

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

INTERNAL AUDIT REPORT

FOR

F. Y. 2018-19

GROUP 1

HISUA NAGAR
PANCHAYAT

BY

A. P. SANZGIRI & CO.
CHARTERED ACCOUNTANTS

PLOT NO. 22, HOUSE NO. 174, ANAND NAGAR LANE,
BEHIND VAKOLA POLICE STATION, SANTACRUZ (EAST),
MUMBAI 400055. INDIA

MOB NO.: +91-98333 44727 FAX: +91-22-26691233
EMAIL ID.: CAA YUSH.APS@GMAIL.COM



A. P. SANZGIRI & CO.

CHARTERED ACCOUNTANTS

DOCUMENT HISTORY

INTERNAL AUDIT FOR FY 2018-19

Project Title	Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar (Tender No. IA-140ULBs/2017-18/2018-19/2019-20) Group - 1 covering 19 ULBs"
Report Title	Internal Audit for FY 2018-19 of Hisua Nagar Panchayat
Reporting Entity	A P SANZGIRI & Co., Chartered Accountants
Reporting for	Hisua Nagar Panchayat
Report Prepared by	Internal Audit Team of A P SANZGIRI & Co., Chartered Accountants
Date of Submission	11 th November 2019



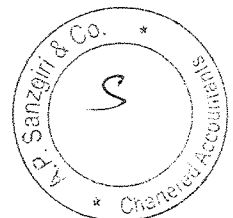
ABBREVIATION AND ACRONYMS

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



TABLE OF CONTENTS

Sl. No.	Particulars	Page No.
1.	Covering Letter	4
2.	Executive Summary	5 - 8
3.	Detailed Audit Report	
	A. Introduction	9
	B. Administration	9
	C. Review of Outstanding Audit Para's	9 - 10
	D. Finance	11 - 16
	E. Audit Observations	16 - 44
4	Annexure-1	45
5	Annexure-2	46 - 47
6	Discussion Note	48 - 50



A. P. SANZGIRI & CO.
CHARTERED ACCOUNTANTS

Date: 13th July, 2020

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

Sub: Submission of Internal Audit Report of Hisua Nagar Panchayat for the Financial Year 2018-19

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

Respected Sir,

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

As per the terms and conditions of RFP Document, we have successfully conducted the Internal Audit Hisua Nagar Panchayat for the Financial Year 2018-19 and submitting the report of the same as per our deliverables.

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

Hope you will find the same in compliance.

Thanking You,

Yours faithfully,

On Behalf of
A P Sanzgiri & Co,
Chartered Accountants

Satish K.P. Sanzgiri & Co.
CA Satish Gupta
Partner
FRN: 116293W

UDIN: 20101134AAAAIC4558

Date - 07-07-2020

Membership No - 101134

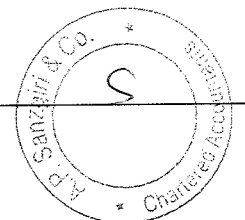
EXECUTIVE SUMMARY

1. INTRODUCTION:

Name of the Municipality	-	Hisua Nagar Panchayat
Period covered under Current Audit	-	01st April 2018 to 31st March 2019
Name of Mayor/Chairman	-	Smt. Kunti Devi
Name of Executive Officer	-	Shri Manish Kumar

2. OBSERVATIONS AND FINDINGS:

Strengths	<ol style="list-style-type: none">1. In the existing system as prevailing in the ULB, day to day working is in progressive manner in respect of collection of revenue and execution of the projects.2. There is sufficient co-operation from the management during the course of our audit.3. General Cash book is properly up-to-dated.4. . Utilization certificate for FY 2018-19 has been prepared5. Fixed assets register was prepared by a CA firm as on 01/04/2014 and it was updated till 2015-166. Bank Reconciliation Statement has been prepared
Weaknesses	<ol style="list-style-type: none">1. The collection of rental income is not satisfactory.2. The shopkeeper/tenants have not been paying rent and have huge outstanding debts.3. Budget is not prepared properly; there is huge difference in opening balance of each year in continuous nature.4. No physical verification of store is exercised by ULB.5. No Physical verification of cash is exercised by ULB.6. Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.7. Fixed assets register is not maintained by ULB8. Compliance report of AG audit is prepared by the ULB and also report is not provided to us for inspection for FY 2016-17.Hence, we are unable to comment on the same.9. Statutory compliance of the ULBs is not deposited timely and hence it incurs penalty and other charges.10. Certain Statutory Registers and Books are not maintained.



11. Non Levy of Taxes:

- ✓ Tax on advertisements, other than advertisements published in newspapers
- ✓ Surcharge on electricity consumption within the municipal area
- ✓ Tax on congregations.
- ✓ Tax on pilgrims and tourists.
- ✓ User Charges for Solid Waste Management.
- ✓ User Charges for Garbage Clearance.
- ✓ Collection of fees for sanction of building plans and issue of completion certificates.
- ✓ Collection of Development Charges.

12. During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 1 to 122 days.

13. ULB is not preparing monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.

14. ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter

15. Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.

16. Non Compliance of Rule 130 of BMAR in some of the cases.

17. ULB is not maintaining the accounts as well as not preparing the financial statements.

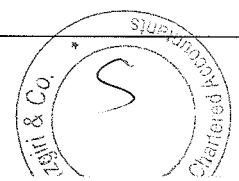
18. ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.

3. OPINIONS:

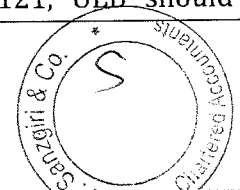
The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel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

4. AUDIT RECOMMENDATION:

Observed Weaknesses	Audit Recommendations
Budget is not prepared properly; there is huge difference in opening balance of each year in continuous nature.	ULB need to check and rectify it in retrospective effect.



No physical verification of store is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of the stock and process.
No Physical verification of cash is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of cash.
Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.	Internal Audit wing should be created by employing the Municipal Internal Auditor on the Board.
Fixed assets register is not maintained at ULB	Fixed assets register should be maintained and updated properly.
Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection for FY 2014-15 to 2015-16. Hence, we are unable to comment on the same.	Compliance report should be prepared as soon as the report is received by ULB and steps to be taken for recovery of the amount for financial irregularities.
Statutory compliance of the ULB are not properly complied, hence it incurs penalty and other charges.	As ULB is not proper complying with statutory obligations, that cause financial implication on ULB in mode of interest and penalty. So, ULB should ensure statutory compliance on time.
Certain Statutory Registers and Books are not maintained.	Statutory register and books of accounts should be maintained as per guidelines and BMAR.
Non Levy of Taxes: <ul style="list-style-type: none"> ✓ Tax on advertisements, other than advertisements published in newspapers ✓ Surcharge on electricity consumption within the municipal area ✓ Tax on congregations. ✓ Tax on pilgrims and tourists. ✓ User Charges for Solid Waste Management ✓ User Charges for Garbage Clearance ✓ Collection of fees for sanction of building plans and issue of completion certificates, ✓ Collection of Development Charges 	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. ULB should take steps to implement required taxes to boost their revenue
During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 02 to 102 days.	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.
ULB is not prepare monthly Trial balance in	As per BMAR Rule No. - 121, ULB should



BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	prepare of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the executive officer.
ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	Currently ULB is sending on yearly basis and the same need to be complied on quarterly basis.
Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.	As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB. 1. Municipal General Fund 2. Basic service for urban poor 3. Water supply & sewerage fund 4. Solid Waste Management Fund 5. Road Development & Maintenance 6. Enterprise Fund
Non Compliance of Rule 130 of BMAR in some of the cases.	ULB should ensure compliance related to Rule 130 of BMAR on regular basis.
ULB is not maintaining the accounts as well as not preparing the financial statements.	ULB is required to maintain the accounts as well as prepare the financial statements at the end of the year.
ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.	ULB should prepare financial statements for each year and get it approved from municipal account committee. As per BMAR, audited financial statements are required to submit to auditor for audit.
In-consistencies in assessment of property tax	Checked on random basis and found variation between demand raised by ULB or actual demand.

