in index file in serially.
21	It is Found that few bank balances are not reconciled. Details of such are given in Annexure "O" of our discussion note.	We have Trace in F.Y. 2018-19	Management should take appropriate action in this regard.
22	Fixed assets register has not been maintained at Nagar Parisad level.	Noted for future	Fixed assets register should be maintained in separate register for each assets with identification number.
23	Stock register has not been properly maintained. All the items of stock has been entered at same page in register. Issue quantity and balance quantity has not been shown in stock register.	Noted for future	Stock register should be maintained for each item. Date of purchase and issued for consumption and balance quantity should be maintained.
24	The Kishanganjnagarparishad is not complying with the provisions of EPF with regards to Contractual and permanent Employee. It may lead to imposition of Penalty by the Authority in this Regards.	EPF stated from sep.2018-19	EPF account should be maintained with EPF department.
25	We observed that ULB is not in practice to deduct TDS on Contractor	Employee TDS deducted from 2018-19	TDS should be deducted as per income tax act



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

	Bill payment and salary payment to employee.		and rule.
26	We observed that ULB is not in practice to Deposit the deducted TDS on stipulated time. Details of such are given in Annexure "P" of our discussion note	Future reference	TDS should be deposited as per income tax act and rule.
27	Double entry system has not been yet implemented.	Double entry system is allotted to K.K. Chalani & associates.	Management should take appropriate action in this regard.
28	There is no cash vault in the cash department for safety measure.	Step is being taken to purchase as soon as possible.	Management should take appropriate action in this regard.
29	Copy of Returns of VAT, TDS has not been shown to us.	TIN no. not allotted to ULB. TDS return would shown in next quarter.	Return should be timely filed for avoiding interest and penalty.
30	The municipality is continuing with a single demand collection register and cashier cash book since 2012-13. We suggest to maintain separate registers yearly.	Step is taken to maintained separate register.	Separate register for each head should be maintained for year wise.
31	The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis.	BRS preparation started from 2018-19	BRS should be maintained monthly wise.
32	Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed.	Annual budget are prepared	Budget should be maintained quarterly.
33	Utilization of grant and report on missing Utilization Certificates are given in Annexure "Q" of our discussion note	All twenty UC details given to auditor.	UC should be submitted at reasonable interval.

5. Acknowledgement:-

We have received satisfactory co-operation and support from the officials and Staffs of the ULB. We convey our sincere thanks for the same.



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

Detailed Audit Report

1. Introduction: -

The Internal audit of Kishanganj Municipal Council was conducted for the period from 01st April 2017 to 31st March 2018.

Name of ULB	Period Covered	Audit Team
Kishanganj Nagar Panchayat	1st April 2017- 31st March 2018	TL: CA Neerav Bhanushali MAE: CA Amit Ranjan Auditor: Sanjeet Kumar

2. Administration: -

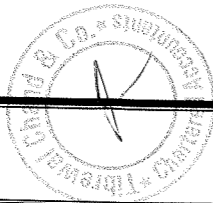
The Present governing body of the ULB has taken charge on 09-06-2017. The incumbencies in the key administrative and executive positions are as under:

- SmtJanki Devi, Chairman from 09-06-2017 to till the date of Audit.
- Md. ManjurAlam Executive officer from 24-02-2019 to till the date of Audit.

3. Review of outstanding Audit Paras :

Status of Audit observations is as under:

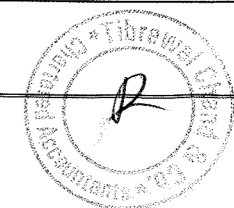
Sl. No.	Particulars of audit and date of report	Total no. of Audit paras.	Total no. of Audit Paras where necessarily improvement/corrective measure is require	Total no. of Audit paras where recovery of cash is proposed	Total No. of Audit paras where recover has been made	Total amount of recovery	Total No. of outstanding paras where no action has been taken	No. & date of compliance report
1	AG Audit (2016 to 2018)	15	15	1	1	878002	15	Compliance Report not prepared.
2	Internal Audit (2016-2017)	35	35	0	0	0	35	Compliance Report not prepared.



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

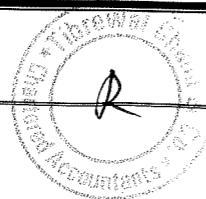
Details of AG Audit Compliance

Part	Audit para/kandika no.	Observation	Compliance by Management
II	1	Dustbeen purchase without tender amounted Rs. 19.52 lakh.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some weeks.
	2	Once tender issued for purchase of dustbeen on which again and again dustbeen purchase and excess payment of Rs 17.91 lakh has been paid.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
	3	Under the Spur yozana administration irregular expense amounted Rs. 730500 and sawardhan samiti not refunded amount of Rs.3601112.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
	4	ULB has incurred unfruitful expenses In the Samekit Aawas and malin basti vikash karyakaram	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
	5	ULB collected amount through money receipt of Rs.895502 but not deposited with treasury account.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
	6	Mobile tower has not been registered and outstanding tower tax of Rs.3656000	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

7	Advance of Rs. 7.28 lakh is stand without adjustment.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
8	License fee has been outstanding of Rs.33000	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
9	Stamp duty not collected Rs. 11500	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
10	Sairat not held due to such revenue loss of Rs. 2.17 lakh.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
11	On government building outstanding rent amounted Rs. 35.09 lakh	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
12	On chief bhawan outstanding tax amounted Rs. 41.37 lakh.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
13	Outstanding shop rent of Rs. 216599	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

14	Posts of teachers under various categories remained vacant	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
15	Posts of teachers under various categories shown as vacant after its fulfillment a round /camp.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week

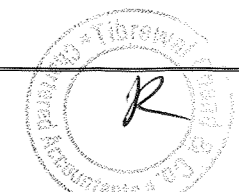
4. FINANCE:

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

Year	2017-18	2016-17	2015-16
Final/Revised Budget	3488966288	3146249672	2670865602
Actual Expenditure	184051232	411435126	277253483
Savings(+)/Excess(-)	2803938828	2686687576	2393612119

• **Volume of Transactions :-**

Period	Budgeted	Previous year(16-17)	Previous year(15-16)	Current period	Cumulative for the current period
Opening Balance	374987643	468806748	301420103	925841043	925841043
Receipts	3442464465	868469421	444640128	188422979	188422979
Total	3817452108	1337276169	746060231	1114264022	1114264022
Net expenditure	3488966288	411435126	277253483	184051232	184051232
Closing Balance	328485821	925841043	468806748	930212790	930212790

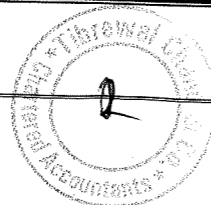


Internal Audit Report for the year ended 31st March of F.Y. 2017-18

• **Bank Reconciliation :-**

Un-reconciled balance between bank book and bank statement as on 31-03-2018 has been shown below:

