

INTERNAL AUDIT REPORT

OF ULB

(Islampur)

FOR THE PERIOD

01/04/2018 TO 31/03/2019

(Annual Report 2018-19)

CONDUCTED BY

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

**From 14-07-2019 to 24-07-2019
Report Issued on 20th August 2019**

Executive Summary

1. Introduction

Name of the Municipality	Nagar Panchayat Islampur
Period covered under current audit	Annual Report 2018-19
Name of Executive Officer for the period under Audit.	Mr. Naveen Kumar

2. Results and Findings

Strengths observed during the audit engagement.

- Office of Islampur Nagar Panchayat is very clean, proper care of cleaning and maintenance has been done.
- Board meetings of Islampur Nagar Panchayat are held regularly and problems faced in the smooth operation are resolved by passing resolutions.
- Separate files of the parties to whom payments are made are properly maintained. Proper documentation process is followed.
- Separate files of the parties to whom payments are made are properly maintained. Proper documentation process is followed.
- Main cash book has been maintained.
- Subsidiary cash books have been maintained.

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

- Holding tax is not deposited on same day according to the time stipulated in Municipal Act 2007.
- Bank Reconciliation Statement is not prepared month wise for F.Y 2018-19.
- No action is taken by Nagar Panchayat Islampur for collection of Tower Tax.
- Nagar Panchayat Islampur is not in practices to follow Double Entry Accounting System. It is due to lack of adequate acknowledged.
- Quarterly Return for GST has not been filed for F.Y 2018-19.
- Quarterly Return for TDS has not been filed for F.Y 2018-19.
- Nagar Panchayat Islampur has not maintained fixed asset register.
- Various registers, books of records etc. are not being prepared by the ULB. Such as, Statutory Register with regards TDS, GST, Royalty etc.
- Some amount of grant allotted to Nagar Panchayat but against these allotments, no UCs submitted.
- All observation found during the audit for f. y. 2015-16 and 1st, 2nd, 3rd and 4th Quarter 2016-



17 is not complied except holding tax.

(k) Advance Register is not maintained.

(l) Stock Register is not maintained.

(m) Daily collection register (Revenue receipt wise) is not maintained

(n) Property / Holding tax has not been assessed on property by the ULB since Financial Year 2008-09.

(o) File Movement registers is not maintained.

3. Opinion

As per Our Opinion the following improvement are required.

- It requires improving its Internal Control Procedures with regards to Demand, Collection of Revenue, and Deposit of Collected revenue in the Banks on scheduled time.
- Due to non-implementation of Double Entry Accounting System and following of Cash basis of Accounting, proper recognition of Income and expenses are not possible in accounts.
- Monthly receipt & Payment account should be prepared by ULB.
- ULB is not working properly, even internal control is poor.
- Revenue collection of the ULB is very poor it has scope to increase to much higher level.
- All cash collection from source of revenue are not deposited in the bank on same day. It is deposited in the bank after making daily expenditure.
- Due to lack of manpower, there is delay in performing day-to-day work.
- There should be proper segregation of duties to perform day-to-day work in efficient manner.
- Bank reconciliation should be prepared on monthly basis.
- We find that rules and regulation are there but ULB is not following them properly.
- Most of the Books of Accounts as prescribed by BMAR are not maintained by the ULB.
- There are serious lapses in deduction and deposit of statutory dues, such as VAT, Royalty, TDS, Labour Cess etc.
- Separate bank account should be maintained for each scheme.

4. Audit Recommendations:

SL No	Observations
1.	ULB must collect property tax. On timely manner which are under its Jurisdiction and deposited on same day according to the time stipulated in Municipal Act 2007.
2.	ULB must prepare Bank Reconciliation Statement on timely basis.
3.	ULB must collect mobile tower tax on timely manner which are under its Jurisdiction.



4.	ULB should adopt double entry accounting system; Double-entry accounting allows accounting departments to prepare financial statements easily. Double entry accounting system present accurate report of accounts on the income statement, balance sheet, cash flow statement and other financial statements and reports. It provides checks and balances, which prevent fraudulent activity and reduces errors. Double-entry accounting system prevents fraud in a greater way than single-entry accounting because it makes it difficult to manipulate accounts. You can easily detect account manipulation by examining the journal entries and comparing them to previous journal entries for the same or similar transactions.
5.	ULB must file return and deposit GST and other statutory deductions on timely basis.
6.	ULB must file return and deposit TDS and other statutory deductions on timely basis.
7.	ULB must maintain all the Fixed Assets Register, Records etc. as prescribed in Bihar Municipal Accounts Act, Manual and Rules.
8.	ULB must maintain all the Books of Statutory Register, Records etc. as prescribed in Bihar Municipal Accounts Act, Manual and Rules.
9.	ULB must compile all the previous Audit Report Observation for f. y. 2015-16 and 1st, 2nd, 3rd and 4th Quarter 2016-17
10	ULB must maintain all the Books of Account Advance Register etc.

