

Financial  
Year  
2017-18



**Internal Audit Report for  
FY 2017-2018 of  
Ghoghardiha Nagar Panchayat**

INTERNAL AUDIT CONDUCTED BY:  
M/s Tibrewal Chand & Co., Chartered Accountants  
From 01-04-2017 to 31-03-2018  
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INTERNAL AUDIT REPORT  
Submitted On: 30<sup>th</sup> August, 2019



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**Internal Audit Report- Nagar Panchayat – Ghoghardiha**

Urban Development and Housing Department in order to implement the best practices of the internal audit of 140 ULBs through NIT No. IA-140 ULBs/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. We then identified Evaluated and tested adequacy, effectiveness and efficiency of internal controls including standard policies and procedure laid down by the management for each of the areas included in the scope of work.

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

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

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

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



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

For Tibrewal Chand & Company  
Chartered Accountants

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

UDIN: 20518422 AAAAJ9456

Dated :- 24-08-2020

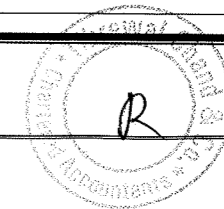


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Executive Summary

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

<b>Strengths observed during the audit engagement</b>	<ol style="list-style-type: none"><li>1. General Cash book has been prepared for the audited period</li><li>2. Cashier cash book has been prepared for the audited period</li><li>3. Few Revenue related records were prepared by the Panchayat</li><li>4. Financial Statements for the period 2017-18 were prepared by the Panchayat</li></ol>
<b>Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement</b>	<ol style="list-style-type: none"><li>1. Non preparation of bank reconciliation statements.</li><li>2. Non deduction of TDS in various cases such as Vehicle hire Charges, Repair &amp; Maintenance to building, vehicles etc., resulting in violation of tax provisions and attraction of interest and penalty.</li><li>3. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes.</li><li>4. Non deduction of TDS in salary cases checked on random basis.</li></ol>



5. Non deposition of statutory dues on time such as labor cess, TDS, VAT, ESI/PF to the authorities after deduction from bills, resulting in huge penalties and interest.
6. Non-Performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.
7. Non-Maintenance of assets registers in complete manner resulting in chances of mis-utilization of assets.
8. No proper survey of properties has been conducted by the ULB to ascertain the property tax receivables from holdings.
9. Delay in deposition of revenue collected.
10. Proper log book & fuel distribution register was not prepared resulting in weakness in control over books of account.
11. Daily wages register was not prepared resulting in weakness in control over books of account.
12. Advance was not adjusted within reasonable time resulting in weakness in control over internal control.



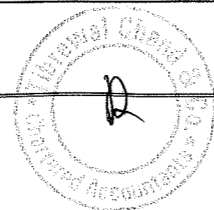
3. **Opinion:** The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the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



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**4. Audit Recommendations:** The recommendation of audit team on the observed weakness is as below:

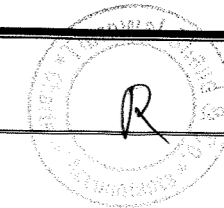
1. Books of accounts should be prepared on real time basis under double entry system and accrual basis should be followed.
2. Employees of all departments are required to be trained and monitored for updating of day to day transactions on regular basis in respective records and registers.
3. Stringent follow up and actions are necessary for recovering arrear relating to property tax, tower tax, rental income and other sources of income.
4. Bank statements or treasury statement shall be collected on regular intervals and bank reconciliation statement should be prepared on monthly basis. Balance confirmation certificate to be obtained from the respective bank treasury periodically.
5. Fixed assets register has to be prepared for all fixed assets owned by the ULB, assets should be numbered. Physical verification of such fixed assets has to be conducted every year.
6. Stock/store register should be updated as per the formats provided in BMAR.
7. Statutory compliances such as deduction and deposition with authorities should be complied strictly to avoid penalty and interests.
8. Log book and fuel issue register should be maintained properly indicating km runs, places covered, purpose of visit, signature of driver, city manager, sanitary inspector etc.
9. Revenue records should be maintained properly including demand and collection details.
10. Advance should be adjusted within reasonable time.



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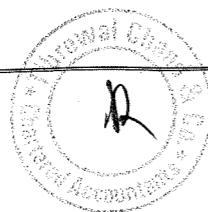
**5. Comments from Management:-**

SIN	Observations	Management Comments	Recommendation
1	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 30,000/- per Tower and the Renewal fee is Rs. 8,000/- per year. During the course of audit it was observed that Rs.8,18,000.00 is due towards Tower Company for financial year 2017-18. <i>(Details given in report Part A)</i>	Notices have been served on regular and recovery has been made.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	There is a long outstanding list of property tax collection & Holding Tax Collection since 2002.	This has already been started in current year.	Daily collection register for property tax should be maintained year wise and appropriate action should be taken.
3	During the course of Audit, we observed that Nagar Panchayat has conducted CAG audit & Internal Audit for the year 2015-17 but the compliance report for the same has not been prepared. <i>(Details provided in report)</i>	Compliance of AG audit up to 2015-16 is already done and submitted to AG.	It should be prepared as soon as possible.
4	(i) Improper maintenance of records related to revenue collection. (ii) During the audit it was observed that mobile tower tax is not getting collected on a timely basis and even if it is getting collected, the same is not deposited timely.	We are trying our best maintain all revenue related records. Now it is up to date in all respect.	(i) Daily collection register for property tax should be maintained and appropriate action should be taken. (ii) Collection should be made on a regular basis and deposited on the same day to avoid any irregularity.
5	Delay Deposit of Property Tax Collected by tax collector to Nazir.	Now the cash collected is submitted the next day.	Direction should be issued to the concerned TC to deposit collected tax immediately to



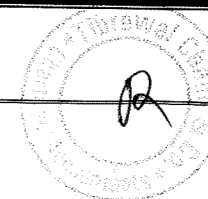
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			Nazir.
6	Report on Findings of the field survey of property tax of minimum 20 high value properties. (Refer detailed audit report)	Property tax collection has already been started in the year 2019-20	Physical survey can't be conducted due to non-availability of ULB staff for conducting physical verification. Further SAF forms were also not provided for 20 high value properties as per list provided by us.
7	PF deducted from all permanent staff salary but not deposited in his PF account.	Correspondence has been done several times with concerned PF office but no positive response obtained so far. However, the matter will be sort out soon.	PF should be deposited immediately.
8	During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Panchayat. Further it was observed that return was also not filled for TDS & VAT.	It shall be expedited and informed.	All statutory compliances related to deduction, deposition and return filling should be complied.
9	The municipality is not in practice to prepare BRS on regular or periodical basis. (Details given in audit report Part A)	BRS shall be prepared on regular basis henceforth.	BRS should be maintained month wise.
10	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.	The Proposal shall be kept in the next board meeting	As per requirement of BMA-2007, Chapter-XII, ULB should hold a meeting of municipal accounts committee each year. During our audit no evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.
11	Collection of internal resources is very poor. (Refer details audit report)	-	It should be timely collected.