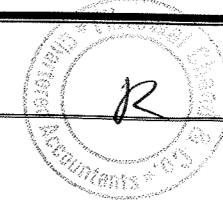
NAME OF PROJECT	NAME OF BANK	ACCOUNT TYPE	ACCOUNT NO	PASSBOOK BALANCE	CASH BOOK BALANCE	REMARKS	STATUS
House For all	CANARA BANK	SAVING	3148101005526	146541744	135191744	Difference of Rs 11350000 Out of which Rs 1550000 not reconciled.	NOT RECONCILED
Bus Terminal A/C	OBC	SAVING	06962010000960	5091109.16	5023509.16	67600	Reconciled
Amrut	CANARA BANK	SAVING	3148101005696	465891	465891	Nil	Reconciled
IHSDP	CANARA BANK	SAVING	3148101004776	2690550	2617262	73288	Reconciled
RSAM(NULM)	Allahabad Bank	SAVING	50188210240	12559392.40	12559392.40	Nil	Reconciled
Staff Pension	SBI	SAVING	31092674212	2834789.50	2834789.50	Nil	Reconciled
Chief minister sahari pay jalyozna	OBC	SAVING	06962043000004	59400420	59400420	Nil	Reconciled
Chief minister sahari nail-galiyozna	OBC	SAVING	06962041005731	23562910	23562910	Nil	Reconciled
IHSDP(Adharbhat sarchana)	BOB	SAVING	33340100004704	66073	66073	Nil	Reconciled
IHSDP(AwasNirman)	BOB	SAVING	33340100004703	4795476.05	3125476.05	1670000	Reconciled
Treasury PL A/C	-	-	844800102000100	340806804.4	340806804.4	Nil	Reconciled



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

• **Revenue & Capital Receipts :-**

SI.NO	DETAILS	Income Details	
		2017-18	2016-17
	Total Receipts (A+B)	188422979	444640128
A	Revenue Receipts (1+2+3)	26093676	283945930
1	Own Revenue Receipts (a+b)	23569424	14765532
a)	Tax Revenue (Levied & Collected By municipal Body)	18914914	9674170
i)	Property Tax	17385785	8152645
ii)	Other Tax (Levied & Collected By municipal Body)	1529129	1521525
b)	Non Tax Revenue (Levied & Collected By municipal Body)	4654510	5091360
i)	Fess & Fines	6750	451205
ii)	User Charges		3504265
iii)	Other Non Tax Revenue (Levied & Collected By municipal Body)	4647760	1135892
2	Other Revenue Receipts		7586969
a)	Income from interest/Investments		7130210
b)	Other Revenue Income	2524252	456759
3	Transfers/grants/Assigned Revenues		261593429
a)	State Assigned Revenues	0	0
b)	State Finance Commission (SFC)	0	0
c)	Octroi Compensation	0	0
d)	Other State Government transfers	0	0
e)	Central Finance Commission (CFC) Grants	0	0
f)	Other Central Government transfers	0	0
g)	Others		261593429
B	Capital Receipts	162329903	160694198
1	Sale of Municipal Land		0
2	Loan (From state Govt or Banks etc.)		0
3	State Capital Account Grant	159587890	114280358
4	Central Capital Account Grant	2742013	45354260
5	Other Capital Receipts		1059580



• Revenue & Capital Expenditure Information :-

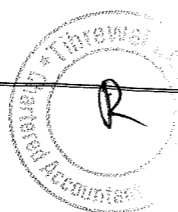
SI.NO	DETAILS	Expenditure Details	
		2017-18	
		2017-18	2016-17
	Total Expenditure (1+2)	184051232	411435126
1	Revenue Expenditure	88142121	308242584
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	88142121	34358950
1.2	Operation & Maintenance (O & M)	0	148292587
1.3	Loan Repayment (Interest Payments)	0	10580
1.4	Others (any other revenue Expenditure which is not salaries, O&M & or interest payment)	0	125580467
2	Capital Expenditure	95909111	103192542
2.1	All developmental works under central/state specific schemes	95909111	103192542
2.2	Loan Repayments	0	0
2.3	other capital expenditure	0	0

❖ Status of implementation of double entry Accounting system:

- The ULB has not yet implemented the double entry accounting system in F.Y. 2017-18. DEAS implemented by UD&HD in the ULB through CA firm M/S K K Chanani & Associates for the FY 2014-15 to 2015-16 for further carried out this work new agency has been appointed by UD&HD.

❖ Status of Municipal Accounts Committee: if meeting is held:

- Meeting of Municipal Accounts Committee has not been held during the year 2017-18 as Municipal accounts committee is not in existence at the Municipality.



5. Audit Observations: -

Part-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.(Audit objective/Criteria/Condition/Consequences/ Effect/ Impact/Corrective Action/Recommendation has been narrated here.

a. Holding and property tax not deposit.

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

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

Condition: After reconciliation of cashier cash book with treasury challan, we observed that collections under different head are not deposited in treasury Account. Details of such are given here:-

SI.NO	CHALLAN NO	DATE	AMOUNT	PARTICULAR
1	448	22-12-2016	17500	B.O.Q
2	2845	24-04-2017	865	Holding Tax
3	6647	25-09-2017	111	Holding Tax

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

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

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



b. Tower tax not deposit

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

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

Condition: After reconciliation of cashier cash book with treasury challan, we observed that collections under tower tax are not deposited in treasury Account. Details of such are given here:-

SI.NO	TOWER NAME	REGISTRATION FEE	RENEWAL FEE	TOTAL COLLECTION	NOT DEPOSIT AMOUNT
1	Reliance Jio	40000	10000	50000	50000
2	Reliance Jio	0	10000	10000	10000
3	Reliance Jio	0	10000	10000	10000

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

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

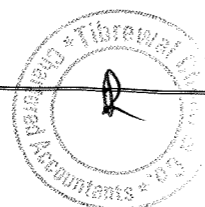
Corrective Action / Recommendation: As per our opinion, management should review the collections on monthly and take appropriate actions against irregularity.

c. A lot of sairat was not held at municipal council

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

Criteria: As per Bihar Municipal Act.

Condition: During the verification of sairat register, we observed that during the financial year 2017-18, a lot of sairat was not held at municipal council. Due to this reason Revenue loss of Rs 467000 to concerned ULB. Details of such are given here:-



SI.NO	Name Of Sairat	Minimun Collection Amount
1	Madhav Nagar, Maans-Machhali Bazaar	102000
2	RikshaThela/ChalakNibandhan	115000
3	Public Toilet near bus stand	50000
4	Public Toilet near Sale Tax office	50000
5	Public Toilet near Court parisar	50000
6	Public Toilet near Madhavnagarsabjmandi	50000
7	Public Toilet near RLDC	50000
TOTAL		467000

Consequence / Effect / Impact: Due to non-collection of Sairat 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 Sairat which results in Revenue leakage.

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

d. Stamp duty loss of Rs 3000 to government

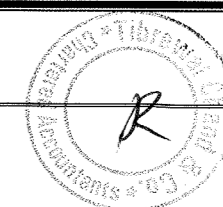
Audit Objective: As per Point no-5 of TOR.