5. COMMENTS FROM MANAGEMENT

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

6. ACKNOWLEDGEMENT

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

On Behalf of

A P Sanzgiri & Co.

Chartered Accountants

Satish Gupta

CA Satish Gupta

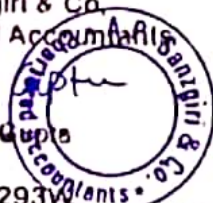
Partner

ERN: 116293W

UDIN: 20101134AAAA IC4CS8

DATE: 07-07-2020

Membership No 101134



DETAILED AUDIT REPORT

1. INTRODUCTION:

Name Of ULB	Period-covered		Audit Team
	From	To	
Hisua.Nagar Panchayat	1 st April, 2018	31 st March,2019	1. Team Leader: CA Satish Gupta 2. Name of CA: Ayush Agrwal 1. Name of Auditor-1: Rahul Kumar 2. Name of Auditor-2: Md. Mahtab Alam

2. ADMINISTRATION:

SN	Particulars	Details
1	The present body of the ULB has taken charge on	June, 2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Smt. Kunti Devi
2.1.1	Period of Service:	From: 19 th June, 2017 To: Till date
2.2	Name of Executive Officer:	Shri Manish Kumar
2.2.1	Period of Service:	From: 07.09.2015 to 02.07.2018, 02.07.2018 to 22.01.2019 & from 22.01.2019. To: Till date

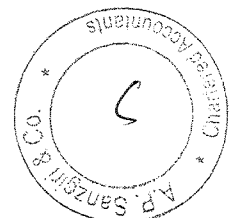
3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. STATUS OF AUDIT OBSERVATIONS IS AS UNDER:

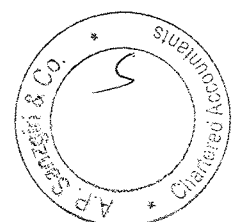
Particulars of audit and date of report	Total No. of audit Para's	Improvement /corrective measures required (Nos. of Para's)	Recovery of cash is proposed (Nos. of Para's)	Recovery has been made (Nos. of Para's)	Total amount of Recovery	No action has been taken	No. & date of compliance report
Audit report submitted by AG for the F.Y. 2013-14	18	18	6	3	3.74 Lac	18	534/2014-15, Dated 26.05.2018

3.2. DETAILS OF TOTAL NUMBER OF AUDIT PARA'S:

Period of AG Audit Report : 2013-14
Compliance Report Date & Number : 534/2014-15, Dated 26.05.2018



Audit Para No	Heading of the Audit Para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
1	Unusable of 35KVA 3 Phase Fabrication make DG set Generator.	0.00	No	No	Yes
2	Irregularities in purchase of Solar Street Light.	5.46 Lac	No	No	Yes
3	Execution of Training programme doubtful.	10.20Lac	No	No	Yes
4	Wrong transfer of 13th finance scheme amount.	1.04 Lac	No	No	Yes
5	Grant Amount unspent.	3.94 Lac	No	No	Yes
6	Excess payment to contractor due non-deduction of Labour cess.	0.82 Lac	Yes	No	Yes
7	Non-deposit of collection amount through H receipt	1.17 Lac	Yes	Yes	Yes
	Non-deposit of collection amount through Miscellaneous & Bus stand.	1.20 Lac	Yes	Yes	Yes
8	Outstanding amount of Holding Tax	4.13 Lac	Yes	No	Yes
9	Outstanding amount of Mobile Tower.	4.68 Lac	Yes	No	Yes
10	Non-collection of Shop Rent.	1.37 Lac	Yes	Yes	Yes
11	Excess payment from estimates as per measurement book.	1.08 Lac	No	No	Yes
12	Un-authorized payment to Daily wages.	8.04 Lac	No	No	Yes
13	Non-maintenance of Govt grant register.	0.00	No	No	Yes
14	Irregular maintenance of treasury pass book.	0.00	No	No	Yes
15	Non-preparation of Income Expenditure Account, Receipt & Payment & Comparative Statement.	0.00	No	No	Yes
16	Profit & Loss Account Incomplete.	0.00	No	No	Yes
17	Incomplete work under various schemes.	0.00	No	No	Yes
18	Non-holding of fixed strong committee meeting.	0.00	No	No	Yes



FINANCE

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

Year	Year- 2016-17	Year- 2017-18	Year- 2018-19
Final/Revised Budget Data	913,23,272.00	29,64,87,356.00	7,68,96,596.00
Actual Expenditure Data	6,14,25,996.00	8,90,63,245.00	6,83,88,007.00
Savings(+)/Excess(-)	2,98,97,276.00	20,74,24,111.00	85,08,589.00

Auditor's Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited

Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16 to 2019-20 have not been produced before us for

verification. Hence, we could not validate the Above-mentioned figures. Before 2016-17 budget has not been prepared. From 2016-17 preparation of budget

started. Hence we are unable to comments on remaining parts above.

II. VOLUME OF TRANSACTIONS:

Period	Budgeted for F.Y. 2018-19	Actual for the F.Y. 2017-18	Actual for the F.Y. 2016-17	Actual for the F.Y. 2018-19	Cumulative for the current period
Opening balance	908,19,998.86	8,99,41,622.00	6,34,87,929.00	9,08,19,998.86	908,19,998.86
Receipts	7,64,16,325.00	899,41,622.00	9,57,42,767.00	3,43,87,244.00	3,43,87,244.00
Total	16,72,36,323.86	17,98,83,244.00	15,92,30,696.00	12,52,07,242.86	12,52,07,242.86
Net expenditure	7,68,96,596.00	8,90,63,245.00	6,14,25,996.00	6,83,88,007.00	6,83,88,007.00
Closing balance	9,03,39,727.86	9,08,19,999.00	9,78,04,700.00	5,68,19,235.86	5,68,19,235.86

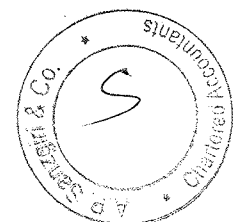
Auditor's Comment:

The above figures have been taken from the Budget Statement of the ULB for the 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited

Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16 to 2019-20 have not been produced before us for

verification. Hence, we could not validate the Above-mentioned figures. Before 2016-17 budget has not been prepared. Actual figure in respect of F.Y. 2018-19 has been taken up to December 2018.

(kindly Attached Refer Discussion Note).