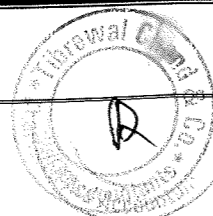
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12	Non-maintenance of required registers as per Rule No.-3 of BMAR-2014	We are already maintaining the important registers as per necessity. However it does not seem possible to maintain all of them as the municipal staff is not trained in the requisite manner.	Details of registers not maintained by ULB is mentioned under Part-A (a). ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.
13	Daily wages register were not produced to us for audit.	-	Daily wages register should be made available to auditors.
14	Non maintenance of Sairat register and other details. Tender of sairat was not awarded from 2002 to as on date.	For Pond, It is under consideration by higher Authority. For Market, It is to be done in near future.	It should be properly maintained.
15	Shop Agreement: As per municipal act, the ULB and Shop keeper of Municipal Shop have to enter in agreement for renewal of Lease, but it was found that instead of renewal signed stamp paper was collected from concerned Shop keeper. Shop rent outstanding as on 31 <sup>st</sup> March 2017 was Rs. 1, 25,275.00 & as on 31 <sup>st</sup> March 2018 was Rs. 1, 80,775.00.	The rent has been adjusted	Shop rent should be recovered and same should be deposited in to bank
16	Demand, collection related records, registers and other data of mobile tower tax and other	-	It should be properly maintained.
17	Less collection from trade license fees	ULB is suffering from insufficiency of manpower and due to which we are unable to make proper survey work relating to Trade licence and that resulting in less collection of revenue from the same head, Further after Audit objection we will issue proper direction for survey and proper collection of	It should be properly done.



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		revenue from the same head to the available staff.	
18	During the course of audit we observed that during the year various items were procured but procurement norms were not followed, as per Bihar financial rules, 2017 (Amended) procurement of value above Rs. 50,000 is required to be made by GeM portal, but the same was made by normal bidding	As the GeM Portal purchase norms were not there in the financial year. The question doesn't rise in the under consideration.	Procurement norms of Bihar financial rules should be followed for all procurements.
19	Non adjustment of advances		Details of advance were not provided by the ULB. It should be provided to Auditors for verification.
20	<b>Lack of internal control measures</b> (i) Voucher file was not maintained. (ii) No internal mechanism for statutory compliance. (iii) No MIS was prepared for tracking of payments. (iv) Required books of Accounts as per BMAM, was not maintained (v) Statutory compliance reconciliation was not maintained. (vi) Bank reconciliation of any bank account was not prepared.	It shall be expedited and informed	We observed that there is no internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling, and statutory compliances: <b>We suggest that:</b> (i) MIS system should be implemented over daily collection and deposit. (ii) Need to identify a person to comply with the statutory compliance. In case of any failure to comply with statutory compliances he should also be penalized. The management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.
21	Non-Compliance of Act & Rules	Acts & Rules are tried to be complied in all respect.	Refer point of Part-B (d) of audit report for status of non-

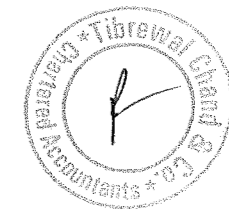


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			compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.
22	Non preparation of stores register		The ULB should maintain a store ledger including price of inward goods.
23	Bank account Current in nature.		2 A/Cs is current in nature resulting in revenue loss of interest for the ULB. Therefore, it should be converted into Savings A/C to avoid losses.
24	Non implementation of Double Entry Accounting system.		As per requirement of BMAR-2014, Part-A, Chapter-2 Rule -4, "All ULB referred in schedule-1 shall maintain its books of account using the double entry system". Since Ghoghardiha Nagar Panchayat is covered under schedule-1, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule. We found the detail that double accounting system is implemented at Ghoghardiha Nagar Panchayat, however we did not get any data for verification of the same.
25	Non-providing of Utilization certificate for the reporting audit period		Grant is blood of ULB. Therefore, for getting grant and running the ULB working smoothly it is requirement of grant. Further timely submission of utilization certificate helps the grant realizing authority to send the money for fulfill the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.

**6. Acknowledgement:-**

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



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**Detailed Audit Report**

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

Name of ULB	Period Covered	Team Deployed
Ghoghardiha Nagar Panchayat	1 <sup>st</sup> April 2017- 31 <sup>st</sup> March 2018	1) <b>Name of MAE:</b> CA Amit Ranjan TL: CA Neerav Bhanushali 2) <b>Auditor:</b> Vicky Kumar

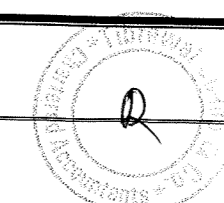
**2. Administration:**

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

- Mr. Anil Kumar Mandal, Chairman, from 09th June 2017 to as on date.
- Mr. Pushkar Kumar Pushp Executive Officer from 09th February 2019 to as on date.

**3. Review of outstanding Audit Paras :** Status of Audit observations is as under:

Sl. No.	Particulars of audit and date of report	Total no. of Audit Paras.	Total No. of Audit Paras where necessary improvement/corrective measure is required	Total No. of Audit Paras where recovery of cash is proposed	Total No. of Audit Paras where recovery has been made	Total amount of recovery	Total No. of outstanding Paras where no action has been taken	No. & date of compliance report
1	AG Audit (2016-17 to 2018-19)	39	39	5	0	0	39	No compliance has been prepared.
2	Internal Audit 2016-17							Compliance not prepared by ULB



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(Note: Refer point No. 3 of discussion page)

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

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

Year	2017-18	2016-17	2015-16
<b>Final/Revised Budget</b>	2,84,57,975.00	13,10,15,431.00	31,54,95,000.00
<b>Actual Expenditure</b>	1,99,83,017.00	8,23,29,527.00	7,56,61,522.00
<b>Savings(+)/Excess(-)</b>	<b>84,74,958.00</b>	<b>4,86,85,904.00</b>	<b>23,98,33,478.00</b>

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

ii. **Volume of Transactions :-**

Period	Budgeted (2017-18)	Previous year (16-17)	Current period	Cumulative for the current period
Opening Balance	4,47,46,252.54	4,12,50,130.54	4,14,84,505.54	4,14,84,505.54
Receipts	3,88,52,011.00	8,25,63,902.00	2,32,44,764.00	2,32,44,764.00
<b>Total</b>	<b>8,03,36,516.54</b>	<b>1,23,56,032.54</b>	<b>6,47,29,269.54</b>	<b>6,47,29,269.54</b>
Net expenditure	2,84,57,975.00	8,23,29,527.00	1,99,83,017.00	1,99,83,017.00
<b>Closing Balance</b>	<b>5,51,40,288.54</b>	<b>4,14,84,505.54</b>	<b>4,47,46,252.54</b>	<b>4,47,46,252.54</b>

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

iii. **Bank Reconciliation:** Un-reconciled balance between bank book and bank statement as on 31-03-2018 has been shown below.