Criteria: As per stamp duty Act.

Condition: During the verification of sairat register, we observed that some agreement between the party and ULB for the concerned sairat was not available at ULB. Due to this reason stamp duty loss of Rs 3000 to concerned ULB. Details of such are given here:-

S.NO	Name Of Sairat	Party Name	Stamp Duty
1	Demarket Sabji Mandi	Shri Tanveer Alam	1000
2	Madhav Nagar Sabji Mandi	Md Javed	1000
3	Demarket Maans-Machhali Bazaar	Shri Mohan Singh	1000
TOTAL			3000

Consequence / Effect / Impact: Due to non-collection of Stamp duty there is a revenue loss to government.



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

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 Stamp duty which results in Revenue loss to government.

Corrective Action / Recommendation: Proper attention required.

e. Stamp duty loss of Rs 23350 to government

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

Criteria: As per stamp duty Act.

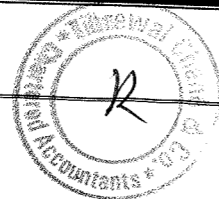
Condition: During the financial year 2017-18, a lot of sairat was not held at municipal council. Due to this reason stamp duty loss of Rs 23350 to concerned ULB. Details of such are given here:-

SI.NO	NAME OF SAIRAT	STAMP DUTY @ 5%
1	Madhav Nagar, Maans-Machhali Bazaar	5100
2	RikshaThela/ChalakNibandhan	5750
3	Public Toilet near bus stand	2500
4	Public Toilet near Sale Tax office	2500
5	Public Toilet near Court parisar	2500
6	Public Toilet near Madhavnagarsabjmandi	2500
7	Public Toilet near RLDC	2500
TOTAL		23350

Consequence / Effect / Impact: Due to non-collection of Stamp duty there is a revenue loss to government.

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 Stamp duty which results in Revenue loss to government.

Corrective Action / Recommendation: Proper attention required.



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

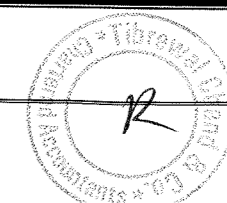
Excess Payments against bill, lack of produce in payments against voucher, inefficiency in the control resulting loss to ULBs

a. We found a few discrepancies while vouching the expenditure. Details of such are given here:-

SI.NO	VOUCHER NO	DATE	AMOUNT	PARTICULARS	REMARKS
1	85	29-08-2017	2248333	Electricity Bill	Excess Payment 7793.
2	249	23-01-2018	764484	Punch foundation	TDS Not Deducted
3	77	25-07-2017	638400	Punch Foundation	TDS Not Deducted
4	102	10-09-2017	1091762	Punch Foundation	TDS Not Deducted
5	89	05-09-2017	281200	Bleaching Ex.	Purchase without Procurement.

b. As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10000/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was found that only Rs. 4,00,000/- was realized from the Tower Company for financial year 2017-18, resulting in loss of Rs. 36,56,000. Details of such are given here:-

SI.NO	NAME OF TOWER	NO OF TOWER	REGISTRATION FEE	RENEWAL FEE	TOTAL DUE
1	A.T.C Tower	1	80000	100000	180000
2	B.S.N.L	6	240000	670000	910000
3	Tata India	5	40000	406000	446000
4	Reliance	4	160000	470000	630000
5	AIRTEL	8	120000	100000	220000
6	AIRCEL	7	0	660000	660000
7	Vodafone	7	0	610000	610000
TOTAL					3656000



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

c. Only 75% rent has been collected till 31-03-2018, balance amount of Rs 216599 was due for the year 2017-18. Details of such are given here:-

SI.NO	PARTICULAR OF SHOP	NO OF SHOP	DUE AMOUNT ON 31-03-2018
1	PuranaMaans- mchhali Bazaar	2	10340
2	Hospital Road	5	20400
3	Auotfall Drain	9	70025
4	Utkarsh Bazaar	4	25423
5	Avinav Bazaar	1	1012
6	Dharamganj Nehru Park	1	17604
7	Near Thana	1	2304
8	Veer kunwar Singh Bus stand	12	59664
9	De market Sabji Market	3	9827
TOTAL			216599

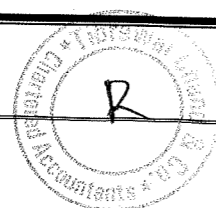
d. Only some money was collected as Advertisement Tax (Code 110-11) during the financial year 2017-18. List of unrealized advertisement tax is required to be prepared.

e. Notice Fees has been collected during the F.Y. 2017-18 on property tax, tower tax and Sairat but no details regarding collection has been maintained.

Report on Findings of the field survey of property tax of minimum 20 high value properties.

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

YEAR	HOLDING NO	WARD NO	AREA	PROPERTY TAX	Residential/Commercial	OBSERVATION
2017-18	494	3	8814	114555	Commercial	No observation
2017-18	554	3	10620	19483	Residential	No observation
2017-18	557	3	10620	47806	Commercial	No observation
2017-18	133	14	2340	12846	Residential	No observation
2017-	556	3	10620	20123	Commercial	No observation



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

18						
2017-18	103	14	1465	12658	Residential	No observation
2017-18	80	14	3887	10495	Residential	No observation
2017-18	87	14	8685	15250	Residential	No observation
2017-18	52	27	3973	28126	Commercial	No observation
2017-18	395	8	55872	65408	Commercial	No observation
2017-18	184	9	29250	10530	Residential	No observation
2017-18	99	11	5292	33429	Commercial	No observation
2017-18	100	14	3333	14339	Residential	No observation
2017-18	179	19	38373	51003	Commercial	No observation
2017-18	188	26	2063	4767	Residential	No observation
2017-18	73	26	5000	21635	Commercial	No observation
2017-18	3	11	1900	38995	Commercial	No observation
2017-18	36	10	5332	46880	Commercial	No observation
2017-18	173	9	2700	30354	Commercial	No observation
2017-18	446	8	14810	48990	Commercial	On one extra Flore no holding tax charged
2017-18	494	3	8814	114555	Commercial	No observation
2017-18	554	3	10620	19483	Residential	No observation
2017-18	466	16	1125	336	Residential	No observation
2017-18	349	14	594	299	Residential	No observation
2017-	223	14	240	1009	Residential	No observation



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

18						
2017-18	51	27	3200	1323	Residential	No observation
2017-18	335	14	1125	415	Residential	No observation
2017-18	297	14	1125	1418	Residential	No observation
2017-18	346	27	1125	517.87	Residential	No observation
2017-18	241	22	3375	1512	Residential	No observation
2017-18	53	34	2250	557	Residential	No observation
2017-18	49	34	1687.5	523	Residential	No observation
2017-18	285	33	6187.5	1377	Residential	No observation

ii. Part B

Audit objection/irregularities which has no monetary implications, but significant violations of Act, Rules & directives of UD&HD. mention the reference to Act & Rules wherein remedial measure is required.

