



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

INTERNAL AUDIT REPORT

FOR
FY 2018-19

CHHAPRA MUNICIPAL CORPORATION

GROUP-06
ULBs-18

Vinod & Co. LLP
CHARTERED ACCOUNTANTS
We Plant Quality





To

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

Sub: Submission of Chhapra Municipal Corporation annual internal audit report with management comments for the financial year 2018-19.

Ref No.: Project No. 07/I.A.-115/17-83 (NTP) dated; 16.01.2019

Dear Sir,

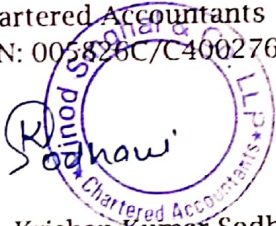
With Referenceto the above, we Vinod Singhal & Co.,LLP Chartered Accountants appointed as internal auditor of 18 ULBs of Bihar under Group-06 for the project namely "Appointment of internal auditor of 140 ULBs of Bihar."

As we have conducted Annual internal audit of Chhapra Municipal Corporation for the financial year 2018-19. ThroughThis letter we are submitting Annual internal audit report of Chhapra Municipal Corporation for the F.Y.2018-19 with management comments.

We confirm that the internal audit report has been prepared as per terms of reference of RFP.

Thanking You

For Vinod Singhal & Co, LLP
Chartered Accountants
FRN: 005826C/C400276



CA Krishan Kumar Sodhani
M.No:- 404603

UDIN No.:- 20404603AAAAHT2135

Date: 22-12-2020
Place: Patna

CC:State Level Project Monitoring Unit
SP Financials Consultants Pvt. Ltd.

CONTENTS

Project Title	Internal audit of 18 ULBs of Group-06 of Bihar
Report Title	Annual internal audit report of Chappra Municipal Council
Period	1 st Apr -2018 to 31 st March 2019
Reporting Entity	Vinod Singhal & Co., LLP, Chartered Accountants
Reporting for	Chappra Municipal Council
Report Prepared by	Team, Vinod Singhal & Co. LLP
Date of submission	18 th Nov 2019

EXECUTIVE SUMMARY

1. INTRODUCTION

Name of the Municipality	Chhapra Municipal Corporation
Period covered under current audit	01.04.2018 to 31.03.2019
Name of Municipal Commissioner for the period under Audit	Mr. Sanjay Kumar Upadhyay

2. RESULTS AND FINDINGS

➤ **Strengths observed during audit engagement**

In the existing system as prevailing in the Nagar Nigam day to day work is in progressive manner in respect of execution of the projects.

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

SL	Audit Observations
1	Non-Compliance of AG Report for the F.Y. 2014-2016
2	Non-updating of bank reconciliation on monthly basis.
3	Non-Implementation of Double Entry Accounting System
4	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.
5	Non-levy of following taxes * Surcharge on transfer of lands and buildings * Fire tax. * Surcharge on electricity consumption within the municipal area * Tax on congregations. * Tax on pilgrims and tourists. * Tax on profession. * Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles. * User Charges for provision of water-supply, drainage and sewerage * User Charges for Solid Waste Management * User Charges for Parking Facility * User Charges for Garbage Clearance * Collection of fees for sanction of building plans and issue of completion certificates, * Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings, * Collection of Development Charges
6	Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22
7	Non-Collection of notice fees
8	Non providing of details of arrears of taxes and rental income
9	Non preparation of payment voucher
10	Non conducting field survey of 20 high value properties
11	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014
12	Irregularities in tender issue process
13	Common practice for selection of tender parties:
14	Non-maintenance of register for all Procurements with value above Rs. 15,000
15	Deficiency in payroll system and of muster roll register
16	Non-Compliance of Act & Rules