Despite being requested many times, the concerned authority did not show any interest on preparation of monthly BRS. Monthly reconciliation of Banks is beneficial for better Internal Control on books of accounts. Also, it will be helpful to evade all the possible fraud & misrepresentations. We have annexed the actual detail of all Bank Accounts.

Name of Scheme	Name of Bank	A/C Number	Balance as per Cash Book	Balance as per Bank	Difference	Status
4 <sup>th</sup> Finance	SBI	32736570239	6,062.00	6,062.00	Nil	Reconciled
5 <sup>th</sup> Finance	SBI	35734291983	0.00	0.00	Nil	Reconciled
Payeal	SBI	35734292353	4,50,860.00	4,50,860.00	Nil	Reconciled
Nishchay Yojana Committee	SBI	31755244381	5,89,566.55	5,89,566.55	Nil	Reconciled
Fund						
Salary	SBI	36027510244	677.00	677.00	Nil	Reconciled
Profession	SBI	36027439917	2,08,496.50	2,08,496.50	Nil	Reconciled
Tax						
14 <sup>th</sup> Finance	SBI	35527811241	58,673.34	58,673.34	Nil	Reconciled
State Plan	SBI	32736562434	2,03,582.80	2,03,582.80	Nil	Reconciled
Nali-Gali	SBI	36543957737	3,43,650.00	3,43,650.00	Nil	Reconciled
Pakkikaran Yojna						
SBI	Additional Stamp Fee	36027536239	19,209.50	19,209.50	Nil	Reconciled
SBI	BRGF	30390552730	0.00	0.00	Nil	Reconciled
Allahabad	SBM	50306610383	2,75,404.00	2,75,404.00	Nil	Reconciled
Allahabad	Various	22167365345	4,60,503.90	4,60,503.90	Nil	Reconciled
Allahabad	Various	50234116531	28,654.00	28,654.00	Nil	Reconciled
Allahabad	Hand Pump	22167472095	0.00	0.00	Nil	Reconciled
Allahabad	Election Department	22167461561	2,220.60	2,220.60	Nil	Reconciled
Allahabad	Various	22167351321	1,63,617.60	1,63,617.60	Nil	Reconciled
Allahabad	HFA	50306610327	6,24,434.00	6,24,434.00	Nil	Reconciled
Allahabad	Various	22167365334	0.00	0.00	Nil	Reconciled
Allahabad	E Governance	50306610236	70,108.00	70,108.00	Nil	Reconciled
Allahabad	Various	22167365367	0.00	0.00	Nil	Reconciled
Allahabad	Various	22167365378	0.00	0.00	Nil	Reconciled
Allahabad	11 <sup>th</sup> Finance	22167365356	0.00	0.00	Nil	Reconciled
Allahabad	Committee	22167353497	1,13,663.26	1,13,663.26	Nil	Reconciled
Allahabad	Fund					
Allahabad	12 <sup>th</sup> Finance	22167450071	0.00	0.00	Nil	Reconciled
CICI	SBM	213401000189	25,09,570.00	25,09,570.00	Nil	Reconciled
			0			
	Administrative Block	2220038064	0.00	0.00	Nil	Reconciled
	Various	2220137338	0.00	0.00	Nil	Reconciled
TAR Bihar	Various	1003671010002	2,73,000.00	2,73,000.00	Nil	Reconciled
Gramin Bank		737				



P/L Account	Various	182	4,79,13,735.00	4,79,13,735.00	Nil	Reconciled
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**Comments:** ULB has not prepared bank reconciliation statement on a monthly basis.

**Recommendation:** ULB should prepare bank reconciliation on a monthly basis and the two A/Cs that are current in nature shall be converted to Savings to avoid interest loss.

**Note:** Refer Discussion Note point no.9

iv. Revenue and Capital Receipts

S.N.	Details	Amount (Rs)	
		2017-18	2016-17
	Total Receipts (A+B)	2,32,44,764.00	82,56,3,902.00
A	Revenue Receipts (1+2+3)	1,02,79,337.00	5,91,60,463.00
1	Own Revenue Receipts (a+b)	9,74,662.00	18,90,653.00
a)	Tax Revenue (Levied & Collected By municipal Body)	-	8,000.00
i)	Property Tax	-	8,000.00
ii)	Other Tax (Levied & Collected By municipal Body)	7,35,280.00	8,57,479.00
b)	Non Tax Revenue (Levied & Collected By municipal Body)	3,46,230.00	5,09,184.00
i)	Fess & Fines	67,200.00	64,200.00
ii)	User Charges	3,21,850.00	2,84,095.00
iii)	Other Non Tax Revenue (Levied & Collected By municipal body)	2,39,382.00	10,25,174.00
2	Other Revenue Receipts	2,39,382.00	9,95,174.00
a)	Income from interest/Investments	-	30,000.00
b)	Other Revenue Income	93,04,675.00	5,72,69,810.00
3	Transfers/grants/Assigned Revenues	12,19,357.00	38,25,011.00
a)	State Assigned Revenues	80,22,818.00	5,34,14,799.00
b)	State Finance Commission (SFC) Grants/Devolution	-	-
c)	Octroi Compensation	-	-
d)	Other State Government transfers	-	-
e)	Central Finance Commission (CFC) Grants	-	-
f)	Other Central Government transfers	-	-
g)	Others	62,500.00	30,000.00
B	Capital Receipts	1,29,65,427.00	2,34,03,439.00
1	Sale of Municipal Land	-	-
2	Loan (From state Govt. or Banks etc.)	-	-