Non-maintenance of books of accounts, subsidiary registers: -

We observed that following registers which are given below has not been maintained by the ULBs.

- Journal Book.
- Cheque issued register.
- Assets register.

Internal Audit Report for the year ended 31st March of F.Y. 2017-18

- Contra, journal, Receipt Voucher.
- Records and revision of taxes and rent.
- Demand Register.

Irregularities In procurement Process:-

ULB has not maintained Procurement Register so it is difficult to trace all Procurement above Rs. 15000 from various cash book.

List of Procurement done by ULB above Rs. 15000 has been provided below.

Sl.no	Date of Procurement	Amount	Particulars	Remarks
1	05-09-2017	281200	Bleaching Ex.	No E-Tendering
2	10-09-2017	1091762	Punch Foundation	No Obsevation
3	15-05-2017	169749	Radhika Diesel	No Obsevation
4	14-06-2017	4424277	T.P sharma J.E	No Obsevation
5	22-06-2018	800738	Royals sales	No Obsevation
6	10-10-2017	394968	Super builders	No Obsevation
7	05-01-2018	741396	Hindustan media	No Obsevation
8	08-02-2018	364892	Daftari developer ltd	No Obsevation
9	09-03-2018	2645000	Mauryamoters. Pvt ltd	No Obsevation

While verifying the applicable procurement process, we have noticed few irregularities. Details of such are given here:-

Scheme No	10/2017-18
Scheme Name	Construction of Samrat Ashok Bhawan under State Finance
Estimated Amount	10223147
No of Bid Received	02
Name of Bidders	ShriBabban Kumar Shri Ravish Ranjan
Selected Bidder	Shri Ravish Ranjan
Date of allotment of work order	28-06-2018
Time allotted to complete the work	120 days
Observation	We observed that, no comparative chart of two bidders and quotation of two bidders found. No any clarification given by management regarding how to reject Shri babban kumar from the above work.

Internal Audit Report for the year ended 31st March of F.Y. 2017-18

Scheme No	11/2017-18
Scheme Name	Construction of road from N.H 31 to khagra gate and munshitola to Bengal border under State Finance
Estimated Amount	74582707
No of Bid Received	01
Name of Bidders	ShriRavindra Kumar
Selected Bidder	ShriRavindrakumar
Date of allotment of work order	14-05-2018
Time allotted to complete the work	120 days
Observation	We observed that, shriravindrakumar was a single bidder for the above work and work given to shriravindrakumar. According to municipal act, in case of single bidder bid should be cancelled.

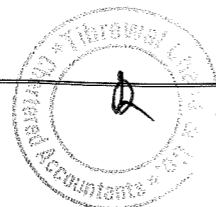
Non-compliance of directives by UD &HD, Government of Bihar-

Delay in deposit of cash to cashier by tax collector:-As per the records made available during the audit, delays were observed between date of collection made by the tax collector and the deposit of the same to the cashier. Which are shown below:

DATE OF COLLECTION BY TAX COLLECTOR		COLLECTED AMOUNT	DATE OF DEPOSIT	DELAY IN SUBMISSION TO CASHIER	
FROM	TO			FROM	TO
01-04-2017	01-05-2017	198492	05-05-2017	31	4
09-05-2017	22-05-2017	700820	27-05-2017	14	5
14-06-2017	25-06-2017	1050084	30-06-2017	16	5
13-07-2017	18-07-2017	490773	20-07-2017	7	2
13-08-2017	28-09-2017	77842	03-10-2017	45	5
13-10-2017	25-10-2017	211634	30-10-2017	17	5
12-11-2017	18-11-2017	953722	24-11-2017	6	6
09-01-2018	21-01-2018	685361	23-01-2018	14	2
08-02-2018	14-02-2018	518328	19-02-2018	10	6
14-03-2018	20-03-2018	2995720	28-03-2018	14	8

Non-compliance of Act & Rules:- (Response of the ULB has been given in our signed discussion notes which is attached with our report)

The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis.



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed.

Lack of internal control measures:-(Response of the ULB has been given in our signed discussion notes.)

Demand Register for collection of holding/property tax for the financial year 2017-18 is not yet prepared.

Demand Register for collection of Trade License for the financial year 2017-18 is not yet prepared.

The municipality is continuing with a single demand collection register and cashier cash book since 2012-13. We suggest to maintained separate registers yearly. It is observed that register is turned.

There is no cash vault in the cash department for safety measure.

Vouchers are not filed serially and kept in loose form. Those need to be filed properly and date wise sequentially.

During the verification of advertisement tax file we observed some work allowed without issuing work order to concerned party. Details of such are given here:-

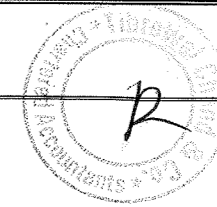
SI.NO	NAME	ADDRESS	AMOUNT	OBSERVATION
1	Manish Daftari	Kishanganj	7920	Work Order Not Issued
2	Lakhi Gold, Imporium	Kishanganj	11000	Work Order Not Issued

The cash kept in the locker is not insured against theft & fire which is very vital issue. It can be seen that huge amount of cash is kept for quiet a no of days. So, it is necessary to keep the physical cash under insurance cover.

In DCR, in most of the cases, nor there is any signature of the tax collector, neither signature of the cashier or other competent authorities collecting the cash from the tax collector. Date of deposit is also not mentioned in most of the pages. It is advice to maintain the records in DCR clearly and sequentially.

Rent Agreement expired in case of few market shops and no new agreement was made till the date of audit. Details of such are given here:-

SI.NO	SHOP NO	PARTY NAME	MARKET NAME	DATE OF EXPIRY OF RENT AGREEMENT



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

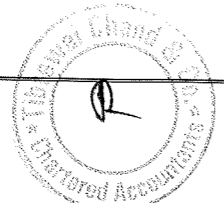
1	28	Shyam Chandra Mandal	Veer Kunwar Singh Bus Stand	31-03-2013
2	29	Ram Narayan Poddar	Veer Kunwar Singh Bus Stand	31-03-2013
3	50	Shiv Shankar Gosai	Veer Kunwar Singh Bus Stand	31-03-2012
4	53	Vinay Kumar Saha	Veer Kunwar Singh Bus Stand	31-03-2012
5	57	MunnaMistri	Veer Kunwar Singh Bus Stand	31-03-2012
6	32	Rajeev Ranjan Sinha	Veer Kunwar Singh Bus Stand	31-03-2015
7	59	Md. Sohrab	Veer Kunwar Singh Bus Stand	31-03-2012
8	46	Md. Samim	Veer Kunwar Singh Bus Stand	31-03-2012
9	23	Yogendra Prasad	Veer Kunwar Singh Bus Stand	31-03-2013
10	56	Shiv Shankar Choudhary	Veer Kunwar Singh Bus Stand	31-03-2012
11	31	Md. Furrlan	Veer Kunwar Singh Bus Stand	31-03-2015

Non-compliance of TDS, VAT and other relevant statute :- (Response of the ULB has been given in our signed discussion notes.)