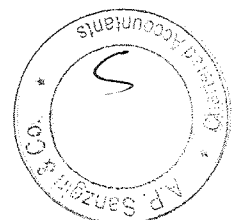
III. BANK RECONCILIATION POSITION AS ON REPORTING DATE:

BANK RECONCILIATION POSITION AS ON 31-03-2019:

S. N	Name of Bank	Bank A/C No.	Purpose of Bank Account	Balance as per	Balance as per Bank	Differences	Reconciled (Yes/No)
1	BOI	455910110010	SBM	33,24,8	32,57,195.5	-	No
2	BOI	455910110002	Bus Stand	5,86,46	5,86,463.07	-	Yes
3	PNB	068500010138	NULM	32,82,2	32,82,230.8	-	Yes
4	PNB	068500010104	HFA	13,79,8	13,79,806.3	-	Yes
5	PNB	068500010016	BRGF	14,10,1	14,10,157.0	-	Yes
6	PNB	685000100996	Social Securities	157031	1,57,031.09	-	Yes
7	MBGB	727301000379	Revenue	873976	87,39,761.1	-	Yes
8	Treasury	PLA	Grant	814868	8,14,86,810	-	Yes

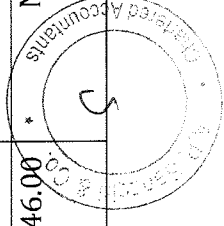
Management Comment:

1. Separate BRS will be prepared as per suggestion given by Internal Auditor.



IV. RECEIPT DETAILS:

Income Details (Amounts to be provided in Rupees)							
SN	Details	2017-18		2018-19		2019-20	
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (Actual)	2019-20 (Actual)	2018-19 (Actual)
	Total Receipts (A+B)	8,99,41,622.00	9,57,42,767.00	3,43,87,244.00	8,99,41,622.00	N/A	3,43,87,244.00
A	Revenue Receipts (1+2+3)	3,79,70,204.00	3,15,35,156.00	2,77,02,672.00	3,79,70,204.00	N/A	2,77,02,672.00
1	Own Revenue Receipts	2,32,35,562.00	2,56,14,842.00	1,70,42,889.00	2,32,35,562.00	N/A	1,70,42,889.00
a)	Tax Revenue(levied and collected by municipal body)	2,15,67,109.00	2,39,02,076.00	1,58,75,156.00	2,15,67,109.00	N/A	1,58,75,156.00
i)	Property tax	22,47,409.00	72,35,076.00	15,56,056.00	22,47,409.00	N/A	15,56,056.00
ii)	Other tax (levied and collected by municipal body)	1,93,19,700.00	1,66,67,000.00	1,43,19,100.00	1,93,19,700.00	N/A	1,43,19,100.00
b)	Non-tax revenue (levied and collected by municipal body)	16,68,453.00	17,12,766.00	11,67,733.00	16,68,453.00	N/A	11,67,733.00
i)	Fees & fines	00.00	00.00	00.00	00.00	N/A	00.00
ii)	User Charges	13,64,723.00	16,82,116.00	11,28,983.00	13,64,723.00	N/A	11,28,983.00
iii)	Other non-tax revenue (levied and collected by municipal body)	3,03,730.00	30,650.00	38,750.00	3,03,730.00	N/A	38,750.00
2	Other Revenue Receipts	27,88,336.00	28,69,567.00	61,97,783.00	27,88,336.00	N/A	61,97,783.00
a)	Income from interest/investments	12,41,646.00	11,60,933.00	53,00,563.00	12,41,646.00	N/A	53,00,563.00



b)	Other Revenue income	15,46,690.00	17,08,634.00	8,97,220.00	15,46,690.00	N/A	8,97,220.00
3	Transfers/Grants/Assigned Revenues	1,19,46,306.00	30,50,747.00	44,62,000.00	1,19,46,306.00	N/A	44,62,000.00
a)	State Assigned Revenue	1,19,46,306.00	30,50,747.00	44,62,000.00	1,19,46,306.00	N/A	44,62,000.00
b)	State Finance (SFC) Grants/Devolution	00.00	00.00	00.00	00.00	N/A	00.00
c)	Octroi compensation	00.00	00.00	00.00	00.00	N/A	00.00
d)	Other State Transfers	00.00	00.00	00.00	00.00	N/A	00.00
e)	Central Commission (CFC) Grant	00.00	00.00	00.00	00.00	N/A	00.00
f)	Other Central Transfers	00.00	00.00	00.00	00.00	N/A	00.00
g)	Others	00.00	00.00	00.00	00.00	N/A	00.00
B	Capital Receipts	5,19,71,418.00	6,42,07,611.00	66,84,572.00	5,19,71,418.00	N/A	66,84,572.00
1	Sale of Municipal Land	00.00	00.00	00.00	00.00	N/A	00.00
2	Loans (from State Banks etc.)	00.00	00.00	00.00	00.00	N/A	00.00
3	State Capital Grant	5,19,20,418.00	6,41,65,111.00	66,84,572.00	5,19,20,418.00	N/A	66,84,572.00
4	Central Capital Grant (under Schemes etc.)	00.00	00.00	00.00	00.00	N/A	00.00
5	Other Capital Receipts	51,000.00	42,500.00	00.00	51,000.00	N/A	00.00

Auditor's Comment:

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

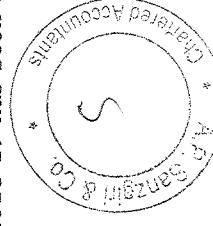


V. EXPENDITURE INFORMATION:

Expenditure Details (Amounts to be provided in Rupees)								
SN	Details	2017-18			2018-19		2019-20	
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (Actual)	2019-20 (Actual)	2018-19 (Actual)	
	Total Expenditure (1+2)	8,90,63,245.00	6,14,25,996.00	6,83,88,007.00	8,90,63,245.00	N/A	6,83,88,007.00	
1	Revenue Expenditure	3,87,68,716.00	2,69,79,848.00	2,35,81,969.00	3,87,68,716.00	N/A	2,35,81,969.00	
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and Operation and Maintenance	1,09,39,727.00	1,21,15,902.00	60,70,310.00	1,09,39,727.00	N/A	60,70,310.00	
1.2	Loan repayment	00.00	00.00	00.00	00.00	N/A	00.00	
1.3	Others (any other revenue expenditure which is not salaries,	17,989.00	5,246.00	4,525.00	17,989.00	N/A	4,525.00	
2	Capital Expenditure	5,02,94,529.00	3,44,46,148.00	4,48,06,038.00	5,02,94,529.00	N/A	4,48,06,038.00	
2.1	All developmental works under Central/State specific schemes	4,98,29,529.00	3,42,24,148.00	4,44,86,038.00	4,98,29,529.00	N/A	4,44,86,038.00	
2.2	Loan Repayments (Principal Amount)	4,65,000.00	2,22,000.00	3,20,000.00	4,65,000.00	N/A	3,20,000.00	
2.3	Other Capital expenditure	00.00	00.00	00.00	00.00	N/A	00.00	

AUDITOR'S COMMENT:

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



VI. STATUS OF IMPLEMENTATION OF DOUBLE ENTRY SYSTEM:

Name of agency	DEAS (implemented till date)	Remark
M/s Sahani Bansal & Associates	Till F.Y 2015-16	There is no back up data available with ULB.
M/s Tibrewal Chand & Co.	From F.Y. 2012-13 to 2019-20	Till now no work has been started.

VII. MUNICIPAL ACCOUNTS COMMITTEE:

At present Committee is not formed but it was told by the ULB officials that it is under process and matter will be put before Board for constitution of committee.
(*Kindly refer discussion note attached with this report*).