3	State Capital Account Grant (Under state Scheme etc.)	1,10,26,165.00	2,01,37,786.00
4	Central Capital Account Grant (Under central Scheme etc.)	19,39,262.00	32,65,653.00
5	Other Capital Receipts	-	-

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

v. Revenue & Capital Expenditure Information :-

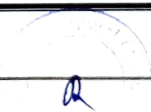
Expenditure Details			
Sl. No.	Details	Amount (Rs.)	
		2017-18	2016-17
	<b>Total Expenditure (1+2)</b>	<b>1,99,83,017.00</b>	<b>8,23,29,527.00</b>
1	Revenue Expenditure	93,59,243.00	5,03,06,439.00
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	79,41,962.00	83,11,781.00
1.2	Operation & Maintenance (O & M)	3,69,400.00	20,29,734.00
1.3	Loan Repayment (Interest Payments)	381.00	574.00
1.4	Others ( any other revenue Expenditure which is not salaries, O&M & or interest payment)	10,47,500.00	3,99,64,350.00
2	Capital Expenditure	1,06,23,774.00	3,20,23,088.00
2.1	All developmental works under central/state specific schemes	1,06,23,774.00	3,20,23,088.00
2.2	Loan Repayments	-	-
2.3	Other capital expenditure	-	-

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

vi. **Status of implementation of double entry accounting system:** The ULB has not yet implemented real time double entry accounting system.

- **Company Name:** A P Sanzgiri & Co.
- **PTR:** PTR for the year 2017-18 is completed.
- **FAR:** FAR for the year 2017-18 is completed.
- **AFS:** AFS for the year 2017-18 is completed.

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



- vii. **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.

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



5. **Audit Observations: -**

I. **Part-A**

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

a) **Holding and Property tax not deposited:**

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

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

**Condition:** These taxes are applied at Nagar Panchayat but ULB were not collected since 2002 to as on date. Therefore necessary steps should be taken on time. (**Note:** Refer point no. 4 & 5 of discussion note)

**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.

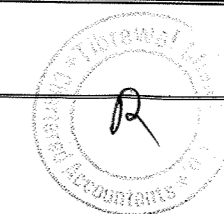
**Cause:** This happens due to non-follow up and monitoring of activities of Tax Collector by the concerned officer on regular interval.

**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 deposited:**

**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



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

the rule Tax Collected has to be deposited on same day or latest before noon on the following working day.

**Condition:** It was observed that Tower Tax is not collected. The outstanding details are given below: (Note: Refer point no. 01 of discussion note)

Sl. No.	Name of Company	Establishment fee (2000 per miter/per year)	Renewal	Total	Amount Collected	Amount Due
1	Airtel	30,000	1,04,000	134,000	16,000	1,18,000
2	Airtel	30,000	1,04,000	1,34,000	0	1,34,000
3	Voda	30,000	72,000	1,02,000	0	1,02,000
4	Aircel	30,000	64,000	94,000	0	94,000
5	Tata	30,000	88,000	1,18,000	0	1,18,000
6	BSNL	30,000	96,000	1,26,000	0	1,26,000
7	Reliance	30,000	96,000	1,26,000	0	1,26,000
<b>Total</b>		<b>2,10,000</b>	<b>6,24,000</b>	<b>8,34,000</b>	<b>16,000</b>	<b>8,18,000</b>

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

**Cause:** We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has no proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage. While checking the files and other relevant records company wise outstanding was not maintained properly and o/s detail of Rs. 8,18,000 was found. In absence of proper demand and collection register it was difficult to find the exact demand and outstanding.

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

**c) A lot of sairat was not held at municipal council**

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

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

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

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

**Cause:** Revenue Loss.

**Recommendation:** ULB should collect Sairat at proper intervals which would help them in generating income. (Note: Refer point no. 14 of discussion note)

**d) Non collection of Advertisement Tax:**

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

**Criteria:** Advertisement Taxes, in case auctioned to external agencies, shall be recognized as per the terms of agreement. In all other cases, when permission for advertisement is granted for the first time, the advertisement tax shall be accrued at the point when tax is paid and permission is granted. After the first year, Advertisement Tax shall be accrued when renewal is due.

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

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

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

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

**e) Stamp Duty**

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

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



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**Condition:** During the audit period it was observed that ULB does not have any Sairat. (Note: Refer point no. 14 of discussion note)

**Consequences/ Effect/ Impact:** No impact.

**Cause:** No impact.

**Recommendation:** No recommendation.

**f) Shop Rent**

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

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

**Condition:** Shop rent outstanding as on 31<sup>st</sup> March 2017 was Rs. 1, 25,275.00 & as on 31<sup>st</sup> March 2018 was Rs. 1, 80,775.00. (Note: Refer point no. 15 of discussion note)

**Consequence / Effect / Impact:** Due to non-collection of shop rent there is a revenue loss to ULB.

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

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

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

No observation found in this regard.

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

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

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

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

Apart from above details of 20 high value properties provided by the ULB is as below:

(Note: Refer point no.2 of discussion note)

SI No.	Name	Ward No.	Type of Unit	Property Tax
1	Novel Public School	1	Commercial	3,243
2	Koshi Project Bhawan	1	Residential	2,076
3	Chhinmastika Petrol pump	1	Commercial	9,425
4	Co-Operative Bank	1	Commercial	467
5	C. D. P. O. Office	1	Commercial	1,030
6	Primary health care	1	Commercial	12,110
7	Sarsavati Bal Vidhalay	1	Commercial	175
8	Bazar Samiti	1	Residential	255
9	F. C. I. Godown	1	Commercial	1,25,391
10	Teachers training College	1	Commercial	11,224
11	Pashu chikista office	1	Commercial	561
12	Block Office	1	Commercial	15,082
13	Sahara India	1	Commercial	1,184
14	Gramin Bank	1	Commercial	454
15	Central Bank of India	1	Commercial	2,038
16	Bharat Gas Godown	1	Commercial	11,35
17	Post Office	1	Commercial	506
18	C. M. B. College	1	Commercial	27,194
19	Anand Agency	1	Commercial	1,564
20	Kids Public School	1	Commercial	4,000
21	Shiv Maudal School	2	Commercial	11,129

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22	Bhola High School	2	Commercial	11,838
23	Ambika Public School	2	Commercial	7,575
24	Katurva Gandhi Balika Vidhalay	2	Commercial	4,384
25	Honda Agency	4	Commercial	4,703
26	SBI	4	Commercial	2,976
27	Allahabad Bank	4	Commercial	1,452
28	Babu jha annpurna balika high school	4	Commercial	4,909
29	Primary School	5	Commercial	2,949
30	Primary School	7	Commercial	5,056
31	Power Tractor Agency	8	Commercial	1,430
32	Avashiy Kali Vidha Mandir	8	Commercial	2,211
33	Kanya Madhya Vidhalay	10	Commercial	8,655

(Note: Refer point no.6 in discussion note)



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**II. Part B**

a. **Non-maintenance of books of accounts, subsidiary registers:** During the audit we observed that following registers which are given below has not been maintained by the ULBs.