17	Lack of internal control over collection, recovery & deposit of taxes, assets handling, cheque handling and statutory compliances.
18	Non-compliance of Statutory Dues: 1. Delay in deposit of TDS 2. Non filling of TDS returns. 3. Non issuing TDS Certificate 4. Non filling of PF Return
19	Utilisation of Grant and report on missing utilisation certificates
20	Non maintenance of inventory & store register and non-conducting of physical verification of inventory/Stores
21	Non recovery/adjustment of advances & interest Theron.
22	No mechanism for grievance resolution:
23	Non providing of records

3. OPINION

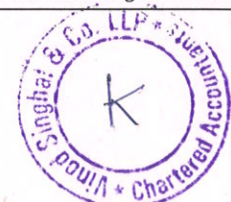
The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel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

4. AUDIT RECOMMENDATIONS

SINo	Audit Observations	Auditor Recommendations
1	Non-Compliance of AG Report for the F.Y. 2014-2016	During audit we observed that the compliance of C & AG report for the F.Y. 2014-2016 has not be done by ulb. Further due to lack of cooperation we were also unable to help them in comply with C & AG audit report. We requested to management to nominate someone to comply C & AG audit queries. <i>We suggest that ULB officials should take appropriate action to prepare compliance of C & AG & internal audit compliance.</i>
2	Non-updating of bank reconciliation on monthly basis.	Bank Reconciliation help us to monitor over: 1. Difference between Bank Passbook and Cash Book 2. Unauthorised withdrawal from Bank. 3. Excessive debited by Bank 4. Helps to know reasons of differences. <i>Therefore, ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.</i>
3	Non-Implementation of Double Entry Accounting System	As per requirement of BMAR-2014, Part -A, Chapter -2 Rule -4, "All ULB refereed in Schedule -I shall maintain its Books of Account using the double entry system". <i>Since Chhapra Nagar Nigam is Covered under Schedule -I, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule</i>
4	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.	As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of Municipal Accounts Committee each year. During our Audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee. <i>ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.</i>



5	<p>Non-levy of following taxes</p> <ul style="list-style-type: none"> * Surcharge on transfer of lands and buildings * Fire tax. * Surcharge on electricity consumption within the municipal area * Tax on congregations. * Tax on pilgrims and tourists. * Tax on profession. * Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles. * User Charges for provision of water-supply, drainage and sewerage * User Charges for Solid Waste Management * User Charges for Parking Facility * User Charges for Garbage Clearance * Collection of fees for sanction of building plans and issue of completion certificates, * Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings, * Collection of Development Charges 	<p>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>ULB should take steps to implement required taxes to boost their.</i></p>
6	<p>Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22</p>	<p>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 or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax at bank. <i>Therefore, management should implement a MIS Mechanism towards getting control over collection and deposit of Taxes. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000</i></p>
7	<p>Non-Collection of notice fees</p>	<p>As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can 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, but In case of Chhapra Nagar Nigam, Corporation has not provided any information regarding charging and collection of notice fees. <i>ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.</i></p>
8	<p>Non providing of details of arrears of taxes and rental income</p>	<p>Since proper documents were not provided during audit, therefore we can't state the exact outstanding amount, However, we observed on the basis of last reports and partial data available with us that there is huge arrear of taxes at Chhapra ULB. <i>Therefore, the management should take proper step to boost collection of arrears. Further a weekly or fortnightly meeting with all tax collectors to be held for getting the reason of non-collection and resolving the same.</i></p>