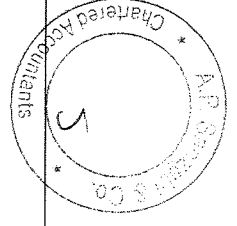
4. AUDIT OBSERVATION:

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

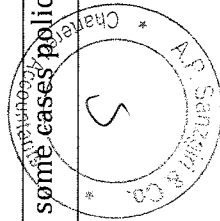
(A) LEAKAGE OF OWN SOURCE REVENUE EITHER DUE TO WRONG ASSESSMENT OR NON-LEVY OF PROPERTY TAX, MOBILE TOWER TAX, RENT ON MUNICIPAL PROPERTIES, ADVERTISEMENT TAX, FEE ETC.

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

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



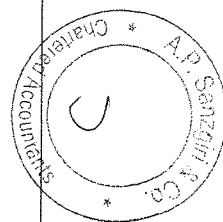
2	Criteria	We have checked list of all the taxes which to be levied and collected by the ULB as per Act. Further we have checked Receipt book, cashier cash book and accountant cash book etc.		
3	Condition	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. <i>In case of Hisua Nagar panchayat</i> The following mentioned tax/charges are not implemented that leads to loss of revenue to ULB:		
	S.N	Particulars	Implemented by ULB or Not	
1		Property tax on lands and buildings.	YES	
2		Surcharge on transfer of lands and buildings	NO	
3		Fire tax.	NO	
4		Tax on advertisements, other than advertisements published in newspapers	NO	
5		Surcharge on electricity consumption within the municipal area	NO	
6		Tax on congregations.	NO	
7		Tax on pilgrims and tourists.	NO	
8		Tax on profession.	NO	
9		Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, passenger motor vehicles.	NO	
10		User Charges for provision of water-supply, drainage and sewerage	NO	
11		User Charges for Solid Waste Management	NO	
12		User Charges for Parking Facility	NO	
13		User Charges for Garbage Clearance	NO	
14		Collection of fees for sanction of building plans and issue of completion certificates,	YES	
15		Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,	NO	
16		Collection of Fees for issue of birth and death certificates.	YES	
17		Collection of Development Charges	YES	
4	Consequences/Effect	No levy of taxes will be resulted in to revenue loss to ULB.		
5	Cause	There is lack of standard policies and instructions from department. In some cases policies are prepared by		



	it is not followed by the ULBs.
6	<p>Corrective Action/Recommendation</p> <p>It is recommended that department should prepare uniform policies for levy and collection of taxes in proper manner and on due time. Further capacity building programmes should be held for ULBs staff and awareness about these taxes should be done.</p>
7	<p>Management Comments</p> <p>Kindly refer discussion note attached with the report.</p>

OBSERVATION-2: DELAY IN DEPOSIT OF PROPERTY TAX COLLECTED BY ULB STAFF

SN	Head	Comments
1	Objective	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 the amount of tax collected by the tax collector is required to be handed over to cashier and deposited into bank on the same day on which collection is made. To check compliance of these provisions, we have carried audit of such type of cases.
2	Criteria	We have checked respective books in order to carry the audit and some cases were checked on random basis.
3	Condition	During verification of receipts book and deposit slips, we have noticed that there is gap period in collection of of tax around 01 to 122 days. Details of such cases are given in Annexure-1 .
4	Consequences/Effect	In respect of above in most of the cases property tax has not been deposited on same day of collection which resulted in interest loss to ULB.
5	Cause	It is explained by concern person that due to non- availability of human resources the same issues arises.
6	Corrective Action/Recommendation	It is recommended that tax collector/cashier should deposit the collected money into bank on same day itself and if he fails to do the same, necessary action should be taken by the ULB management in such cases.
7	Management Comments	Kindly refer discussion note attached with the report.

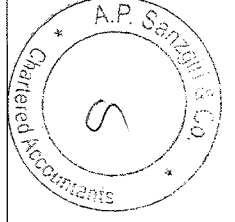


2. RECOVERY OF ADVERTISEMENT TAX:

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

3. RENT INCOME

SN	Head	Comments
1	Objective	ULB authorized to charge rent from municipal properties.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that there was 1.96 Lack rent income outstanding as on 31/03/2019.
3	Consequences/Effect	Not Applicable
5	Cause	Not Applicable
6	Corrective Action/ Recommendation	Not Applicable
7	Management Comments	Kindly refer discussion note attached with the report.

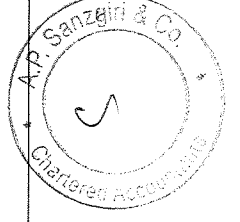


4. MOBILE TOWER TAX:

SN	Head	Comments
1	Objective	ULB is authorized to collect tax from telecom companies for mobile towers installed in the municipal area.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that mobile tower tax of Rs. 13.30 lacs was outstanding as on 31/03/2019.
3	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.

5 OTHER TAX:

SN	Head	Comment
1	Objective	ULB is authorized to collect other various types of taxes/fee.
2	Criteria	It is checked from progress report prepared by ULB
3	Condition	During checking it is noted that no other tax was outstanding as on 31/03/2019:
4	Consequences/Effect	Not Applicable
5	Cause	Not Applicable
6	Corrective Action	Not Applicable
7	Management Comments	Not Applicable.



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

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

SN	Head	Comments						
1	Objective	Checking of payment made by ULBs to find out irregularities made during payment						
2	Criteria	Payment were checked on random basis						
3	Condition	We have checked following payment related to FY 2018-19 during audit:						
		S.N	Name of Party	Payment Head	Invoice Amount	Approved Amount	Date of Payment	Audit Observations
		1	Maa Jagdamba Enterprises	Purchase of dustbin	1000000.00	1000000.00	05.06.2018	No irregularity was found
		2.	Hindustan Media Ventures Ltd	Advertisement	26500.00	26500.00	03.12.2018	
		3.	Danik bhaskar	Advertisement	28000.00	28000.00	10.10.2018	
		4.	Subodh kumar	Contractor	550000.00	550000.00	26.05.2018	
		5.	Bhagwan das & sons	Section machine part	7055.00	7055.00	16.05.2018	
4	Consequence s/Effect	Irregularities in payment lead to excess payment, wrong deductions, non-compliance with agreement and statutory compliances.						
5	Cause	Cases were identified during audit and observations given.						
6	Corrective Action	Management can implement standard checklist for each payment so that irregularities in payments can be avoided.						
7	Management Comments	Not applicable						



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

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

SN	Head	Comments
1	Objective	Field survey and report of 20 high value properties of ULB and report on the basis of area of building, rate of property tax etc of the same. Comparison with the data of same property provided by the ULB and report on variance between them if available.
2	Criteria	Survey was done for 20 High value properties.
3	Condition	We have checked twenty high value assessed property and found variances related to FY 2018-19 during audit. Details of such cases are given in Annexure-2
4	Consequences/Effect	Irregularities in this area may cause short recovery of revenue receipt and it will result in loss to the ULB.
5	Cause	There are some cases found in which variance arise due to assessment of area of property on lower side.
6	Corrective Action/Recommendation	Management need to carry survey of properties on regular interval.
7	Management Comments	(Kindly Attached refer discussion note)

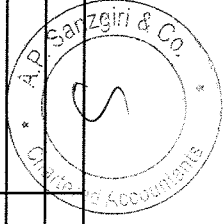


PART-B: ALL AUDIT OBJECTIONS/IRREGULARITIES WHICH HAS MONETARY IMPLICATION, BUT SIGNIFICANT VIOLATION OF ACT, RULES & DIRECTIVES OF UD & HD. MENTION THE REFERENCE TO ACT & RULES WHEREIN REMEDIAL MEASURE IS REQUIRED:

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

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

S.N	Name of Register	Maintained/ Not Maintained	Last date of Updation
1	Cash Book-Cashier	Not Maintained	
2	Cash Book-Accountant	Maintained	31.03.2019
3	Collection Register	Maintained	31.03.2019
4	Cheque issue Register	Maintained	31.03.2019
5	Register of Advance	Maintained	31.03.2019
6	Register of Permanent Advance	Not Maintained	
7	Deposit received register	Not Maintained	
8	Summary statement of deposit adjusted	Not Maintained	
9	Demand Register	Maintained	31.03.2019
10	Summary Statement of Bills Raised	Not maintained	
11	Register of Notice Fees, Warrant Fees, Other Fees	Not maintained	
12	Summary Statement of Notice Fees, Warrant Fees, Other Fees	Not maintained	
13	Register of Refunds, Remissions and Write off	Maintained	
14	Summary statement of Refunds and Remissions	Not maintained	
15	Summary Statement of Write-offs	Not maintained	
16	Statement of outstanding Liability for Expenses	Not maintained	
17	Document Control Register/Stock Account Receipts/Cheque Book	No Maintained	
18	Fixed Assets Register	Not Maintained	
19	Summary Statement of Demand Raised on assessment	Not Maintained	
20	Summary Statement of Head wise Collection of Other Income	Not Maintained	
21	Summary Statement of Refunds	Not Maintained	
22	Summary Statement of Write off	Not Maintained	
23	Grant Register	Not Maintained	
24	Summary Statement of status of Capital Work in Progress	Not Maintained	
25	Work Sheet	Not Maintained	



26	Deposit Works Register	Not Maintained
27	Material Receipt Note	Not Maintained
28	Store Ledger	Not Maintained
29	Statement of Closing Stock	Not Maintained
30	Statement of Material Issued	Not Maintained
31	BRS of all bank accounts (including dormant accounts)	Not Maintained
32	Final Accounts for the F.Y. 2012-13 to 2017-18	Not maintained
33	Audited Balance Sheet	Not maintained
34	Audited Income & Expenditure Account	Not maintained
35	Audited Receipts & Payment Account	Not maintained

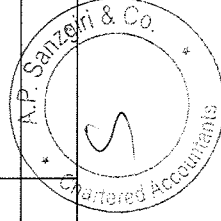
(b) IRREGULARITY IN PROCUREMENT PROCESS:

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

SN	Name of Party	Invoice Amount	Check all required deductions from bill has made or not	Whether Deductions are with appropriate Rate	Check signature of Commissioner/EO in Payment Order	Whether measureme nt book & bill signed by the JE of ULB	Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority; (BMAR Rule No.-130)
1	M/s Santosh Kumar singh	768000.00	Yes	Yes	Yes	Yes	Deduction of Royalty fixed @2% instead of item wise measurement.

2. DETAILS OF LOG BOOK MAINTAINED:

S.N	Name of Vehicle	Whether vehicle log book is maintained or not	Whether log book is properly updated or not	Whether vehicle is insured or not	Whether Rate of Diesel/Petrol properly mentioned in log book
1	JCB (02 nos.)	Yes	No	No	No
2	Tractor (2 nos.)	Yes	No	No	No
3	Tipper (6 nos.)	Yes	No	No	No
4	Section Machine	Yes	No	No	No



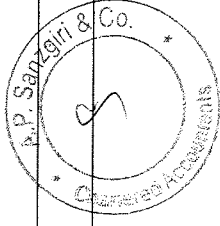
1. As per rule no 75, disbursement to the daily wage workers is to be witnessed by the chief municipal officer / engineer and he has to sign the disbursement certificate after ensuring that the acknowledgement has been obtained from the workers on the master payroll (BMAR Form -33).

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

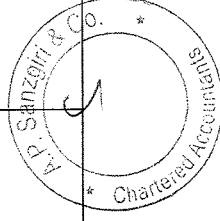
S.N	Directions Issued by UDHD	Particulars of Circulars/Orders/Notices	Complied or Not
1	1672/14-07-2017	Guidelines from Mining department	Complied
2	4437/ 11-07-2016	Guidelines regarding utilisation of 5 th finance fund	Complied
3	6583/09-10-2017	Guidelines regarding Biometric Attendance	Complied
4	2594/25-07-2017	Guidelines regarding GST	Not complied

4. NON COMPLIANCE OF ACTS & RULES:

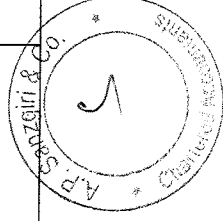
S.N	Requirement	Criteria	Auditors Comment	Management Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.	BMAR Rule No.-22	Refer point: Part-A (a) (2)	(Refer Discussion Note)
2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	BMAR Rule No.- 27	Only Tax collector are entrusted to collect municipal revenue within municipality area;	
3	Whether the collection register was in the	BMAR Rule	Yes, Tax Collector kept receipt book in his	



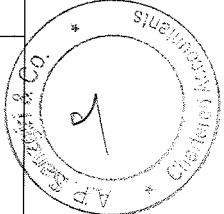
	personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	No.- 27	personal custody.	
4	Whether bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated stall of the Municipality.	BMAR Rule No.- 27	Yes, Daily Collection Register is verified by designated Officer of Council.	
5	Whether every bill collector invariably remit his collections (in cash and/or cheques) to Cashier dally before 4.30 PM and take the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	Refer point: Part-A (a) (2) The same rule did not follow by Tax Collector and on an average 01 to 122 days delayed found in hand of Tax Collector;	(Refer Discussion Note)
6	Whether Grant Register as prescribed in BMAR Form 28 was maintained by the Municipality to record receipts and utilization of grants sanctioned by the Government.	BMAR Rule No.- 69	No.	ULB is not in practice of maintaining Grant Register.
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the	BMAR Rule No.- 69	Refer point: Part-B (h)	



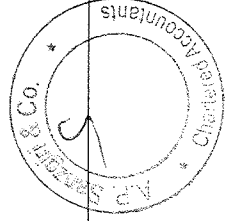
	responsibility of the Chief Municipal Officer that the conditions attached to the grant are complied with without exception.				
8	Whether the grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No such case was found and we have checked through cash book and relevant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

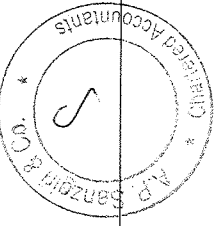


13	Whether ULB sent the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter.	BMAR Rule No.- 121	No	
14	The Chief Municipal Officer shall, Within three months after the end of each financial year be prepared financial statements for the preceding year in respect of the accounts of the Municipality. The Financial Statements shall comprise of a. Receipts and Payments Account for the year (BMAR Form No.71) b. Income & Expenditure Statement for the year (BMAR Form No.73) c. Balance Sheet as on 31st March of the year (BMAR Form No.74) d. Significant accounting policies adopted by the Municipality in presentation of the financial statements. e. Notes to Accounts, which shall disclose Contingent liabilities, and such	BMAR Rule No.- 122	Financial Statement has not been prepared by municipality.	ULB not in a practice to prepare Trial Balance, Income and Expenditure and Balance Sheet. It will be prepare after implementation of double entry Accounting System.