We observed that ULB is not in practice to deduct TDS on Advertisement Bill payment and salary payment to employee.

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

SI.NO	YOJNA NAME	TDS AMOUNT	DATE OF DEDUCTION	DATE OF DEPOSIT
1	45/16-17	2909	25-05-2017	14-06-2017
2	14/16-17	8352	25-05-2017	14-06-2017
3	26/16-17	2260	25-05-2017	14-06-2017
4	33/16-17	13780	25-05-2017	14-06-2017
5	21/16-17	4513	25-05-2017	14-06-2017
6	01/16-17	8689	16-06-2017	17-07-2017
7	18/16-17	8388	21-09-2017	11-10-2017



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

Copy of Returns of VAT, TDS has not been shown to us.

The Kishanganj Nagar Parisad is not complying with the provisions of EPF with regards to Contractual and permanent Employee. It may lead to imposition of Penalty by the Authority in this Regards.

Deficiency in pay-roll system: -

Labor Payment has been made on muster roll.

Utilization of grant and report on missing Utilization Certificates

Details of UCs related to Financial Year 2017 – 2018 are given as annexure "Q".

Physical verification of inventory/stores

Fixed assets register has not been maintained at Nagar Parisad level.

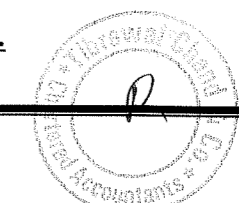
Stock register has not been properly maintained. All the Items of stock has been entered at same page in register. Issue quantity and balance quantity has not been shown in stock register.

Advances, their adjustment & recovery :- (Response of the ULB has been given in our signed discussion notes.)

A lot of staff advance of previous year has not been adjusted till 31-03-2018. Details of such are given here:-

SI.NO	NAME OF STAFF	DATE OF ADVANCE	AMOUNT
1	Shri Badal Mallik, SafaiKarmi	18-06-2016	75445
2	Md. Aasha Devi, Safaikarmi	03-05-2017	40800
3	Md. Urmila Devi, Safaikarmi	03-05-2017	40800
4	Md. Bhagmani Devi, Safaikarmi	03-05-2017	40800
5	Shri Santosh Roy	16-08-2017	100000
		29-08-2017	100000
		04-12-2017	30000
6	Shri Rajeev kumarsaha	13-04-2017	30000
		24-10-2017	150000
		23-02-2017	40000
		20-02-2018	80000
TOTAL			727845

Any other matter as may be prescribed in due course.



No Fixed deposit has been made by ULB during the F.Y.2017-18

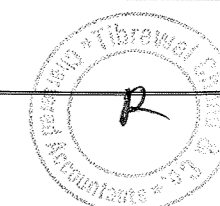
General Observations: -

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.



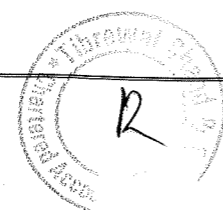
Part "C"

S/N	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Chapter xi, rule 84 (Budget has not been sanction by Empowered standing committee)& Chapter xii, rule 86 (Prepare and maintain accounts of receipts and expenditure), 87 (Preparation of Municipal Accounting Manual), 88 (Financial Statement.) 89 (Balance sheet.), 90 (Submission of financial statement and balance sheet to auditor.) and 98 (Municipal accounts committee.) are not follow by the ulb.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment procedures to check any inconsistencies in assessment. at least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not).	Yes, in this ULB SAS implementation of property tax has been implemented. We have witnessed the 20 high value of property (List of property tax payer provided by ulb) same has been reported in Part C.
3	Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR Rule 22: All moneys to be brought to account Rule: 27: Collections to be deposited into Bank on the same day Rule 69: Grant Related Compliance Rule 120-121: Monthly Receipt & Payment Account and Trial Balance	Rule 22: we have found that all money has been brought to account but delayed. Rule 27: we have observed that the collected money has not to be deposited into Bank Account on same day. Rule 69: Grant related compliance has been done properly. Rule 120-121: Monthly Receipt & Payment Account and Trial Balance are not being prepared. Rule 130 is not being followed.



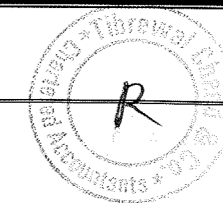
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

	Rule 130: Audit to be completed & reported within 6 month	
4	Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.
5	If any revenue losses and opportunities lost or missed including in the area of, Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sai rat etc. have incurred then quantify the same.	It has been discussed in discussion notes and audit report under part A.
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	All payment above Rs. 10000 has been vouched and deficiency has been mentioned in our discussion notes and audit report.
7	Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	No procurement register has been maintained. All payment above Rs. 15000 has been verified and irregularity has been discussed in discussion notes as well as mentioned in audit report under part B
8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	We advised management to prepare pending UC of expenditure already incurred. We will provide all support in this regard. Status of pending UC has been provided in our Audit report under part B.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	It has been provided in discussion notes as well as in audit report under part A.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are	It has been provided in discussion notes as well as in audit report under part A.



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

	according to procurement law and policies.	
11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No fixed deposit made during the F.Y. 2017-18. All funds held by ULB are maintained at Nationalized Banks and rate of interest is per banking norms.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses.	It has been provided in discussion notes as well as in audit report under part A.
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	It has been provided in discussion notes as well as in audit report under part A.
14	Whether C&AG and Internal audit paras has been complied, if not assistance has been provided in this regard.	It has been discussed with management to prepare compliance report in regards of C&AG Audit paras but management says that it will take few week or month. We suggest management to communicate if any difficulty arise in regarding preparing compliance report we should guide and provide all assistance in this regard.



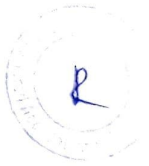
ANNEXURE

Annexure "Q":- Details of UCs related to FY-2017 - 2018

SN	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-Utilized Amount	Remarks
1	2017-18	नगर कार्यपालक पदाधिकारी का वेतन	23/05/2017	5.00	4.52	0.48	Un-utilized Rs. 0.48 Transferred to PL A/C
2	2017-18	नगर प्रबंधन का वेतन	31/05/2017	1.97	NIL	1.97	Rs. 1.97 Transferred to Treasury
3	2017-18	पार्षद का बैठक भाता	16/06/2017	7.92	7.92	NIL	UC Submitted
4	2017-18	professional Tax	30/06/2017	35.40	35.40	NIL	UC Submitted
5	2017-18	पथ निर्माण	27/07/2017	8.28	8.28	NIL	UC Submitted
6	2017-18	14th Finance	02/08/2017	203.45	203.45	NIL	UC Submitted
7	2017-18	नागरिक सुविधा	24/08/2017	124.20	124.20	NIL	UC Submitted
8	2017-18	पंचम राज्य वित्त आयोग	14/09/2017	252.85	252.85	NIL	UC Submitted
9	2017-18	पंचम राज्य वित्त आयोग	14/09/2017	252.85	252.85	NIL	UC Submitted
10	2017-18	मुख्यमंत्री शहरी नाली गली निश्चय योजना	30/10/2017	46.00	23.50	22.50	Un-utilized Rs. 22.50 Transferred to PL A/C
11	2017-18	मुख्यमंत्री शहरी नाली गली निश्चय योजना	30/10/2017	74.07	74.07	NIL	UC Submitted
12	2017-18	मुख्यमंत्री शहरी नाली गली निश्चय योजना	30/10/2017	5.63	5.63	NIL	UC Submitted
13	2017-18	14th Finance	24/01/2018	202.90	202.90	NIL	UC Submitted