- Subsidiary register
- Stock register
- Cheque issue registers.
- Assets register.
- Contra, journal, Receipt Voucher.
- Records and revision of taxes and rent.

**In addition to the above following records were also not maintained by the ULB:**

- Memorandum of collection (GEN 21)
- Summary of daily collection register
- Register for bills payment
- Cheque issue register
- Register for Advances
- Deposits register
- Summary statement of deposit adjustment
- Summary statement of bills raised
- Register of refunds, remissions and write offs
- Statement of outstanding expenses liability
- Document control register
- Register of immovable property
- Register of movable property
- Register of land
- Register of assets replacement
- Register of public lighting system.

(Note: Refer point no. 12 of discussion note)

b. **Irregularity in procurement process:**

No observation found in this regards.

c. **Non Compliance of directives of UD&HD:** We observed several non-compliance of the directions of the UDHD which includes-

- Non Implementation of GeM procurement mechanism
- Non compliances of the pending AG Audit Paras
- Non collection of various taxes required to be collected.



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- Non maintenance of prescribed books of accounts.
- Non maintenance of prescribed DEAS.
- None maintenance of DCR.

**d. Non Compliances of the Acts and Rules:** During the audit we observed below mentioned non compliances:

- Non formation of Municipal Accounts Committee
- Non maintenance of books of accounts as per BMAR
- Non preparation of budget as per Bihar Municipal Budget Manual
- Property tax rate should be increased in every 5 years but not increased since a long period  
(Note: Refer point no. 21 of discussion note)

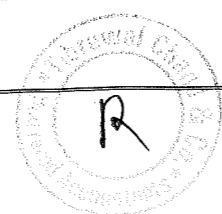
**e. Lack of Internal Control Measures:** During the audit it was observed that there is serious lack of internal control over revenue collection. (Note: Refer point no. 20 of discussion note)

- Revenue records are not maintained properly. Further, collection books after finishing should be kept in safe custody in ULB only.
- There is no cash vault in the cash department for safety measures.
- There is a huge loss of revenue if tender will not to be made on time. So, necessary steps should be taken for timely awarded and collection of sairat amount.
- Taxes/Utilities charges collected by tax collector are not deposited on the daily basis.
- These taxes are applied at Nagar Panchayat but ULB were not collected since 2002 to as on date. Therefore necessary steps should be taken on time.

**f. Non Compliance of TDS, VAT, and other relevant Statute:** During the audit it was observed that there is very serious issues in statutory compliances taxes are often deducted/ but not deposited on time resulting in heavy interest and penalty. Few cases are-

- i. TDS:** Various cases were observed where TDS was deducted but not deposited within stipulated time, causing imposition of interest @ 1.5%. Few of such cases are as below:  
(Note: Refer point no. 08 of discussion note)

SI No	Date of deduction	Date of Deposit	Amount	Return date
1.	June (2017)	Not Deposited	7,809.00	Not Filed



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

2.	March (2018)	Not Deposited	18,776.00	Not Filed
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**ii. Royalty:** Case in which royalty is not deducted is as below:

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

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

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

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

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

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

**PF and ESI:** During the audit it was observed that PF and ESI deducted from employees salary not deposited with authorities causing loss to the savings of the employees.

*Note: Refer Discussion Note point no. 7.*

**h. Utilization certificate report on grants allotted during the year:** Details of UCs related to financial year 2017-18 is given as annexure-1.  
(Note: refer point no. 25 of discussion note.)

**i. Physical Verification of the inventories and stores:**

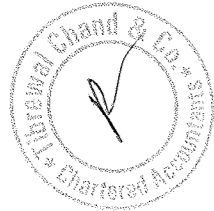
Stock register is not maintained properly. All the articles of stock are mentioned on the same page in register. Information regarding issue quantity and Opening/Closing balance quantity is not given in stock register.



Note: Refer Discussion Note point no.22.

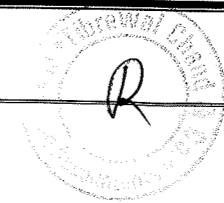
j. **Advances:** No advances were given to any employee or party for the reporting year.

Note: Refer Discussion Note point no.19.



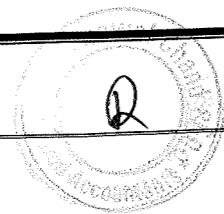
III. Part C

Sl. No	Particulars	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Chapter xi, rule 84 (Budget has not been sanctioned by empowered standing committee) & Chapter xii, rule 86 (Prepare and maintain accounts of receipts and expenditure), 87 (Preparation of Municipal Accounting Manual), 88 (Financial Statement.) 89 (Balance sheet.), 90 (Submission of financial statement and balance sheet to auditor.) and 98 (Municipal accounts committee.) are not follow by the ulb.
2	What is the status of implementation of SAS of Property Tax in the ULB? If SAS has been implemented then witness some assessment procedures to check any in-consistencies in assessment at least 20 high value properties in the city /town (irrespective of the fact that SAF is received or not).	It has been discussed in audit report under part A.
3	Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR  Rule 22: All moneys to be brought to account  Rule: 27: Collections to be deposited into Bank on the same day  Rule 69: Grant Related Compliance  Rule 120-121: Monthly Receipt & Payment Account and Trial Balance  Rule 130: Audit to be completed & reported within 6 month	Rule 22: We have found that all money has been brought to account but delayed.  Rule 27: We have observed that the collected money has not to be deposited into Bank Account on same day.  Rule 69: Grant related compliance has been done properly. Rule 120-121: Monthly Receipt & Payment Account and Trial Balance are not being prepared. Rule 130 is not being followed.
4	Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob has been complied.	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob has been complied.
5	If any revenue losses and opportunities lost or missed including in the area of Property	It has been discussed in audit report under part A.



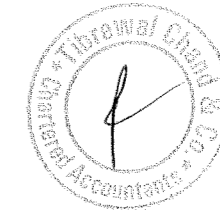
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	Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc. have incurred then quantify the same.	
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	Refer detailed audit report.
7	Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Refer detailed audit report.
8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Refer detailed audit report.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	It has been provided in discussion notes as well as in audit report under part A.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	It has been provided in discussion notes as well as in audit report under part A.
11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No fixed deposit made during the F.Y. 2017-18. All funds held by ULB are maintained at Nationalized Banks and rate of interest is per banking norms.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified 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.	It has been provided in discussion notes as well as in audit report under part A.