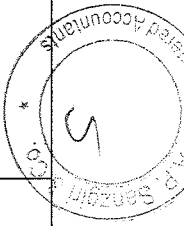


	<p>other information as, may be useful in understanding the financial statements clearly.</p> <p>f. Comparative amounts shall be entered on the financial statements for the preceding financial year except. In the case of the first year to which those rules apply.</p>			
15	<p>Whether the municipality is regular in depositing statutory dues including Tax deducted at source, GST, TDS on GST, service tax, VAT, works contract tax, cess payable to the government etc. and If not, the nature and cause of such delay and the amount not deposited: (BMAR Rule No.-130).</p>	<p>BMAR Rule No.-130</p>	<p>Refer PART-B (f) Amount of statutory dues has not been deposited on due date. Whole deduction amount for entire F.Y. 2018-19 has been deposited on 11.03.2019;</p>	<p>(Refer Discussion Note)</p>
16	<p>Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;(BMAR Rule No.-130).</p>	<p>BMAR Rule No.-130</p>	<p>Refer PART-B (g)</p>	
17	<p>Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated In sufficient detail.</p>	<p>BMAR Rule No.-130</p>	<p>Yes</p>	

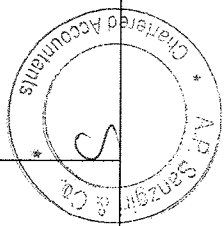


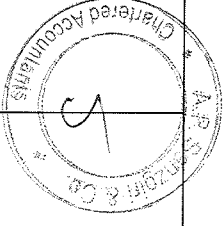
18	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted.	BMAR Rule No.-130	Yes	
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created.	BMAR Rule No.-130	Yes	
20	Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable Intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account.	BMAR Rule No.-130	No	
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry.	BMAR Rule No.-130	Refer Part-A(a)(4)	Refer Discussion Note
22	Whether there exists an adequate internal control procedure for the purchase of stores,	BMAR Rule No.-130	Yes Procedure have been followed.	

	including components, plant and machinery, equipment and other assets?				
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality's accounts; If so, the details thereof.	BMAR Rule No.-130	No such case was found during the period of Audit.		
24	Whether the Bank Reconciliation statements have been properly prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis.	BMAR Rule No.-130	Refer Point-04 (III) Yes BRS of all existing bank a/c, except one bank a/c, have been prepared. Remedial Action, rectification of entries have been made in proper order. reconciliation statement		
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules.	BMAR Rule No.-130	YES,		
26	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and in all cases such as are authorized by Act.	BMAR Rule No.-130	YES.		
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis.	BMAR Rule No.-130	Refer-PART-A (a)(4) Yes, properly assessed and collected but recovery procedure is slow. Total outstanding		(Refer Discussion Note)

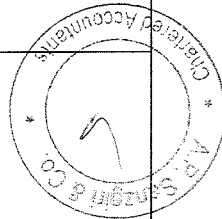


28	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act.	BMAR Rule No.-130	Refer-PART-A (a)(2) Yes, sums due to and received by ULB have been brought to books of accounts. But it takes on an average 01 to 122 days in case of holding tax. This delay was found in hand of tax collector;	(Refer Discussion Note)
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.	BMAR Rule No.-130	UC have not been prepared in prescribed format in timely manner	(Refer Discussion Note)
30	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as It appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.-130	Refer-PART-B (a) Some Books of accounts has not been prepared;	(Refer Discussion Note)
31	Whether physical verification has been conducted by the ULB at reasonable intervals In respect of stores;	BMAR Rule No.-130	No such practices followed by ULB;	It will be followed by F.Y. 2019-20. Refer Discussion Note
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No physical verification is carried out.	No physical verification is carried out
33	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and If so, whether the same has been properly dealt with in the books of account; Whether proper procedures	BMAR Rule No.-130	ULB not maintained stock register properly and further physical verification is also not carried out;	(Refer Discussion Note)

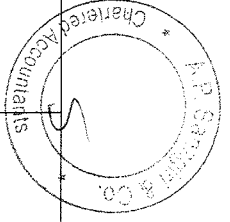


	are in place to Identify any unserviceable or damaged stores and whether provision for the loss In this respect, If any, has been made In the accounts;				
34	Whether the valuation of stores is in accordance with the accounting principles laid down In the rules? Whether the basis of valuation of stores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

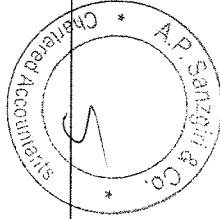
	<p>Preparing Budgets as per the Rules framed under Bihar Municipal Accounts Rule 2014. Rule 132 regarding Public Participation in Preparation Of Budget. Moreover, as required under provisions of Rule 139, mid -year review of Budget.</p>		
38	<p>Municipal Fund: Whether ULB has created required fund as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



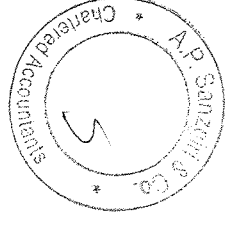
	should earn maximum interest at their gestation period. Check whether comparative interest rate is invited from parties before investing surplus funds:			
42	Preparation of budget estimate of Municipality. Whether The budget estimate stated the rates at which various taxes, surcharges, cesses and fees shall be levied by the Municipality in the year next following,	Yes, the same is levied at specified rate.		
43	Maintenance of accounts. Whether the Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in such form, and in such manner, as may be prescribed,	Receipt and Expenditure A/c has not been prepared;		(Refer Discussion Note)
44	Financial Statement. Whether The Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality,	Not Prepared;		(Refer Discussion Note)



45	<p>Submission of financial statement and balance sheet to auditor.</p> <p>The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.</p>	Financial Statement has not been submitted.	<i>(Refer Discussion Note)</i>
46	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007 various tax are applicable on ULBs</p> <p>Section 145, 146 and 147 of the Bihar Municipal Act 2007 chapter XVII provides for Advertisement tax on Advertisement in Urban Areas. Chapter XVII of the Bihar municipal Act, 2007 required license of Advertisement of any holding, etc. As per act Every person who erects, exhibited, fixes or retain upon or over any land, building ,wall, boarding, frame, post, kiosk, structure, vehicle, neon-sign or sky sign any advertisement, or display any advertisement to public view in any manner</p>	YES	



	whatsoever (including any advertisement exhibited by means of cinematograph), visible from a public street a public place in any location in a municipal area including airport or a port or a railway station ,shall pay or every advertisement, which is so erected ,exhibited, fixed or retained or so displayed to public view, a tax calculated at such rate as may be determined regulations. it requires payment of certain fee for advertisement.			
47	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007,) Municipality shall, by regulations, provide for issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore,	BMA,2007: Chapter XIX	Refer-PART-A(a)(3) Yes, Notice of demand issued but levy of Notice Fee is not followed currently.	(Refer Discussion Note)
48	As per section 342 of Bihar Municipal Act, 2007 Trade license fee is to be collected from different types of Trader, who are trading in Concerned Municipal area.	BMA,2007: Chapter XXXVII	No,	



4. LACK OF INTERNAL CONTROL MEASURES:

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

- a. Tax should be collected & deposited on timely basis as per BMAR Rules-As per trend every tax collector takes 1 to 122 days to deposit the same after collection.
- b. ULB should be followed Books of Account, Trial Balance, FAR, FS, and other records as per BMAR- Neither Trial Balance nor Financial Statement have been prepared by ULB.
- c. ULB should prepare & Maintain monthly BRS- Monthly Bank Reconciliation statement has not been prepared, however year end reconciliation has been prepared.
- d. Necessary sub-ledger is not maintained by the ULB. For instance, register of fuel, bleaching powder etc. not maintained separately.
- e. In respect of budget, realistic approach is not adopted by the ULB in preparation of budget.
- f. Appropriate staff is not deployed at appropriate place.
- g. No MIS was prepared for tracking of payments.