14	2017-18	Day - Nulm	07/07/2017	3.00	3.00	NIL	UC Submitted
15	2017-18	नाला निर्माण	02/02/2017	39.46	39.46	NIL	UC Submitted
16	2017-18	कार्यपालक पदाधिकारी का वेतन	23/05/2017	5.00	5.00	NIL	UC Submitted
17	2017-18	Day - Nulm	11/01/2018	0.95	0.25	0.70	Un-utilized Rs. 0.70 Transferred to PL A/C
18	2017-18	नाली गली	11/08/2017	146.69	NIL	146.69	Un-utilized Rs. 146.69 Transferred to PL A/C
Grand Total				1415.62	1243.28	172.34	



TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.

DISCUSSION NOTE
PERIOD- 01-04-2017 TO 31-03-2018

SI.NO	OBSERVATION	MANAGEMENT COMMENT
T.D.	1 Delay in deposit of cash to cashier by tax collector:- As per the records made available during the audit, delays were observed between date of collection made by the tax collector and the deposit of the same to the cashier. Which are shown in Annexure "A" of our discussion note.	all tax collectors are directed to deposited tax in time. Action as taken to avoid delay in deposit.
T.D.	2 The cash kept in the locker is not insured against theft & fire which is very vital issue. It can be seen that huge amount of cash is kept for quiet a no of days. So, it is necessary to keep the physical under insurance cover.	step is taken to purchase locker soon.
T.D.	3 After reconciliation of cashier cash book with treasury challan, we observed that collections under different head are not deposited in treasury Account. Details of such are given in Annexure "B" of our discussion note	Rs 111-00 deposited via MRN-159 dt 26/4/18 Rs 565 deposited via MRN-160 dt 26/4/18
T.D.	4 Demand Register for collection of holding/property tax for the financial year 2017-18 is not yet prepared.	demand registers are preparing.
T.D.	5 In DCR, in most of the cases, nor there is any signature of the tax collector, neither signature of the	All tax collectors, cashiers and tax donors are directed to make necessary attempt.



29.4.18
Executive Officer
Municipal Council, Kishanganj

TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.

	cashier or other competent authorities collecting the cash from the tax collector. Date of deposit is also not mentioned in most of the pages. It is advice to maintain the records in DCR clearly and sequentially.	
T.D.	6 Report on Findings of the field survey of property tax of minimum 20 high value properties is given in Annexure "C" of our discussion note.	property tax & 1/6 assessment form are filled by the assesses as per municipal law.
Santosh Karm	7 After reconciliation of cashier cash book with treasury challan, we observed that collections under tower tax are not deposited in treasury Account. Details of such are given in Annexure "D" of our discussion note	shown to the audit
Santosh Karm	8 As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10000/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was found that only Rs. 4,00,000/- was realized from the Tower Company	making necessary step to realize mobile tower tax. notices has been given to the default tower owner.



29.4.18
Executive Officer
Municipal Council, Kishanganj

TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.

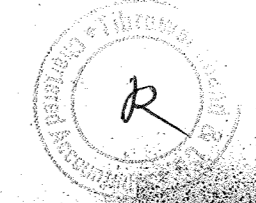
	for financial year 2017-18, resulting in loss of Rs. 36,56,000. Details of such are given in Annexure "E" of our discussion note.	
T.D 4/9/18	9 During the verification of sairat register, we observed that during the financial year 2017-18, a lot of sairat was not held at municipal council. Due to this reason Revenue loss of Rs 467000 to concerned ULB. Details of such are given in Annexure "F" of our discussion note.	Madhav Nagar Masr Machhat 8 gars collected by municipal council. shown to the audit & Reck show the file for the year 2017-18 shown to the audit. 4 nos of public toilet are free cost for the benefit of the passenger. no any cost is being taken to the user.
T.D	10 During the verification of sairat file, we observed that some agreement between the party and ULB for the concerned sairat was not available at ULB. Due to this reason stamp duty loss of Rs 3000 to concerned ULB. Details of such are given in Annexure "G" of our discussion note.	Steps are taken to deposit stamp duty for the sairat occupiers.
T.D	11 During the financial year 2017-18, a lot of sairat was not held at municipal council. Due to this reason stamp duty loss of Rs 23350 to concerned ULB. Details of such are given in Annexure "H" of our discussion note.	during 2017-18 sairat amount collected by municipal council
Sandesh Roy	12 Rent Agreement expired in case of few market shops and no new agreement was made till the date of audit. Details of such are given in Annexure "I" of our discussion note.	notices are issued to the defaulters to make agreement. Some shopkeepers are in holdup. taking necessary step to make agreement as soon as possible.



[Signature]
Executive Officer
Municipal Council, Kishanganj
29/4/19

TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.

Sandesh Roy	13 Only 75% rent has been collected till 31-03-2018, balance amount of Rs 216599 was due for The year 2017-18. Details of such are given in Annexure "J" of our discussion note.	in Rs 216599 = balance Rs 125169 = has been collected Rs. 91430 = till due steps is being taken to (attached) realise balance Rs 91430 = as soon as possible.
Harit Anwar	14 Demand Register for collection of Trade License for the financial year 2017-18 is not yet prepared.	Demand & collect register is preparing.
Sangeet Saha	15 Only some money was collected as Advertising Tax (Code 110-11) during the financial year 2017-18. List of unrealized advertisement tax is required to be prepared.	5 persons applied for advertisement - and Rs 144364 = deposited. List of unrealized advertisement tax is required to be prepared.
Sangeet Saha	16 During the verification of advertisement-tax file we observed some work allowed without issuing work order to concerned party. Details of such are given in Annexure "K" of our discussion note.	advertisement amount has been deposited in file further step would be taken next time to work order.
Sham Sik	17 While verifying the applicable procurement process, we have noticed few irregularities. Details of such are given in Annexure "L" of our discussion note.	Both these scheme in annexure 'L' in draw process work will be allotted to contractor by S.E in UDHD.
Pragya Saha	18 A lot of staff advance of previous year has not been adjusted till 31-03-2018. Details of such are given in Annexure "M" of our discussion note.	Deduction process is going on.
Aad	19 We found a few discrepancies while vouching the expenditure. Details of such are given in Annexure "N" of our discussion note.	Details are mentioned in annexure (N)