5. Comments from Management:

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

6. Acknowledgement: -

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

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

CA Chanakya Shree
Partner
M. No: -079322



UDIN- 20079322AAAKV1617

Date - 06-06-2020

Detailed Audit Report

1. Introduction

The Internal Audit of (Islampur Nagar Panchayat) covering the Period from 1st April 2018 to 31th March 2019 was conducted by following person under the guidance of TL CA Chanakya Shree and MAE CA Ashok Kumar Pandey:

(1) Sumit kumar

2. Administration

The Present body of the ULB has taken charge on 18th Jan, 2019. The incumbency in the key Administrative and Executive Positions was as under:

Smt. Sangita Shahu Chairman from 27 May 2017 to till date.

Mr. Naveen Kumar Executive Officer from 18th Jan 2019 to till date.

3. Review of outstanding audit paras:

Status of Audit Observations is as under:

Sl. No	Particulars of Audit and date of report	Total no. of audit Paras	Total no. of audit Paras where necessary improvement/ corrective measure is required	Total no. of audit Paras where recovery of cash is proposed	Total no. of audit Paras where recovery has been made	Total amount of Recovery	Total no. of outstanding paras where no action has been taken	No. and Date of Compliance Report
1	AG Audit Report, dated 30.08.2013	28	24	02	2	616000	0	10/06/2019
2	Internal Audit for the 1 st Qtr (2016-2017)	17	5	0	0	0	12	Not Compiled
3	Internal Audit for the 2 nd Qtr (2016-2017)	20	5	0	0	0	15	Not Compiled



4	Internal Audit for the 3 rd Qtr (2016-2017)	10	4	0	0	0	6	Not Compiled
5	Internal Audit for the 4 th Qtr (2016-2017)	17	5	0	0	0	12	Not compiled

Detail Report on Compliance of Previous Internal Audit Report: -

SL No.	Audit Observation	Nature of Irregularities	Compiled/Non-Compiled
1.	Payment for work executed vide yojna no. 1/2016-17(stamp duty) for Rs. 2,20,823 on 11/04/2016 . For which VAT ,Labor Cess and Royalty for Rs. 20,000, Rs. 4,000 and 5,355 respectively has been deducted but not deposited to the Concerned Tax Department till date.	Persisting the year 1 st Quarter 2016-17	No Action taken by Islampur nagar panchayat.
2.	Payment for work executed vide yojna no. 2/2016-17(stamp duty) for Rs. 2,16,978 on 11/04/2016 . For which VAT ,Labor Cess and Royalty for Rs. 20,000, Rs. 4,000 and 9,022 respectively has been deducted but not deposited to the Concerned Tax Department till date.	Persisting the year 1 st Quarter 2016-17	No Action taken by Islampur nagar panchayat.
3.	Payment for work executed vide yojna no. 3/2016-17(stamp duty) for Rs. 82,790 on 11/04/2016 . For which VAT ,Labor Cess and Royalty for Rs. 4,410, Rs. 1,000 and Nil respectively has been deducted but not deposited to the Concerned Tax Department till date.	Persisting the year 1 st Quarter 2016-17	No Action taken by Islampur nagar panchayat.
4.	Payment for work executed vides yojna no. 4/2016-17(stamp duty) for Rs. 2, 16,923 on 11/04/2016. For which VAT, Labor Cess and Royalty for Rs. 20,000, Rs. 4,000 and 9,025 respectively has been deducted but not deposited to the Concerned Tax Department till date.	Persisting the year 1 st Quarter 2016-17	No Action taken by Islampur nagar panchayat.