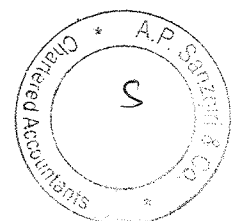
5. NON-COMPLIANCE OF TDS, VAT AND OTHER RELEVANT STATUTE

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

SN	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/Challan Number
1	Maa Jagdamba Enterprises	283474.00	5669.00	07.07.2018	09.07.2018	00002
2	Entit Consultancy Service Pvt. Ltd.	406779.00	8136.00	07.07.2018	13.07.2018	00006
3	Kiran Devi	938827.00	9388.00	07.07.2018	09.07.2018	00003
4	Laxmi Devi	576052.00	5761.00	07.08.2018	30.08.2018	00003
5	Pappu Kumar	584791.00	5848.00	07.07.2018	30.08.2018	00004

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

SN	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
No such cases found					



C. DETAILS OF DEPOSIT OF ROYALTY ARE MENTIONED BELOW:

SN	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/ Challan Number
1	Upendra Kumar	281878.00	5638.00	Not deposited	
2	Rajesh Yadav	357069.00	7141.00		
3	Sanjay Choudhary	512491.00	10250.00		
4	Sajeev Kumar	667788.00	13356.00		
5	Shree rajesh yadav	357069.00	7141.00		
6	Pappu kumar	584791.00	11696.00		
7	Ashok kumar	648625.00	12973.00		

Auditors comments: - Royalty not deposited by the ULB.

Management comment (Kindly Attached Refer Discussion note)

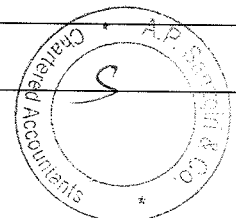
d. DETAILS OF DEPOSIT OF LABOUR CESS ARE MENTIONED BELOW:

S.N	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/ Challan Number
1	Upendra Kumar	281878.00	2818.78	Not deposited	
2	Rajesh Yadav	357069.00	3570.69		
3	Sanjay Choudhary	512491.00	5124.91		
4	Sajeev Kumar	667788.00	6677.88		
5	Ajay kumar	258545.00	2585.00		
6	Rajes yadav	357069.00	3571.00		
7	Pappu kumar	284791.00	5848.00		

Management Comments: (Kindly Attached Refer discussion note)

6. DETAILS OF DEPOSIT OF TDS ON GST ARE MENTIONED BELOW:

SN	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/ Challan Number
1	Upendra Kumar	281878.00	5638.00	Not deposited	
2	Rajesh Yadav	357069.00	7141.00		
3	Sanjay Choudhary	512491.00	10250.00		
4	Sajeev Kumar	667788.00	13356.00		



8. DETAILS OF TDS RETURNS FILLED ARE MENTIONED BELOW:

SN	Quarter	Due date of Return	Actual date of Return filled	Remark
1	First	31.07.2018	28.07.2018	
2	Second	31.10.2018	22.10.2017	
3	Third	31.01.2018	Details missing in the file	
4	Fourth	31.05.2018	09.05.2019	

Consequences: - ULB may suffer penalty for not filing of return on due date in future, if same comes under the notice of income tax department.

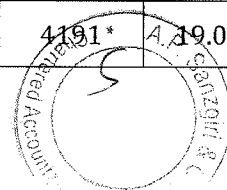
Recommendation:- It is suggested to file return on due date.

9. DEFICIENCY IN PAYROLL SYSTEM:

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

10. DETAILS OF DELAY OF DEPOSIT OF EPF:

Month of Deduction	Amount PF Deduction	PF Advance (Loan)	Due date of deposit	Amount Deposit	Actual Date of deposit	Delay in days
April - 18	5523	-	15.05.2018	5523	19.01.2018	248
May - 18	5523	-	15.06.2018	5523	19.01.2018	218
June - 18	5523	-	15.07.2018	5523	19.01.2018	187
July-18	5464	-	15.08.2018	5464	19.01.2018	156
August-18	5464	-	15.09.2018	5464	19.01.2018	127
September-18	5464	-	15.10.2018	5464	19.01.2018	96
October-18	4191	-	15.11.2018	4191*	19.01.2018	66



November-18	4191	-	15.12.2018	4191	19.01.2018	34
December-18	4191	-	15.01.2019	4191	19.01.2018	3
January-19	4191	-	15.02.2019	4191	27.02.2018	11
February-19	4191	-	15.03.2019	4191	21.03.2018	5
March-19	4191	-	15.04.2019	4191	13.06.2018	59

11. UTILISATION OF GRANT AND REPORT ON MISSING UTILISATION CERTIFICATES

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



III. PART-C

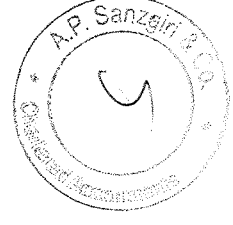
SN	Particulars	Complied or Not
A	Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GoB; Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Complied Refer - Part B (3)
B	Auditor should Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	Complied Refer - Part - A (c)
C	Auditor should report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR :	Complied Refer - Part B (4)
	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	
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Complied Refer - Part B (3)
E	Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc;	Complied Refer - Part - A (a)
F	Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.	Complied Refer - Part - B (b)



G	Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Complied Refer-Part-B(b)
H	Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Complied Refer-Part-B(1)
I	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied Refer- Audit Recommendation
J	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Complied Refer-Part-B(b)
K	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies	Complied Refer-Part-B(b)
L	Auditor will report on that the fixed deposit and other funds should be in nationalized Banks/Approved financial institutions and should earn maximum interest at their gestation period.	Complied Refer-Part-B(4)
M	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	Complied Refer-Part-A(a)
N	Auditor will report on that all kind of tax deductions i.e. Commercial tax, Income tax, provident fund etc. Should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	Complied Refer-Part-B(5)
O	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.	Complied Point-03 of Detailed Audit Report AP. Sanzhi & Co. Chartered Accountants S

INTERNAL AUDIT REPORT FOR F.Y 2018-19
ULB-NAGAR PANCHAYAT HISUA
ANNEX-1 REPORT ON LATE DEPOSIT OF PROPERTY TAX

SN	Serial no		Amount of tax	Date of collection as per receipt booked	Date of Deposit into bank as per Deposit slip	Delay in Deposit with bank "In days"
	From	To				
1	12362	13113	61515	04.04.2018 to 26.06.2018	09.07.2018	1-95
2	13114	13130	16365	30.06.2018 to 7.08.2018	18.08.2018	1-48
3	13132	13181	96865	08.08.2018 to 19.12.2018	31.12.2018	1-122
4	13182	13199	95379	07.01.2019 to 29.03.2019	31.03.2019	1-83
5	12039	12058	22937	04.04.2018 to 30.06.2018	09.07.2018	1-95
6	12059	12065	4493	05.07.2018 to 14.08.2018	18.08.2018	1-43
7	12066	14006	52065	20.08.2018 to 26.12.2018	31.12.2018	1-102
8	14007	14022	150452	02.01.2019 to 29.03.2018	31.03.2018	1-88
9	12148	12162	4854	12.04.2018 to 29.06.2018	09.07.2018	1-75
10	12163	12373	13887	05.07.2018 to 31.07.2018	18.08.2018	1-43
11	12591	13634	57275	13.08.2018 to 17.12.2018	31.12.2018	1-108