[Signature]
Executive Officer
Municipal Council, Kishanganj
29/4/19

**TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

	note	
Act	20 Vouchers are not filed serially and kept in loose form. Those need to be filed properly and date wise sequentially.	Future reference
Act	21 It is Found that few bank balances not reconciled. Details of such are given in Annexure "O" of our discussion note	Trace in FY 2018-19
Act	22 Fixed assets register has not been maintained at Nagar Parisad level.	Prepared by K.K. Chaurasia
Aspec Siv	23 Stock register has not been properly maintained. All the article of stock has been entered at same page in register. Issue quantity and balance quantity has not been shown in stock register.	Stock register maintain in future ref.
Aspec Siv	24 The Kishanganj Nagar Parisad is not complying with the provisions of EPF with regards to Contractual and permanent Employee. It may lead to imposition of Penalty by the Authority in this Regards.	EPF started from 2018-19 (September-2018)
Act	25 We observed that ULB is not in practice to deduct TDS on Advertisement Bill payment and salary payment to employee.	Employee TDS deducted from 2018-19
Act	26 We observed that ULB is not in practice to Deposit the deducted TDS on stipulated time. Details of such are given in Annexure "P" of our discussion note	Future Reference of take this.
Act	27 Double entry system has been not yet implemented.	Double entry system work allot to K.K. Chaurasia & Associates
T.D	28 There is no cash vault in the cash	Step is being to purchase soon.



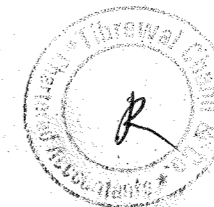
[Signature]
Executive Officer
Municipal Council, Kishanganj

**TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

	department for safety measure.	
Act	29 Copy of Returns of VAT, TDS has not been shown to us.	TIN No not allotted to ULB. TDS Returns shown to next a/c.
T.D	30 The municipality is continuing with a single demand collection register and cashier cash book since 2012-13. We suggest to maintained separate registers yearly. It is observed that register is turned.	steps are taken to make necessary to maintained separate register yearly. Separate register are prepared.
Act	31 The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis.	BRS started from 2018-19
Act	32 Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed.	ULB prepared budget on annual basis.
Aspec Siv	33 Utilization of grant and report on missing Utilization Certificates are given in Annexure "Q" of our discussion note	Details submitted on internal Auditor.

Annexure "A"

DATE OF COLLECTION BY TAX COLLECTOR		COLLECTED AMOUNT	DATE OF DEPOSIT	DELAY IN SUBMISSION TO CASHIER	
FROM	TO			FROM	TO
01-04-2017	01-05-2017	198492	05-05-2017	31	4
09-05-2017	22-05-2017	700820	27-05-2017	14	5
14-06-2017	25-06-2017	1050084	30-06-2017	16	5
13-07-2017	18-07-2017	490773	20-07-2017	7	2
13-08-2017	28-09-2017	77842	03-10-2017	45	5
13-10-2017	25-10-2017	211634	30-10-2017	17	5
12-11-2017	18-11-2017	953722	24-11-2017	6	6
09-01-2018	21-01-2018	685361	23-01-2018	14	2
08-02-2018	14-02-2018	518328	19-02-2018	10	6
14-03-2018	20-03-2018	2995720	28-03-2018	14	8



[Signature]
Executive Officer
Municipal Council, Kishanganj

**TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

Annexure "B"

SI.NO	CHALLAN NO	DATE	AMOUNT	PARTICULAR
1	448	22-12-2016	17500	B.O.Q
2	2845	24-04-2017	865	Holding Tax
3	6647	25-09-2017	111	Holding Tax

Deposited vide M.R.N.-159 dt 26.11.19 Rs 111/-

Annexure "C"

YEAR	HOLDING NO	WARD NO	AREA	PROPERTY TAX	OBSERVATION
2017-18	554	1	2531	1082	No observation
2017-18	549	1	1125	298	No observation
2017-18	425	1	1125	2236	No observation
2017-18	552	1	2250	601	No observation
2017-18	530	1	2250	750	No observation
2017-18	338	14	674	315	No observation
2017-18	168	27	675	170	No observation
2017-18	238	33	4163	775	No observation
2017-18	46	34	1687.5	500	No observation
2017-18	300	33	2250	850.5	No observation
2017-18	59	27	250	428	No observation
2017-18	64	27	1800	1276	No observation
2017-18	292	14	240	778	No observation
2017-18	223	14	184	530	No observation



Executive Officer
Municipal Council, Kishanganj

**TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

2017-18	27	1	1125	255	No observation
2017-18	546	1	788	116	No observation
2017-18	471	2	1125	1198	No observation
2017-18	204	8	2138	709	No observation
2017-18	553	1	2250	601	No observation
2017-18	551	1	2250	601	No observation
2017-18	547	1	788	388	No observation
2017-18	599	2	2250	486	No observation
2017-18	412	2	4219	1558	No observation
2017-18	466	16	1125	336	No observation
2017-18	349	14	594	299	No observation
2017-18	223	14	240	1009	No observation
2017-18	51	27	3200	1323	No observation
2017-18	335	14	1125	415	No observation
2017-18	297	14	1125	1418	No observation
2017-18	346	27	1125	517.87	No observation
2017-18	241	22	3375	1512	No observation
2017-18	53	34	2250	557	No observation
2017-18	49	34	1687.5	523	No observation
2017-18	285	33	6187.5	1377	No observation



Executive Officer
Municipal Council, Kishanganj

TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.

Annexure "D"

SI.NO	TOWER NAME	REGISTRATION FEE	RENEWAL FEE	TOTAL COLLECTION	NOT DEPOSIT AMOUNT
1	Reliance Jio	40000	10000	50000	50000
2	Reliance Jio	0	10000	10000	10000
3	Reliance Jio	0	10000	10000	10000

Annexure "E"

SI.NO	NAME OF TOWER	NO OF TOWER	REGISTRATION FEE	RENEWAL FEE	TOTAL DUE
1	A.T.C Tower	1	80000	100000	180000
2	B.S.N.L	6	240000	670000	910000
3	Tata India	5	40000	406000	446000
4	Reliance	4	160000	470000	630000
5	AIRTEL	8	120000	100000	220000
6	AIRCEL	7	0	660000	660000
7	Vodafone	7	0	610000	610000
TOTAL					3656000

Annexure "F"

SI.NO	NAME OF SAIRAT	MINIMUM COLLECTION AMOUNT
1	Madhav Nagar, Maans-Machhali Bazaar	102000
2	Riksha Thela/Chalak Nibandhan	115000
3	Public Toilet near bus stand	50000
4	Public Toilet near Sale Tax office - 5000	50000
5	Public Toilet near Court parisar - not municipal toilet	50000
6	Public Toilet near Madhav nagar sabji mandi	50000
7	Public Toilet near RLDC	50000
TOTAL		467000

Annexure "G"

SI.NO	NAME OF SAIRAT	PARTY NAME	STAMP DUTY
-------	----------------	------------	------------



Executive Officer
Municipal Council, Kishanganj
29.12.18

TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.