9	Non preparation of payment voucher	<i>ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR -2014.</i>
10	Non conducting field survey of 20 high value properties	Being ULB was not maintaining any details of high value properties, above details has been prepared based on receipts book. Filed Survey of the same could not be conducted due to non-support of tax Daroga & tax collectors in filed survey. <i>ULB should identify and prepare separate list of high value properties by conducting re-assessment of prospective properties on timely basis to boost their revenue.</i>
11	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014	Detail of registers not maintained by ULB is mentioned under PART-A (a). <i>ULB should ensure proper maintenance of required Books of Account and register as per the list given in Rule -3 of BMAR - 2014.</i>
12	Irregularities in tender issue process	Proper tender documents regarding tender approval and allotment was not properly maintained or made available for audit. In provided cases, we are unable to comment on channel of procurement of tender and their required compliances. Further, No statutory compliance register was maintained in regards with statutory dues deducted from party bills. <i>So, ULB should maintained proper tender register and file that include all related documents of tender. Statutory compliance register should be maintained for all statutory deductions made form parties invoices.</i>
13	Common practice for selection of tender parties:	We noticed that common process was being adopted in selection of contractor. This can lead to doubt on selection process. <i>So, ULB should ensure proper transparent policy to avoid such practice.</i>
14	Non-maintenance of register for all Procurements with value above Rs. 15,000	<i>ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000</i>
15	Deficiency in payroll system and of muster roll register	As ULB is not maintaining salary deduction register, Payment vouchers, Bio-metric and any payroll software. <i>ULB should ensure that all requirements should be in place and complied for effective salary management.</i>
16	Non-Compliance of Act & Rules	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. <i>ULB should ensure compliance of all applicable Act & Rules.</i>
17	Lack of internal control over collection, recovery & deposit of taxes, assets handling, cheque handling and statutory compliances.	We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances: <i>We suggest that:</i> 1. <i>MIS System should be implemented over daily collection and deposit.</i> 2. <i>Reason for non-deposit/ late deposit should be strongly need to ask for minimise delay.</i> 3. <i>Need to identify a person to comply with the statutory compliances. In case failure to comply with statutory compliances he should also be penalised.</i> <i>Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.</i>
18	Non-compliance of Statutory Dues: 1. Delay in deposit of TDS 2. Non filling of TDS returns. 3. Non issuing TDS Certificate 4. Non filling of PF Return	As ULB is not proper in statutory compliance, that cause monetary/non-monetary implication on ULB in mode of interest, penalty and Late Fee & imprisonment. <i>So, management should ensure statutory compliance on time.</i>



19	Utilisation of Grant and report on missing utilisation certificates	Grant is blood of ulb. Therefore for getting grant and running the ulb working smoothly it is very important to comply with all necessary requirement of grant. Further timely submission of utilisation certificate help the grant realising authority to send the money for fulfil the requirement of future. <i>Therefore management should ensure that UC has been submitted with concerned department on time.</i>
20	Non maintenance of inventory & store register and non-conducting of physical verification of inventory/Stores	<i>Management should implement the control system over inventory and store. Stock register should be in place and get it verified by a responsible person as authorised by management time to time. Further any discrepancies arises/ found during such verification should be reported immediately.</i>
21	Non recovery/adjustment of advances & interest Theron.	Since proper documents not provided during audit, therefore we can't state the exact outstanding advance amount, However, we observed on the basis of last reports and partial data available with us that there is huge advances given to staff at Chhapra ULB. <i>Therefore, the management should take proper step to boost collection or settlement of advances given to staff. Further a monthly meeting with all staff who has taken advance to be held for getting back the advances.</i>
22	No mechanism for grievance resolution:	Grievance reporting is very good for a healthy working environment. <i>Management should implement a mechanism for resolution of grievance on time.</i>
23	Non providing of records	We observed from the previous C & AG report, Internal Audit report and from our own experience that the ULB has adopted a general practice to not presenting the proper documents for audit. However, many very serious instances have reported by C & AG vide it report dated 20 th March 2017 the reason of these instances is only that books are not monitor by respective responsible person on timely basis. <i>Management should take a serious action against this malafide practice.</i>

5. COMMENTS FROM MANAGEMENT

Audit observations with audit recommendation have been submitted with management with management Comments.

6. ACKNOWLEDGEMENT

Considering the Physical Environment, accessibility, literacy of the Human Resources, communication facilities and so many other hindrances, we are in opinion that, the working of the ULB has a deep impact on the economic & social aspects and values of the inhabitants of the demarcated area. And the unit specifically dedicated for the development of Nagar Parishad in the state of Bihar according to plan & for matters ancillary thereto.