5.	Holding tax is not deposited on same day according to the time stipulated in Municipal Act 2007.	Persisting the year 1 st ,2 nd ,3 rd And 4 th Quarter 2016-17	No Action taken by Islampur Nagar Panchayat.
6.	Bank Reconciliation Statement is not prepared month wise for 2016-17.	Persisting the year 1 st ,2 nd ,3 rd And 4 th Quarter 2016-17.	No Action taken by Islampur Nagar Panchayat.
7.	Nagar Islampur Nagar panchayat is not in practices to follow Double Entry Accounting System. It is due to lack of adequate acknowledged.	Persisting the year 1 st ,2 nd ,3 rd And 4 th Quarter 2016-17.	No Action taken by Islampur Nagar Panchayat.
8.	Quarterly Return for VAT has not been filed for Second quarter of F.Y -2016-17.	Persisting the year 1 st ,2 nd ,3 rd And 4 th Quarter 2016-17.	No Action taken by Islampur Nagar Panchayat.
9.	Quarterly Return for TDS has not been filed for Second quarter of F.Y -2016-17.	Persisting the year 1 st ,2 nd ,3 rd And 4 th Quarter 2016-17.	No Action taken by Islampur Nagar Panchayat.
10.	Nagar Islampur Nagar panchayat is not Maintaining fixed asset register.	Persisting the year 1 st ,2 nd ,3 rd And 4 th Quarter 2016-17.	No Action taken by Islampur Nagar Panchayat.
11.	Various registers, books of records etc. are not being prepared by the ULB. Such as Stock Register, Advance & Recovery Register, Demand Register, Collection Register.	Persisting the year 1 st ,2 nd ,3 rd And 4 th Quarter 2016-17.	No Action taken by Islampur Nagar Panchayat.
12.	Various registers, books of records etc. are not being prepared by the ULB. Such as, Statutory Register with regards TDS, VAT, Royalty etc.	Persisting the year 1 st ,2 nd ,3 rd And 4 th Quarter 2016-17.	No Action taken by Islampur Nagar Panchayat.
13.	Some amount of grant allotted to Nagar Panchayat but against these allotments, no UCs submitted.	Persisting the year 1 st ,2 nd ,3 rd And 4 th Quarter 2016-17.	No Action taken by Islampur Nagar Panchayat.



4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2016-17	2017-18	2018-19
Final/Revised Budget	40025177.00	200030274.00	220189274.00
Actual Expenditure	46869084.00	48380930.00	73098425.00
Savings(+)/ Excess(-)	(6843907.00)	151649344.00	147090849.00

II. Volume of transactions

Period	Budgeted 2018-19	Previous Year (For one Year)2017-18	Current Year (For one Year)2018-19
Opening balance	74873133.00	60863721.00	82153171.00
Receipts	220207750.00	69670380.00	59598531.00
Total	295080883.00	130534101.00	141751702.00
Net expenditure	220189274.00	48380930.00	73098425.00
Closing balance	74891609.00	82153171.00	68653277.00

III. Bank Reconciliation: -

Details of Closing Balance:

Sr no.	Name of scheme / item	Bank name / account no.	Balance as per pass book	Balance as per cash book	Differences	Remarks BRS Prepared/ Not Prepared
1.	14 th Finance	SBI-10881	3615469.00	3615469.00	0.00	Not Required
2.	E-Governance	SBI-10870	1277546.00	1277546.00	0.00	Not Required
3.	Nali Gali	SBI-77039	1448227.00	1448227.00	0.00	Not Required
4.	5 th Finance	SBI-17735	322010.00	322010.00	0.00	Not Required
5.	HFU	SBI-13186	615638.00	615638.00	0.00	Not Required
6.	SBM	SBI-10869	1038428.00	1038428.00	0.00	Not Required
7.	Kabir Antosthy	SBI-16414	1955849.00	1955849.00	0.00	Not Required
8.	State Plan	SBI-11013	610998.00	610998.00	0.00	Not Required
9.	Ghar Ghar Nali gali	SBI-74822	2922089.00	2922089.00	0.00	Not Required
10.	Nagar Palika Nidhi	SBI-11002	271997.00	271997.00	0.00	Not Required
11.	Municipal Fund	Allahabad Bank-18581	9496314.00	9496314.00	0.00	Not Required
12.	DAY-NULM	ICICI-00849	284794.00	284794.00	0.00	Not Required
13.	P.L.Account	A/c 1020002	46214452.00	46214452.00	0.00	Not Required