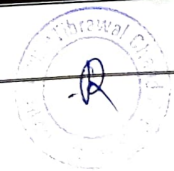
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	deposited properly and also should be properly recorded in appropriate ledgers.	
14	Whether C&AG and Internal audit paras have been complied, if not assistance has been provided in this regard.	Discussed in details audit report.



Annexure 'D': Details of UCs

S/N	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2017-18	वेतन मद	23/05/2017	5.00	5.00	NIL	UC not submitted
2	2017-18	नगर प्रबंधक का मानदेय	31/05/2017	1.97	1.97	NIL	UC not submitted
3	2017-18	पेशाकर	30/06/2017	6.09	6.09	NIL	UC not submitted
4	2017-18	वार्षिक भत्ता	15/06/2017	2.40	2.40	NIL	UC of RS. 2.40 is pending
5	2017-18	14th Finance	02/08/2017	19.39	NIL	19.39	Un-utilised amount of Rs. 19.39 is transferred to PL A/C
6	2017-18	14th Finance	02/08/2017	19.39	NIL	19.39	Un-utilised amount of Rs. 19.39 is transferred to PL A/C
7	2017-18	मुख्यमंत्री नाली गली योजना	11/08/2017	12.66	12.66	NIL	UC not submitted
8	2017-18	मुख्यमंत्री नाली गली योजना	11/08/2017	12.66	12.66	NIL	UC not submitted
9	2017-18	नागरिक सुविधा	24/08/2017	19.54	19.54	NIL	UC not submitted
10	2017-18	5th State Finance	14/09/2017	39.76	39.76	NIL	UC not submitted
11	2017-18	5th State Finance	14/09/2017	39.76	NIL	39.76	Un-utilised amount of Rs. 39.76 is transferred to PL A/C
12	2017-18	मुख्यमंत्री नाली गली योजना	30/10/2017	7.94	7.94	NIL	UC not submitted
13	2017-18	मुख्यमंत्री नाली गली योजना	30/10/2017	12.78	12.78	NIL	UC not submitted
14	2017-18	मुख्यमंत्री	30/10/2017	0.97	NIL	0.97	Un-utilised



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		नाली गली योजना					amount of Rs. 0.97 is transferred to PL A/C
15	2017-18	14th Finance	24/01/2018	19.34	NIL	19.34	Un-utilised amount of Rs. 19.34 is transferred to PL A/C
16	2017-18	14th Finance	24/01/2018	19.34	19.34	NIL	VC not Submitted
17	2017-18	वेतन मद	19/03/2018	5.93	2.81	3.12	Rs. 3.12 Transfer to treasury
18	2017-18	नगर प्रबंधक का मानदेय	23/03/2018	1.97	1.97	NIL	VC not Submitted
<b>Grand Total</b>				<b>246.89</b>	<b>144.92</b>	<b>101.97</b>	



S/N	Observations	Management Comments	Recommendation
1	As per notification of Bihar Government. The Government of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the LTB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 20,000/- per Tower and the Renewal fee is Rs. 8,000/- per year. During the course of audit it was observed that Rs. 18,000.00 is due towards Tower Company for financial year 2017-18. (Details given in report Part A)	Notices have been served on regular and recovery has been made	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	There is a long outstanding list of property tax collection & Holding Tax Collection since 2002.	This has already been started in current year.	Daily collection register for property tax should be maintained year wise and appropriate action should be taken.
3	During the course of Audit, we observed that Nagar Panchayat has conducted CAG audit & Internal Audit for the year 2015-17 but the compliance report for the same has not been prepared. (Details provided in report)	Compliance of AG audit up to 2015-16 is already done and submitted to AG.	It should be prepared as soon as possible.
4	(i) Improper maintenance of records related to revenue collection. (ii) During the audit it was observed that mobile tower tax is not getting collected on a timely basis and even if it is getting collected, the same is not deposited timely.	We are trying our best to maintain all revenue related records. Now it is up to date in all respect.	(i) Daily collection register for property tax should be maintained and appropriate action should be taken. (ii) Collection should be made on a regular basis and deposited on the same day to avoid any irregularity.
5	Delay Deposit of Property Tax Collected by tax collector to Nazir.	Now the cash collected is submitted the next day.	Direction should be issued to the concerned TC to deposit collected tax immediately to Nazir.
6	Report on Findings of the field survey	Property tax collection has	Physical survey can't be



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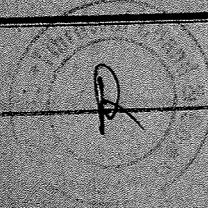
कार्यपालक प्रदाधिकारी  
नगर न्याय प्रशासक  
गोगर्दिहा

Discussion Note

Ghoghardiha Nagar Panchayat

- of property tax of minimum 20 high value properties. (Refer detailed audit report)
- 7 PF deducted from all permanent staff salary but not deposited in his PF account.
- 8 During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Panchayat. Further it was observed that return was also not filled for TDS & VAT.
- 9 The municipality is not in practice to prepare BRS on regular or periodical basis.
- 10 No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.
- 11 Collection of internal resources is very poor. (Refer details audit report)
- 12 Non-maintenance of required registers as per Rule No.-3 of BMAR-2014
- already been started in the year 2019-20
- Conducted due to non-availability of ULB staff for conducting physical verification. Further SAF forms were also not provided for 20 high value properties as per list provided by us.
- Correspondence has been done several times with concerned PF office but no positive response obtained so far. However, the matter will be sort out soon.
- It shall be expedited and informed.
- BRS shall be prepared on regular basis henceforth.
- The Proposal shall be kept in the next board meeting
- We are already maintaining the important registers as per
- conducted due to non-availability of ULB staff for conducting physical verification. Further SAF forms were also not provided for 20 high value properties as per list provided by us.
- PF should be deposited immediately.
- All statutory compliances related to deduction, deposition and return filling should be complied.
- BRS should be maintained month wise.
- As per requirement of BMA-2007, Chapter-XII, ULB should hold a meeting of municipal accounts committee each year. During our audit no evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007. It should be timely collected.
- Details of registers not maintained by ULB is

Tibrewal Chand & Co.