DETAILED AUDIT REPORT

1. INTRODUCTION:

S.NO.	Name Of ULB	Period-covered		Audit Team
		From	TO	
1	Chhapra Municipal Corporation	01-04-2018	31-03-2019	1. Name of TL: CA Krishan Kumar Sodhani 2. Name of MAE: CA Rahul Kumar Shrivastwa 2. Name of MAA: Prabhash Kumar

2. ADMINISTRATION:

SIN o	Particulars	Details
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1	The present body of the ULB has taken charge on	22-08-2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Priya Devi
2.1.1	Period of Service:	From: 22-08-2017 To: Till date
2.2	Name of Commissioner/Executive Officer:	Mr. Sanjay Kumar Upadhyay
2.2.1	Period of Service:	From: 26-02-2019 To: Till date

3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. Status of Audit Observations is as under:

S.N	Particulars of audit and date of report	Total no. of audit paras	Total no. of audit paras where necessary improvement /corrective measures 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 O/s para where no action has been taken	No. & date of compliance report
1	Audit report submitted by AG for the F.Y. 2014-15 and 2015-16	31	31	18	0	0	31	Not Made Available for Audit

3.2. Details of total no of audit paras:

Period of AG audit report : Financial year 2014-15 & 2015-16

Compliance report date & Number : Not made available for audit

(Rs. In Lakh)

S. No	Audit Para Number	Heading of the audit para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
Part-1 of AG Audit Report						
1	10	a) Short achieving of budget targets of Income and expenditure. b) No Half Yearly Budget Review c) Not processing of budget estimates in prescribed time frame d) Not preparation of budget estimates	-	-	-	No Action Taken Report Submitted



		in prescribed time frame.				
2	11	Non Maintenance of Government Grant	3,934	-	-	
3	12	Difference in Cash Book & Bank Book	97.09	-	-	
4	13	Error in Cash Book	-	-	-	
5	14	Not preparing financial statement.	-	-	-	
6	15	General Comment	-	-	-	
Part-II (A) of AG Audit Report						
7	1	Bogus Withdrawal	56.72	56.72	-	No Action Taken Report Submitted
8	2	Not deposited money collected as Misc. receipt and Property Tax	4.35	4.35	-	No Action Taken Report Submitted
Part-II (B) of AG Audit Report						
9	3	Service tax was not collected from concern parties/persons	10.66	10.66	-	No Action Taken Report Submitted
10	4	Non-Deduction of Late Charges from Contractors	24.21	24.21	-	
11	5	Audit Para No. 5, 6 & 7 was missing in provided AG audit report				
12	6					
13	7					
14	8		Non adjustment of fund related to Pension distribution. Further, balance amount not refunded.	913.13	913.13	
15	9	Non availability of details regarding withdrawal of amount & utilisation certificate under Kabir Antayesthi Anudan Yojna	39.15	39.15	-	
16	10 (A)	Amount of holding tax collected through receipts book, but not deposited	0.61	0.61	-	
	10(B)	Short deposit of amount collected through receipts book	0.16	0.16	-	
17	11	Payment of Electricity Bill (Without adjusting the amount recoverable from Electricity Department)	83.53	83.53	-	
18	12	Arrear tax on Government Buildings	192.21	192.21	-	
19	13	Proof of deposit of previous outstanding by cashier not available	44.8	44.8	-	
20	14	Not submitting of proof of deposit of amount mentioned in cash book and there was difference in accountant cash book.	29.79 & 552.55	29.79	-	
21	15	Departmental recovery was not deposited	16.89	16.89	-	
22	16	Governmental revenue loss due to not signing of agreement on stamp paper related to contract of Sairat Bandobasti	1.06	1.06	-	
23	17	Arrear of shop rent	33.56	33.56	-	
24	18	Non recovery of labour cess from building construction contract.	5.88	5.88	-	
25	19	Arrears of Mobile Tower tax	59.20	59.52	-	
26	20	Arrears of Trade Licence Fees	0.24	0.24	-	