IV. Revenue Receipts: -

Income Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Receipts (A+B)	69670380.0 0	74907628.0 0	59598531.0 0	69670380.0 0		
A.	Revenue Receipts (1+2+3)	16986550.0 0	37827704.0 0	14672184.0 0	16986550.0 0		
1.	Own Revenue Receipts (a+b)	4809446.00	7726034.00	2410906.00	4809446.00		
a)	Tax Revenue(levied and collected by municipal body)	2550760.00	5733088.00	2368926.00	2550760.00		
i)	Property tax	2529260.00	5733088.00	2247226.00	2529260.00		
ii)	Other tax (levied and collected by municipal body)	21500.00	0.00	121700.00	21500.00		
b)	Non-tax revenue (levied and collected by municipal body)	2258686.00	1992946.00	41980.00	2258686.00		
i)	Fees & fines	29694.00	515096.00	20990.00	29694.00		
ii)	User Charges	0.00	441592.00	0.00	0.00		
iii)	Other non-tax revenue (levied and collected by municipal body)	2228992.00	1036258.00	20990.00	2228992.00		
2	Other Revenue Receipts	902903.00	0.00	1543648.00	902903.00		
a)	Income from interest/investments	896903.00	0.00		896903.00		
				760474.00			
b)	Other Revenue income	6000.00	0.00	783174.00	6000.00		
3.	Transfers/ Grants/ Assigned Revenues	11274201.00 0	30101670.00 0	10717630.00 0	11274201.00 0		
a)	State Assigned Revenue	9094951.00	631833.00	1924286.00	9094951.00		
b)	State Finance Commission (SFC) Grants/ Devolution	0.00	28636769.00 0	0.00	0.00		
c)	Octroi compensation	0.00	0.00	0.00	0.00		
d)	Other State Govt. Transfer	558000.00	705068.00	7154000.00	558000.00		
e)	Central Finance Commission (CFC) Grant	0.00	0.00	0.00	0.00		
f)	Other Central Govt. Transfer	0.00	0.00	0.00	0.00		
g)	Others	1621250.00	128000	1639344.00	1621250.00		
B.	Capital Receipts	52683830.0 0	37079924.0 0	44926347.0 0	52683830.0 0		
1	Sale of Municipal Land	0.00	0.00	0.00	0.00		
2	Loans (from State Govt. or Banks etc.)	0.00	0.00	0.00	0.00		
3	State Capital Account Grant (under State Schemes etc.)	37780662.00 0	14691749.00 0	17751647.00 0	37780662.00 0		
4	Central Capital Account Grant (under Central Schemes etc.)	14903168.00 0	22388175.00 0	20411700.00 0	14903168.00 0		
5	Other Capital Receipts	14903168.00	0.00	6763000.	14903168.00		

Not Applicable for this quarter.



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v. Revenue and Capital Expenditure Information: -

Expenditure Details (Amounts to be provided in Rupees)

Sl. No	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
Total Expenditure (1+2)		48380930.00	46869084.00	73098425.00	48380930		
1	Revenue Expenditure	15864957.00	Details have not been provided to us to annexed.	21683051.00	15864957	Not Applicable for this quarter	
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and Contractual Staff)	12355481.00		13865258.00	12355481		
1.2	Operation and Maintenance (O&M)	790710.00		0.00	790710.00		
1.3	Loan repayment (Interest payments)	0.00		0.00	0.00		
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	2718766.00		7817793.00	2718766		
2.	Capital Expenditure	32515973.00		51415374.00	32515973		
2.1	All developmental works under Central/State specific schemes	16794073.00		36371871.00	16794073		
2.2	Loan Repayments (Principal Amount)	0.00		0.00	0.00		
2.3	Other Capital expenditure	15721900.00		15043503.00	15721900		



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

VI. Status of implementation of Double Entry Accounting System

Accounting of Nagar Panchayat Islampur has not been maintained as Double Entry Accounting System. The consultant for DEAS has been appointed but financial accounts for 2018-19 is still to be prepared. The DEAS team has started work since 01/03/2019 (Tibrewal Chand & Co)

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

Minutes of such Municipal Accounts Committee has not been provided to us to report.

5. Audit Observations

Part – A

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

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

i. Mobile Tower Collection: -

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

Criteria – Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for communication tower erected within municipal area. Currently the registration fee for Nagar Panchayat is Rs. 30,000/- per tower and annual renewal fee is Rs. 8,000/- per annum per tower.

Condition –As per details provided to us there are total 8 Mobile Towers registered with this ULB up to 31.03.2019 and Rs. **2022048.00** has not been collected till the date of audit from these tower operators as Tower Tax.

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

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



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

Sl. No.	Name of Company/Place	Establishment Year	Total Registration Fees	Total Renewal Fees	Total Receivable Amount	Total Collection	Total Arrear
1	Reliance Patel Nagar, Gaya Road	2005	30000	120000	150000	38000	112000
2	BSNL Murgiya Chowk	2006	30000	112000	142000	0	142000
3	Airtel Budha Nagar, Barbigha, Ranapratap Nagar	2006,2008	60000	112000+ 192000	142000+ 403200	90000	52000+ 403200
4	Vodafone Ranapratap Nagar	2008	30000	96000	277200	54000	223200
5	Tata Indocom Kajiyana Gaya Road, Station Road	2008,2009	60000	96000+ 88000	126000+ 118000	100000	26000+ 118000
6	GTL Aircel Barbigha, Rajgir Road	2009	30000	211200	637200	0	637200.0 0
7	Idea	2015	30000	24000	54000	0	54000
8	Tower Vision	2017	30000	16000	46000	0	46000
TOTAL: -			5,04,000.00	441600.00	1995600.00	282000.00	1713600.00
			Add; Intrest	=1713600*1.5/100*12			308448.00
				Amount Due			2022048.00

iii. **Advertisement Tax**

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

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

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

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



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

iii. Holding & Property Tax Deposit – Irregularity: -

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

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

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

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

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

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

iv. Holding & Property Tax Collection: -

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

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

Condition – Total Property Tax/Holding Tax outstanding as on 31th March 2019 is Rs. 4853527/-

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

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

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



Year	Total Demand			Total Recovery			Total Arrear		
	Arrear	Current	Total	Arrear	Current	Total	Arrear	Current	Total
2018-19	4400000	2709000	7109000	0.00	615938+ 420609+ 428856+ 781823	2255473	4400000	453527	4853527

v. **Market/Shop Rent Collection: –**

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

Criteria– Non-Collection of Market/Shop Rent and imposition of late fine by the concerned ULB.