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 तिब्रेवाल चंद पंजाब  
 29/05/20

Discussion Note

Ghoghardiha Nagar Panchayat

- 13 Daily wages register were not produced to us for audit.
- 14 Non maintenance of Sairat register and other details. Fender of sairat was not awarded from 2002 to as on date.
- 15 Shop Agreement: As per municipal act, the ULB and Shop keeper of Municipal Shop have to enter in agreement for renewal of Lease, but it was found that instead of renewal signed stamp paper was collected from concerned Shop keeper. Shop rent outstanding as on 31<sup>st</sup> March 2017 was Rs. 1, 25,275.00 & as on 31<sup>st</sup> March 2018 was Rs. 1, 80,775.00.
- 16 Demand, collection related records, registers and other data of mobile tower tax and other
- 17 Less collection from trade license fees
- necessity. However it does not seem possible to maintain all of them as the municipal staff is not trained in the requisite manner.
- For Pond, It is under consideration by higher Authority.
- For Market, It is to be done in near future.
- The rent has been adjusted
- ULB is suffering from insufficiency of manpower and due to which we are unable to make proper survey work relating to Trade licence and that resulting in less collection of revenue from the same head. Further after Audit objection we will issue proper direction for survey and proper collection of revenue from the same head to the available staff.
- mentioned under Part-A (a). ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.
- Daily wages register should be made available to auditors.
- It should be properly maintained.
- Shop rent should be recovered and same should be deposited in to bank
- It should be properly maintained.
- It should be properly done.

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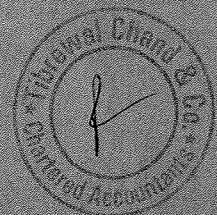


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 29/05/20

Discussion Note

Ghoghardiha Nagar Panchayat

- 18 During the course of audit we observed that during the year various items were procured but procurement norms were not followed, as per Bihar financial rules, 2017 (Amended) procurement of value above Rs. 30,000 is required to be made by GeM portal, but the same was made by normal bidding
- 19 Non adjustment of advances
- 20 Lack of internal control measures  
(i) Voucher file was not maintained.  
(ii) No internal mechanism for statutory compliance.  
(iii) No MIS was prepared for tracking of payments.  
(iv) Required books of Accounts as per BMAM, was not maintained  
(v) Statutory compliance reconciliation was not maintained.  
(vi) Bank reconciliation of any bank account was not prepared.
- 21 Non-Compliance of Act & Rules
- As the GeM Portal purchase norms were not there in the financial year. The question doesn't rise in the under consideration.
- Procurement norms of Bihar financial rules should be followed for all procurements.
- Details of advance were not provided by the ULB. It should be provided to Auditors for verification.
- We observed that there is no internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling, and statutory compliances:  
We suggest that:  
(i) MIS system should be implemented over daily collection and deposit.  
(ii) Need to identify a person to comply with the statutory compliance. In case of any failure to comply with statutory compliances he should also be penalized.  
The management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.
- It shall be expedited and informed
- Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules.
- Acts & Rules are tried to be complied in all respect.



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Discussion Note

Ghoghardiha Nagar Panchayat

- 22 Non preparation of stores register
- 23 Bank account Current in nature.
- 24 Non implementation of Double Entry Accounting system.
- 25 Non-providing of Utilization certificate for the reporting period
- ULB should ensure compliance of all applicable Act & Rules. The ULB should maintain a store ledger including price of inward goods.
- The stores register is prepared now.
- All Bank A/c are saving in nature in this ULB.
- 2 A/Cs is current in nature resulting in revenue loss of interest for the ULB. Therefore, it should be converted into Savings A/C to avoid losses.
- Double Entry System is to be adopted in near future.
- As per requirement of BMAR-2014, Part-A, Chapter-2 Rule - 4, "All ULB referred in schedule-1 shall maintain its books of account using the double entry system". Since Ghoghardiha Nagar Panchayat is covered under schedule-1, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule.
- Grant is blood of ULB. Therefore, for getting grant and running the ULB working smoothly it is requirement of grant. Further timely submission of utilization certificate helps the grant realizing authority to send the money for fulfill the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.



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Discussion Note

Ghoghardiha Nagar Panchayat

Details of 20 high value properties:-

SI No.	Name	Ward No.	Type of Unit	Property Tax
1	Novel Public School	1	Commercial	3,243
2	Koshi Project Bhawan	1	Residential	2,076
3	Chhinemastika Petrol pump	1	Commercial	9,425
4	Co-Operative Bank	1	Commercial	467
5	C. D. P. O. Office	1	Commercial	1,030
6	Primary health care	1	Commercial	12,110
7	Sarsavati Bal Vidhalay	1	Commercial	175
8	Bazar Samiti	1	Residential	255
9	F. C. I. Godown	1	Commercial	1,25,391
10	Teachers training College	1	Commercial	11,224
11	Pashuchikista office	1	Commercial	561
12	Block Office	1	Commercial	15,082
13	Sahara India	1	Commercial	1,184
14	Gramin Bank	1	Commercial	454
15	Central Bank of India	1	Commercial	2,038
16	Bharat Gas Godown	1	Commercial	11,35
17	Post Office	1	Commercial	506

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Discussion Note

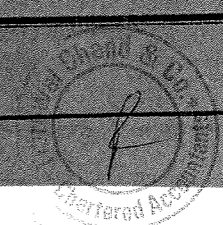
Ghoghardiha Nagar Panchayat

18	C. M. B. College	1	Commercial	27,194
19	Anand Agency	1	Commercial	1,564
20	Kids Public School	1	Commercial	4,000
21	Shiv Maudal School	2	Commercial	11,129
22	Bhola High School	2	Commercial	11,838
23	Ambika Public School	2	Commercial	7,575
24	Katurva Gandhi Balika Vidhalay	2	Commercial	4,384
25	Honda Agency	4	Commercial	4,703
26	SBI	4	Commercial	2,976
27	Allahabad Bank	4	Commercial	1,452
28	Babujhaanpurnabalika high school	4	Commercial	4,909
29	Primary School	5	Commercial	2,949
30	Primary School	7	Commercial	5,056
31	Power Tractor Agency	8	Commercial	1,430
32	Avashiy Kali Vidha Mandir	8	Commercial	2,211
33	Kanya Madhya Vidhalay	10	Commercial	8,655

Details of statutory deduction:-

i. TDS:				
SI No	Date of deduction	Date of Deposit	Amount	Return date
1.	June (2017)	Not Deposited	7,809.00	Not Filed
2.	March (2018)	Not Deposited	18,776.00	Not Filed
ii. Royalty:				
SI No	Date of deduction	Date of Deposit	Amount	
1.	June (2017)	Not deposited	15,064.00	
2.	March (2018)	Not deposited	21,742.00	