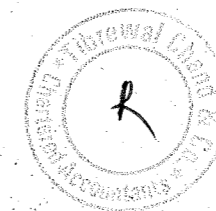
1	Demarket Sabji Mandi	Shri Tanveer Alam	1000
2	Madhav Nagar Sabji Mandi	Md Javed	1000
3	Demarket Maans-Machhali Bazaar	Shri Mohan Singh	1000
TOTAL			3000

Annexure "H"

SI.NO	NAME OF SAIRAT	STAMP DUTY @ 5%
1	Madhav Nagar, Maans-Machhali Bazaar	5100
2	Riksha Thela/Chalak Nibandhan	5750
3	Public Toilet near bus stand	2500
4	Public Toilet near Sale Tax office	2500
5	Public Toilet near Court parisar	2500
6	Public Toilet near Madhav nagar sabji mandi	2500
7	Public Toilet near RLDC	2500
TOTAL		23350

Annexure "I"

SI.NO	SHOP NO	PARTY NAME	MARKET NAME	DATE OF EXPIRY OF RENT AGREEMENT
1	28	Shyam Chandra Mandal	Veer Kunwar Singh Bus Stand	31-03-2013
2	29	Ram Narayan Poddar	Veer Kunwar Singh Bus Stand	31-03-2013
3	50	Shiv Shankar Gosai	Veer Kunwar Singh Bus Stand	31-03-2012
4	53	Vinay Kumar Saha	Veer Kunwar Singh Bus Stand	31-03-2012
5	57	Munna Mistri	Veer Kunwar Singh Bus Stand	31-03-2012
6	32	Rajeev Ranjan Sinha	Veer Kunwar Singh Bus Stand	31-03-2015
7	59	Md. Sohrab	Veer Kunwar Singh Bus Stand	31-03-2012
8	46	Md. Samim	Veer Kunwar Singh Bus Stand	31-03-2012
9	23	Yogendra Prasad	Veer Kunwar Singh Bus Stand	31-03-2013



Executive Officer
Municipal Council, Kishanganj
29.12.18

**TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

10	56	Shiv Shankar Choudhary	Singh Bus Stand Veer Kunwar Singh Bus Stand	31-03-2012
11	31	Md. Furlan	Veer Kunwar Singh Bus Stand	31-03-2015

Annexure "J"

SI.NO	PARTICULAR OF SHOP	NO OF SHOP	DUE AMOUNT ON 31-03-2018
1	Purana Maans- mchhali Bazaar	2	10340
2	Hospital Road	5	20400
3	Auotfall Drain	9	70025
4	Utkarsh Bazaar	4	25423
5	Avinav Bazaar	1	1012
6	Dharamganj Nehru Park	1	17604
7	Near Thana	1	2304
8	Veer kunwar Singh Bus stand	12	59664
9	De market Sabji Market	3	9827
TOTAL			216599

Annexure "K"

SI.NO	NAME	ADDRESS	AMOUNT	OBSERVATION
1	Manish Daftari	Kishanganj	7920	Work Order Not Issued
2	Lakhi Gold, Imporium	Kishanganj	11000	Work Order Not Issued

Annexure "L"

Scheme No	10/2017-18
Scheme Name	Construction of Samrat Ashok Bhawan under State Finance
Estimated Amount	10223147
No of Bid Received	02
Name of Bidders	Shri Babban Kumar Shri Ravish Ranjan
Selected Bidder	Shri Ravish Ranjan



Executive Officer
Municipal Council, Kishanganj

Scanned by CamScanner

**TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

Date of allotment of work order	28-06-2018
Time allotted to complete the work	120 days
Observation	We observed that, no comparative chart of two bidders and quotation of two bidders found. No any clarification given by management regarding how to reject Shri babban kumar from the above work.

Scheme No	11/2017-18
Scheme Name	Construction of road from N.H 31 to khagra gate and munshi tola to Bengal border under State Finance
Estimated Amount	74582707
No of Bid Received	01
Name of Bidders	Shri Ravindra Kumar
Selected Bidder	Shri Ravindra kumar
Date of allotment of work order	14-05-2018
Time allotted to complete the work	120 days
Observation	We observed that, shri ravindra kumar was a single bidder for the above work and work given to shri ravindra kumar. According to municipal act, in case of single bidder bid should be cancelled.

Annexure "M"

SI.NO	NAME OF STAFF	DATE OF ADVANCE	AMOUNT
1	Shri Badal Mallik, Safai Karmi	18-06-2016	75445
2	Md. Aasha Devi, Safai karmi	03-05-2017	40800
3	Md. Urmila Devi, Safai karmi	03-05-2017	40800
4	Md. Bhagmani Devi, Safai karmi	03-05-2017	40800
5	Shri Santosh Roy	16-08-2017	100000
		29-08-2017	100000



Executive Officer
Municipal Council, Kishanganj

Scanned by CamScanner

**TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

		04-12-2017	30000
6	Shri Rajeev kumar saha	13-04-2017	30000
		24-10-2017	150000
		23-02-2017	40000
		20-02-2018	80000
TOTAL			727845

Annexure "N"

SI.NO	VOUCHER NO	DATE	AMOUNT	PARTICULARS	REMARKS
1	85	29-08-2017	2248333	Electricity Bill	Excess Payment 7793. <i>Future Refr</i>
2	249	23-01-2018	764484	Punch foundation	TDS Not Deducted <i>Ded</i>
3	77	25-07-2017	638400	Punch Foundation	TDS Not Deducted <i>15 21</i>
4	102	10-09-2017	1091762	Punch Foundation	TDS Not Deducted <i>15 21</i>
5	89	05-09-2017	281200	Bleaching Ex.	Purchase without Procurement. <i>due</i>

Annexure "O"

NAME OF PROJECT	NAME OF BANK	ACCOUNT TYPE	ACCOUNT NO	PASSBOOK BALANCE	CASH BOOK BALANCE	REMARKS
House For all	CANARA BANK	SAVING	3148101005526	146541744	135191744	Rs 1550000 not reconciled.

Annexure "P"

SI.NO	YOJNA NAME	TDS AMOUNT	DATE OF DEDUCTION	DATE OF DEPOSIT
1	45/16-17	2909	25-05-2017	14-06-2017



Executive Officer
Municipal Council, Kishanganj

**TEBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

2	14/16-17	8352	25-05-2017	14-06-2017
3	26/16-17	2260	25-05-2017	14-06-2017
4	33/16-17	13780	25-05-2017	14-06-2017
5	21/16-17	4513	25-05-2017	14-06-2017
6	01/16-17	8689	16-06-2017	17-07-2017
7	18/16-17	8388	21-09-2017	11-10-2017

Executive Officer
Municipal Council, Kishanganj
27.4.19