Condition– ULB has no any own shop in their Nagar Panchayat.

Consequence / Effect / Impact- ULB has no any own shop in their Nagar Panchayat.

Cause– ULB has no any own shop in their Nagar Panchayat.

Corrective Action / Recommendation– ULB has no any own shop in their Nagar Panchayat.

b. **Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULB's:**

➤ No observation found during the course of audit.

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

Report on field survey of 20 high value properties

Property / Holding tax are assessed by the ULB. Therefor property tax on Minimum 20 high value could be determined.

Sl. No.	Owner Property Name	Father's Name	Ward No	Pcc	Taxable Area	Rate/ Sq Ft (Rate *.70/.80)	Annual Rent	Annual Property Tax@ 9%	Residential / Commercial/Other	Remarks
1	Sanjeev Kumar	Heera Sao	8	Pcc	2901	9*.70	18276	1645	Residential	No Variation Observed



2	Netaji	Subhash	1	Pcc	1755	9*.70	11056	995	Residen tial	No variation Observed
3	Ravee Khetan	Narhari khetan	15	Pcc	1960	9*.70	12348	1111	Residen tial	No variation Observed
4	Natho Prasad	Late Vasudev Sao	17	Pcc	3475	9*.70	21892	1970	Other	No variation Observed
5	Dileswar Yadav	Hathiya Yadav	16	Pcc	320	9*.80	2304	207	Residen tial	No variation Observed
6	Radhe shyam Agarwal	Late chote lal Agarwal	16	Pcc	1022	9*.70	6438	579	Other	No variation Observed
7	Damanti devi	Yugal Kishor	17	Pcc	1606	9*.70	10117	910	Residen tial	No variation Observed
8	Nand kishor	Panchanan Sharma	18	Pcc	2165	9*.70	13639	1228	Residen tial	No variation Observed
9	Nand Swaroop	Panchanan d sharma	18	Pcc	2165	9*.70	13639	1228	Comme rcial	No variation Observed
10	Anand swarup	Banwari lal	19	Pcc	2309.5	9*.80	16628	1496	comme rcial	No variation Observed
11	Raju singh	Shivjari Singh	01	Pcc	4798	9*.70	30227	2720	Residen tial	No variation Observed
12	Nanad ji Upadhyay	Ram ajor upadhya	01	Pcc	3528	9*.80	25401	2286	comme rcial	No variation Observed
13	Saroja devi	Rambhaja n Ram	01	Pcc	2800	9*.70	17640	1588	Residen tial	No variation Observed
14	Sarfraz hussain	Izhar khan	13	Pcc	858	9*.70	5405	486	Residen tial	No variation Observed
15	Mahadev Prasad	Sitaram Sah	17	Pcc	1764	9*.70	11113. 2	1000	Residen tial	No variation Observed
16	Lalan prasad	Sitram lal	17	Pcc	960	9*.70	6048	544	Comme rcial	No variation Observed
17	Rama Prasad	Tegari Ram	17	Pcc	544	9*.70	3427	308	Comme rcial	No variation Observed
18	Aasha Kunwar	Gyanchan dra keshari	17	Pcc	1125	9*.70	7087	638	Residen tial	No variation Observed
19	Dulari	Komal	22	Pcc	786	9*.70	4952	446	Residen tial	No variation Observed
20	Akshya Paswan	Late Haradiya Narayan prasad	20	Pcc	1328	9*.70	8366	753	Residen tial	No variation Observed

Note:- We have calculated Rate/sq. ft. by calculating reverse calculation (Tax Amt./
sq.ft.*100/9 Tax Rate



ii. **Part-B**

All Audit objections/regularities which has no monetary implication, but significant violation of act, Rules directives of UD&HD. Mention the reference to Act & Rules wherein remedial measure is required.

a. Non –maintenance of books of accounts, subsidiary registers: -

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

Sl. No.	Particulars	Status
1	Fixed Assets Register	Not Maintained
2	Royalty Register	Not Maintained
3	TDS Register	Not Maintained
4	Statutory deduction Register	Not Maintained

b. Irregularity in procurement process: -

No Observation found in this regard.