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## Ghoghardiha Nagar Panchayat

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

iv. S No	Labor Cess: Date of deduction	Date of Deposit	Amount
1.	June (2017)	Not deposited	7,809.00
2.	March (2018)	Not deposited	18,776.00

## Bank Reconciliation Statement

Name of Scheme	Name of Bank	A/C Number	Balance as per Cash Book	Balance as per Bank	Difference	Status
4 <sup>th</sup> Finance	SBI	32736570239	6,062.00	6,062.00	Nil	Reconciled
5 <sup>th</sup> Finance	SBI	35734291983	0.00	0.00	Nil	Reconciled
PayeealNishchay Yojana Committee Fund	SBI	35734292353	4,50,860.00	4,50,860.00	Nil	Reconciled
Salary	SBI	31755244381	5,89,566.55	5,89,566.55	Nil	Reconciled
Profession Tax	SBI	36027510244	677.00	677.00	Nil	Reconciled
14 <sup>th</sup> Finance	SBI	36027439917	2,08,496.50	2,08,496.50	Nil	Reconciled
State Plan	SBI	35527811241	58,673.34	58,673.34	Nil	Reconciled
Nali-Gali Pakkikaran Yojna	SBI	32736562434	2,03,582.80	2,03,582.80	Nil	Reconciled
	SBI	36543957737	3,43,650.00	3,43,650.00	Nil	Reconciled
	SBI	Additional Stamp Fee	19,209.50	19,209.50	Nil	Reconciled
	SBI	BRGF	0.00	0.00	Nil	Reconciled
Allahabad	SBM	30390552730	2,75,404.00	2,75,404.00	Nil	Reconciled
Allahabad	Various	50306610383	4,60,503.90	4,60,503.90	Nil	Reconciled
Allahabad	Various	22167365345	28,654.00	28,654.00	Nil	Reconciled
Allahabad	Hand Pump	50234116531	0.00	0.00	Nil	Reconciled
Allahabad	Election Department	22167472095	2,220.60	2,220.60	Nil	Reconciled
Allahabad	Various	22167461561	1,63,617.60	1,63,617.60	Nil	Reconciled
Allahabad	HFA	22167351321	6,24,434.00	6,24,434.00	Nil	Reconciled
Allahabad	Various	50306610327	0.00	0.00	Nil	Reconciled
Allahabad	Various	22167365334	0.00	0.00	Nil	Reconciled

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## Discussion Note

## Ghoghardiha Nagar Panchayat

Allahabad	E Governance	50306610236	70,108.00	70,108.00	Nil	Reconciled
Allahabad	Various	22167365367	0.00	0.00	Nil	Reconciled
Allahabad	Various	22167365378	0.00	0.00	Nil	Reconciled
Allahabad	11 <sup>th</sup> Finance Committee	22167365356	0.00	0.00	Nil	Reconciled
Allahabad	Fund	22167353497	1,13,663.26	1,13,663.26	Nil	Reconciled
Allahabad	12 <sup>th</sup> Finance	22167450071	0.00	0.00	Nil	Reconciled
ICICI	SBM	213401000189	25,09,570.00	25,09,570.00	Nil	Reconciled
CBI	Administrative Block	2220038064	0.00	0.00	Nil	Reconciled
CBI	Various	2220137338	0.00	0.00	Nil	Reconciled
UTTARBihar Gramin Bank	Various	1003671010002737	2,73,000.00	2,73,000.00	Nil	Reconciled
PL Account	Various	182	4,79,13,735.00	4,79,13,735.00	0	Reconciled

## Details of UCs related to Financial Year 2017 - 2018

S.N.	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2017-18	वेतनमद	23/05/2017	5.00	5.00	NIL	UC not submitted
2	2017-18	नगरप्रबंधकमानदेय	31/05/2017	1.97	1.97	NIL	"
3	2017-18	पेशाकर	30/06/2017	6.09	6.09	NIL	"
4	2017-18	पार्षदभत्ता	15/06/2017	2.40	2.40	NIL	UC of RS. 2.40 is pending
5	2017-18	14th Finance	02/08/2017	19.39	NIL	19.39	Un-utilised amount of Rs. 19.39 is transferred to PL A/C
6	2017-18	14th Finance	02/08/2017	19.39	NIL	19.39	Un-utilised amount of Rs. 19.39 is transferred to PL A/C
7	2017-18	मुख्यमंत्रीनालीगलीयोजना	11/08/2017	12.66	12.66	NIL	UC not submitted

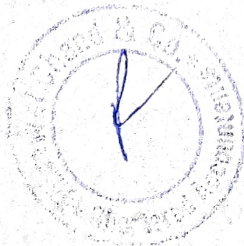
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8	2017-18	मुख्यमंत्रीनालीगलीयोजना	11/08/2017	12.66	12.66	NIL	VC not submitted
9	2017-18	नागरिकसुविधा	24/08/2017	19.54	19.54	NIL	VC not submitted
10	2017-18	5th State Finance	14/09/2017	39.76	39.76	NIL	VC not submitted
11	2017-18	5th State Finance	14/09/2017	39.76	NIL	39.76	Un-utilised amount of Rs. 39.76 is transferred to PL A/C
12	2017-18	मुख्यमंत्रीनालीगलीयोजना	30/10/2017	7.94	7.94	NIL	VC not submitted
13	2017-18	मुख्यमंत्रीनालीगलीयोजना	30/10/2017	12.78	12.78	NIL	"
14	2017-18	मुख्यमंत्रीनालीगलीयोजना	30/10/2017	0.97	NIL	0.97	Un-utilised amount of Rs. 0.97 is transferred to PL A/C
15	2017-18	14th Finance	24/01/2018	19.34	NIL	19.34	Un-utilised amount of Rs. 19.34 is transferred to PL A/C
16	2017-18	14th Finance	24/01/2018	19.34	19.34	NIL	VC not submitted
17	2017-18	वेतनमद	19/03/2018	5.93	2.81	3.12	Transfer to treasury
18	2017-18	नगरप्रबंधककामानदेय	23/03/2018	1.97	1.97	NIL	VC not submitted
<b>Grand Total</b>				<b>246.89</b>	<b>144.92</b>	<b>101.97</b>	



*[Handwritten Signature]*  
 23/06/2018  
 कार्यपालिका पदाधिकारी  
 नगर पंचायत घोगर्दिहा  
 (मधुवनी)