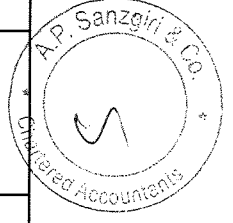


INTERNAL AUDIT REPORT FOR FY 2018-19

ULB-NAGAR PANCHAYAT HISUA

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

S.N	Holding Name	W.N	H.N.	Type of Use of Property		Area of Property		Tax Amount		Remarks	
				As per tax Collector	As per Auditor	As per Tax Collector	As per Auditor	As per Tax Collector	As per Auditor		Diff.
1	Chandra Kanta Devi	1	74	Residential cum Commercial	Residential cum Commercial	8868.00	8868.00	30,164.00	30,164.00	-	-
2	Uma Sharan Singh	1	100	Residential cum Commercial	Residential cum Commercial	11660.00	11660.00	30,821.00	30,821.00	-	-
3	Bihar Rajya Vidhut Board	7	14	other	Other	57178.00	57178.00	98,803.00	98,803.00	-	-
4	T.S. College	15	124	Commercial	Commercial	294248.00	294248.00	69,472.00	69,472.00	-	-
5	Rajendra Pd. Sahu	1	183	Commercial	Commercial	19115.00	19115.00	18,707.00	18,707.00	-	-
6	Shanti Devi	1	128	Residential cum Commercial	Residential cum Commercial	3920.00	3920.00	17,367.00	17,367.00	-	-
7	Urmila Devi	2	234	Residential cum Commercial	Residential cum Commercial	5425.00	5425.00	13,064.00	13,064.00	-	-
8	Binti	11	213	Residential cum Commercial	Residential cum Commercial	3312.00	3312.00	14,201.00	14,201.00	-	-
9	Pradhan Adhyapak Uchhya Vidyalaya	7	24	other	other	43563.00	43563.00	12,503.00	12,503.00	-	-



10	Sadanand Patel	1	80	Commercial	Commercial	Commercial	3514.00	3514.00	-	15,180.00	15,180.00	-	-
11	Dhirendra Prasad	2	246	Residential cum Commercial	Residential cum Commercial	Residential cum Commercial	2664.00	2664.00	-	13,994.00	13,994.00	-	-
12	Jawahar Lal Shaw	2	39	Residential cum Commercial	Residential cum Commercial	Residential cum Commercial	8284.00	8284.00	-	10,751.00	10,751.00	-	-
13	Divendra Kumar	1	89	Residential cum Commercial	Residential cum Commercial	Residential cum Commercial	1800.00	1800.00	-	10,579.00	10,579.00	-	-
14	Gita Devi	2	219	Residential cum Commercial	Residential cum Commercial	Residential cum Commercial	3441.00	3441.00	-	10,330.00	10,330.00	-	-
15	Lila Devi	4	183	Residential cum Commercial	Residential cum Commercial	Residential cum Commercial	5824.00	5824.00	-	10,607.00	10,607.00	-	-
16	Mithlesh Kumar	6	48	Residential cum Commercial	Residential cum Commercial	Residential cum Commercial	4400.00	4400.00	-	8,794.00	8,794.00	-	-
17	Madhya Vidyalaya	13	16	other	other	Other	36876.00	36876.00	-	7,981.00	7,981.00	-	-
18	Sadanand Ptel	1	81	Commercial	Commercial	Commercial	2125.00	2125.00	-	9,180.75	9,180.75	-	-
19	Sahu Kanya Uchya Vidyalaya	12	245	other	other	Other	32102.00	32102.00	-	7,775.00	7,775.00	-	-
20	Bhagwati Devi	1	94	Commercial	Commercial	Commercial	1000.00	1000.00	-	7,143.00	7,143.00	-	-



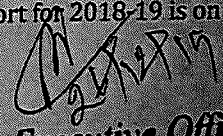
Number: Regarding confirmation of documents not maintained and management comment to Auditor's call for 2017-18-19.

We, Nagar Panchayat Hisua, confirm the following books of accounts/ documents/ file has not been maintained, hence we could not produced it:

S.N.	Auditor observation	Management comment
1	Non implementation of Double entry system;	Currently there is no such agency working for implementation of accrual based double entry accounting system;
2	AG Compliance Report;	It is provided;
3	Difference in opening balance of in budget for F.Y. 16-17 and 2017-18;	Management is now making effort to find out error and will rectify accordingly;
4	Non maintenance of Advance Register;	It is provided;
5	No Municipal Accounts committee established;	Under process, and matter will be put before board for constitution of "Municipal Accounts Committee";
6	Notice fee;	Currently not collecting, but it is being will be consider by the Board and collected accordingly;
7	TDS return acknowledgement;	It has been provided;
8	Non levy of Taxes in IAR Para " I Part- A a) (1);	Some of the Taxes are collected by other departments of Government like professional tax; And there are many taxes mentioned in this Para not collected since these services are not provided by ULB like fire taxes. For rest we will discuss in meeting of board and implement accordingly;
9	Late deposit of property Tax;	Show cause notice has been issued to tax collector in this respect and it will be collected as per law. Copy of show cause has been attached

	Management of Fixed Assets Register	It will be maintained.
	Outstanding Taxes	We will make our best effort to realize the established camp in ward;
22	Bank Reconciliation on Monthly Basis	It will be maintained;
23	Any payment made out of Municipal Fund that is not covered by	Payment is made out of budget provisions. No such payment is made that is not covered by budget;
24	Non Implementation of Biometric Devices and Payroll Software	It is under process;
25	Directive/Circular issued during Q-1 of 2019-20	No such directives or circular issued during said period.

Further we confirm/affirm the management comment given in Internal Audit report for 2018-19 is on behalf of Nagar Panchayat Hisua.


Executive Officer
Nagar Panchayat, Hisua
(Nawada)
 26/1/24



HISUA NAGAR PANCHAYAT
STATUS OF UTILIZATION CERTIFICATION FOR FY 2018-19

S.No	Head	Approval order and date	Sanctioned Amount	Expenses Incurred	Balance Amount	UC Submitted against Expenses	UC Pending Against Expenses	% of UC Submitted against expenses	% of UC Pending against expenses	Letter No & Date of Submission of UC
1	City Manager Salary	08/24-05-2018	1.97	-	1.97	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C
2	Civil Liberties	10/01-06-2018	33.19	-	33.19	-	-	NIL	NIL	Unutilised amount
3	Nali-Gali	09/30-05-2018	90.18	-	90.18	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C
4	EO Salary	92/05.12.2018	8.10	-	8.10	-	-	NIL	NIL	Unutilised amount
5	14th Finance	82/31.10.2018	69.54	-	69.54	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C
6	5th Fin	15/03.07.2018	114.59	-	114.59	-	-	NIL	NIL	Unutilised amount
7	Administrative Building	31/25.07.02018	61.40	-	61.40	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C
8	5th Finance	21/10-07-2018	117.19	-	117.19	-	-	NIL	NIL	Unutilised amount
9	Path and Puliya Nirman	133/28.02.2019	13.72	-	13.72	-	-	NIL	NIL	Unutilised amount
10	Path and Puliya Nirman	133/28.02.2019	11.73	-	11.73	-	-	NIL	NIL	Unutilised amount
11	Councilor's Allowance	163/19.03.2019	3.12	-	3.12	-	-	NIL	NIL	Unutilised amount