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

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

- (1) Non collection of various taxes required to be collected.
- (2) Non maintenance of prescribe books of accounts.
- (3) Non submission of UC and other reports on timely basis.

d. Non- compliance of Act & Rules: -

Income tax Act 1962 and GST Act 2017 are not properly followed by ULB.

- Quarterly Return for TDS has not been filed for the F.Y -2018-19.
- Quarterly Return for GST has not been filed for the F.Y -2018-19.

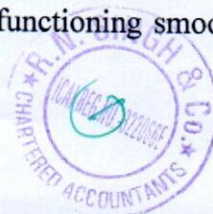
e. Lack of internal control measures: -

1. During the course of our Audit, we have observed various discrepancies in the Cash Book, which are enumerated below: -

- Head wise expenditure were not clearly entered and recorded.
- The cash book balances are not reconciled with the Balances in Bank Pass Book.

2. After analyzing operating control, it was observed that there is shortage of Man Power in ULB. Consequently, it is not functioning smoothly with respect to completion of

work.



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

- Quarterly Return for TDS has not been filed for the FY_2018-19.
- Quarterly Return for GST has not been filed for the FY_2018-19.

g. Deficiency in pay-roll system: -

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

h. Utilizations of grant and report on Pending/missing Utilization certificates for the FY_2018-19.

During the course of audit we observed that some of the UCs are pending for submission to the UD & HD and the details of pending UCs(in lakh) are as follows:-

S. No.	Name of Scheme	Letter No.	Amt. Allotted	UC Pending Amt.
1.	Samrat Ashok Bhawan	24/17.7.18	67.63	67.63
2.	Nali Gali	52/04.09.18	41.82	41.82
3.	Nali Gali	52/04.09.18	45.90	45.90
4.	Nali Gali	99/16.03.19	31.12	31.12
5.	Nali Gali	86/22.02.19	2.91	2.91
6.	Nala Nirman	64/09.01.19	32.12	32.12
7.	Pesakar	27/24.10.18	15.45	15.45
8.	14 th Finance	32/30.10.18	37.47	37.47
9.	14 th Finance	32/30.10.18	37.47	37.47
10.	14 th Finance	75/25.1.19	37.21	37.21
11.	14 th Finance	75/25.1.19	37.21	37.21
12.	Parsad Bhatta	76/31.1.19	3.36	3.36
13.	EO Salary	126/20.3.19	7.00	7.00
14.	Vidhut Biptra	135/30.3.19	8.58	8.58



I. Physical verification of inventory/stores: -

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

J. Advances, their adjustment & recovery: -

Advance Register has not been maintained by the concerned ULB and in the absence of above register it is difficult to check or comments on adjustment and recovery of Advance has been given to staff for office expenses without any advance requisition and without the approval of executive officer.

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

PART – “C”
Scope of Audit

Sl. No	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	No observation found in this regard.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment procedures to check any in-consistencies in assessment. at least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not).	We have witnessed the 20 high value of property same has been reported above in Point 5, Part A(c).



3	<p>Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR</p> <p>Rule 22: All moneys to be brought to account</p> <p>Rule: 27: Collections to be deposited into Bank on the same day</p> <p>Rule 69: Grant Related Compliance</p> <p>Rule 120-121: Monthly Receipt & Payment Account and Trial Balance</p> <p>Rule 130: Audit to be completed & reported within 6 month</p>	<p>All the compliance has been made at ULB except Rule :27 & Rule 120-121. Details of discrepancies regarding Rule : 27 has been annexed in "Sheet B".</p>
4	<p>Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.</p>	<p>Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.</p>
5	<p>If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc. have incurred then quantify the same.</p>	<p>Loss of Rs 2022048.00/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.</p>
6	<p>Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.</p>	<p>No Observation Found in this regard.</p>
7	<p>Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-</p>	<p>No, up to Rs. 50,000.00 no any Procurement made and Procurement Register is kept.</p>



8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	UC of Rs. 5, 11, 21,000.00 of various scheme are pending for submission to the Urban Development & housing Department till the 4 th Qtr. of financial year 2018-19.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	We have been verified such instances and found some irregularities. Details of irregularity have annexed in Executive Summary in Observation Para, and recommendations have also been annexed in Recommendation in Executive Summary.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Yes, all payment has been made according to payment terms & conditions of tenders.
11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No, Such type of issued found in this regards.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses.	We have verified all major areas of ULB and assessed some revenue losses; same have been reported in "Part A".
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	We observed that statutory compliance has not been accomplished by ULB regarding deduction, deposit and return also. Details of major statutory irregularities are: <ul style="list-style-type: none"> • TDS return has not been filled. • GST return has not been filled. Penalty and Interest may be levied on ULB as per Statutory Laws.



"Sheet B".

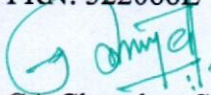
Amount Collected from own sources revenue has not been deposited into bank by the ULB on the same date /next to the same date as required. The details are given below.

Date of Collection	Receipt No.	Amount	Deposit Date
05/01/2019 to 25/02/2019	2441 to 2445	Rs. 980	26/02/2019
16/02/2019 to 30/04/2019	4680 to 4700	Rs.19587	04/05/2019

General Observations: -

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

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



CA Chanakya Shree
Partner
Mem No: 079322



UDIN- 20079322AAAKV1617

Date - 06-06-2020

9	Some amount of grant allotted to Nagar Panchyat but against these allotments, no UCs submitted.	De -
10	All observation found during the audit for f. y. 2015-16 and 1st, 2nd, 3rd and 4th Quartar 2016-17 are not complied except holding tax.	De -



5/11/2017
 20/11/2017
 कार्यपालक पदाधिकारी
 नगर पंचायत

62	14-15	Water Supply	15/24-07-14	135.70	135.70	1/3-9-14	135.70	0.00	2015-16	135.70	0	-	-	135.70	09-07-2015	0	0	0	0
63	14-15	Water Supply	15/24-07-14	30.00	30.00	2/3-9-14	30.00	0.00	2015-16	30.00	0	0	0	30.00	09-07-2015	0	0	0	0
64	14-15	Water Supply	15/24-07-14	2.00	2.00	3/3-9-14	2.00	0.00	2015-16	2.00	0	0	0	2.00	09-07-2015	0	0	0	0
65	14-15	Administrative Building	18/24-07-14	2.47	2.47	4/3-9-14	2.47	0.00	2015-16	2.47	0	0	0	2.47	09-07-2015	0	0	0	0
66	14-15	Peshakar	07/16-06-14	7.19	7.19	3/3-9-14	7.19	0.00	2015-16	7.19	0	0	0	7.19	09-07-2015	0	0	0	0
67	14-15	Allowance	16/24-07-14	0.76	0.76	5/3-9-14	0.76	0.00	2015-16	0.76	0	0	0	0.76	09-07-2015	0	0	0	0
68	14-15	Salary of Chairman	51/26-09-14	1.52	1.52	2/9-2-15	1.52	0.00	2015-16	1.52	0	0	0	1.52	09-07-2015	0	0	0	0
69	14-15	Water Supply	47/22-09-14	40.00	40.00	20/25-3-15	40.00	0.00	2015-16	40.00	0	0	0	40.00	09-07-2015	0	0	0	0
70	14-15	Water Supply	47/22-09-14	6.80	6.80	21/25-3-15	6.80	0.00	2015-16	6.80	0	0	0	6.80	09-07-2015	0	0	0	0
71	14-15	Water Supply	47/22-09-14	0.80	0.80	22/25-3-15	0.80	0.00	2015-16	0.80	0	0	0	0.80	09-07-2015	0	0	0	0
72	14-15	E Governance	98/09-01-15	1.50	1.50	1/9-2-15	1.50	0.00	2015-16	1.50	0	0	0	1.50	09-07-2015	0	0	0	0
73	14-15	E Governance	114/14-02-15	3.00	3.00	1/17-3-15	3.00	0.00	2015-16	3.00	0	0	0	3.00	09-07-2015	0	0	0	0
74	14-15	4th Finance	129/20-03-15	35.96	35.96	6/25-03-15	35.96	0.00	2015-16	35.96	0	0	0	35.96	02-12-2015	0	0	0	0
75	14-15	4th Finance	129/20-03-15	15.41	15.41	5/25-03-15	15.41	0.00	2015-16	15.41	0	0	0	15.41	02-12-2015	0	0	0	0
76	14-15	4th Finance	129/20-03-15	6.01	6.01	4/25-03-15	6.01	0.00	2015-16	6.01	0	0	0	6.01	02-12-2015	0	0	0	0
77	14-15	4th Finance	129/20-03-15	10.00	10.00	3/25-03-15	10.00	0.00	2015-16	10.00	0	0	0	10.00	02-12-2015	0	0	0	0
78	14-15	4th Finance	133/25-03-15	35.68	35.68	20/27-03-15	35.68	0.00	2015-16	35.68	0	0	0	35.68	02-12-2015	0	0	0	0
79	14-15	4th Finance	133/25-03-15	15.29	15.29	19/27-03-15	15.29	0.00	2015-16	15.29	0	0	0	15.29	02-12-2015	0	0	0	0
80	14-15	4th Finance	133/25-03-15	6.01	6.01	18/27-03-15	6.01	0.00	2015-16	6.01	0	0	0	6.01	02-12-2015	0	0	0	0
81	14-15	4th Finance	133/25-03-15	10.00	10.00	17/27-03-15	10.00	0.00	2015-16	10.00	0	0	0	10.00	02-12-2015	0	0	0	0
82	14-15	Path and Pull	122/25-02-15	39.76	39.76	2/19-03-15	39.76	0.00	2015-16	39.76	0	0	0	39.76	02-12-2015	0	0	0	0
83	14-15	13th Finance	06/30-04-15	21.24	21.24	3/24-06-15	21.24	0.00	2015-16	21.24	0	0	0	21.24	24-11-2015	0	0	0	0
84	14-15	13th Finance	27/12-08-15	17.99	17.99	9/26-08-14	17.99	0.00	2015-16	17.99	0	0	0	17.99	24-11-2015	0	0	0	0
85	15-16	Salary of Chairman	08/19-05-15	1.38	1.38	3/18-08-15	1.38	0.00	2016-17	1.38	0	0	0	1.38	02-12-2015	0	0	0	0
86	15-16	Safai	16/17-07-15	36.53	36.53	2/18-08-15	36.53	0.00	2016-17	36.53	6.53	0	0	30.00	02-12-2015	0	0	0	0

कार्यपालक प्रदाधिकारी
 2 नवम्बर 2015
 इस्लामपुर



112	07-08	3rd State Finance	536/25-03-2000	7.31	7.31		0.00	7.31	0	0	0	0	0	0	0	0	0	0	विभागीय ज्ञापक के द्वारा महासंचालक कार्यालय को राशि सामंजस्य हेतु भेजी गई है। (आयप्रति संलग्न है।)
113	13-14	13th Finance	12/19-07-13	18.32	18.32		0.00	18.32	0	0	0	0	0	0	0	0	0	0	
114	13-14	13th Finance	72/25-02-14	17.57	17.57		0.00	17.57	0	0	0	0	0	0	0	0	0	0	
115	10-11	13th Finance	1838/30-03-11	0.03	0.03		0.03	0.03	0	0	0	0	0	0	0	0	0	0	
116	2015-16	Water Supply	76/28-12-15	236.00	236.00	9/18-02-16	236.00	236.00	0.00	0	0	0	0	0	0	0	0	0	
117	2016-17	14th Finance	29/06-07-16	56.55	56.55	3 & 4/11-06-16	56.55	56.55	0.00	0	0	0	0	0	0	0	0	0	
118	2016-17	14th Finance	191/26-12-16	56.15	56.15	3 & 4/19-01-17	56.15	56.15	0.00	0	0	0	0	0	0	0	0	0	
119	2016-17	Safai	248/10-03-17	6.03	6.03	2/21-3-17	6.03	6.03	0.00	0	0	0	0	0	0	0	0	0	
120	2017-18	Safai	43/24-8-17	36.52	36.52	01/7-11-17	36.52	36.52	0.00	0	0	0	0	0	0	0	0	0	
121	2017-18	14th Finance	33/11-08-17	64.23	64.23	4&5/11-08-17	64.23	64.23	0.00	0	0	0	0	0	0	0	0	0	
122	2017-18	Water Supply	130/08-03-18	154.69	154.69	4/21-03-18	154.69	154.69	0.00	0	0	0	0	0	0	0	0	0	
123	2018-19	E.O. Salary	7/22-05-18	7.00	7.00	1/11-6-18	7.00	7.00	0.00	0	0	0	0	0	0	0	0	0	
124	2018-19	Safai	10/01-06-18	39.07	39.07	2/13-06-18	39.07	39.07	0.00	0	0	0	0	0	0	0	0	0	
125	2017-18	5th Finance 17-18 2nd Kist	15/03-07-18	61.5	0	-	0	0	0	0	0	0	0	0	0	0	0	0	
126	2017-18	5th Finance 17-18 2nd Kist	15/03-07-18	61.5	0	-	0	0	0	0	0	0	0	0	0	0	0	0	
127	2018-19	5th Finance 18-19 1st Kist	21/10-07-18	62.89	0	-	0	0	0	0	0	0	0	0	0	0	0	0	
128	2018-19	5th Finance 18-19 1st Kist	21/10-07-18	62.89	0	-	0	0	0	0	0	0	0	0	0	0	0	0	
				3601.88	3353.10	0.00	3038.40	3203.00	156.63	0.00	-	-	-	-	-	-	-	-	

वरीय कोषागार
पदाधिकारी
हिलसा का
अनिकारी प्रमाण
पत्र सं-154,
दिनांक 21.06.19
संलग्न है।



कार्यपालक पदाधिकारी
कार्यपालक पदाधिकारी
इसलामपुर
इसलामपुर
21/11/20