27	21	Arrear of Property Tax	145.69	145.69	-
28	22	Not deposited of education and health cess to related department	63.88	-	-
29	23	Insurance not taken for vehicle destroyed by fire	-	-	-
30	24	Cheque not found in Cheque issue register	-	-	-
31	25	Not presented receipts copy of miscellaneous receipts & property tax	-	-	-
Total			5756.65	1645.27	-

Note:

we wish to say that as we have submitted letter to ULB for asking support and to appoint support staff for working on audit compliance but not such supporting staff was provided by ULB. Please refer "Annexure-1"

No Action Taken Report Submitted	26	Arrears of Trade Licence Fees	0.24	0.24	-
	27	Arrears of Mobile Tower tax	2.88	2.88	-
	28	building construction contract	2.88	2.88	-
	29	Non recovery of labour cess from	2.88	2.88	-
	30	Arrear of shop rent	2.88	2.88	-
	31	Handover	2.88	2.88	-
	32	signing of agreement on stamp paper related to contract of grant	1.00	1.00	-
	33	Governmental revenue loss due to not deposited	1.00	1.00	-
	34	Departmental recovery was not deposited	1.00	1.00	-
	35	cash book	2.79	2.79	-
	36	there was difference in accountant amount mentioned in cash book and	2.79	2.79	-
	37	Not submitting of proof of deposit of	2.79	2.79	-
	38	outstanding by cashier not visible	4.48	4.48	-
	39	Proof of deposit of previous	4.48	4.48	-
	40	Arrear tax on Government Buildings	1.52	1.52	-
	41	adjusting the amount recoverable from Electricity Department)	8.23	8.23	-
	42	Payment of Electricity Bill (Without through receipt book	0.10	0.10	-
	43	Short report of amount collected	0.10	0.10	-
	44	10(B) deposited	0.01	0.01	-
	45	Amount of holding tax collected	0.01	0.01	-
46	Andan Yojna	3.92	3.92	-	
47	certificates under Kaha Antyashil	3.92	3.92	-	
48	withdrawal of amount & mitigation	3.92	3.92	-	
49	Non availability of details regarding amount not refunded	3.92	3.92	-	
50	Non adjustment of fund related to Pension distribution. Further balance	91.13	91.13	-	
51	Non adjustment of fund related to	91.13	91.13	-	
52	Audit Para No. 2 & 7 was missing in provided AD audit report				



4. FINANCE

I. Budgetary provisions and expenditure for the last three years

Year	Year- 2016-17	Year- 2017-18	Year- 2018-19
Final/Revised Budget Data	85,08,28,902	1,30,41,58,000	1,57,27,60,000
Actual Expenditure Data	53,32,53,282	37,28,68,324	21,16,27,480
Savings (+)/Excess (-)	31,75,75,620	91,12,89,676	1,36,11,32,520

Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2018-19, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2018-19, 2018-19 & 2019-20 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures.

II. Volume of transactions

Period	Budgeted for F.Y. 2018-19	Actual for the F.Y. 2016-17	Actual for the F.Y. 2017-18	Actual for the F.Y. 2018-19	Cumulative for the current period
Opening balance	10,55,95,640	26,92,89,451	22,39,06,640	29,13,77,104	29,13,77,104
Receipts	1,52,90,53,000	48,78,70,471	44,03,38,788	50,11,92,034	50,11,92,034
Total	1,63,46,48,640	45,71,59,922	66,42,45,428	79,25,69,138	79,25,69,138
Net expenditure	1,57,27,60,000	53,32,53,282	37,28,68,324	21,16,27,480	21,16,27,480
Closing balance	6,18,88,640	22,39,06,640	29,13,77,104	58,09,41,658	58,09,41,658

Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2018-19, 2018-19, 2019-20 & 2020-21 Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2018-19, 2018-19 & 2019-20 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures.

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 Cash Book	Balance as per Bank Statement	Differences	Reconciled (Yes/No)
1	Axis Bank Chhapra	914010025351779	E- Governance	5,20,150	5,20,150	-	Yes



2	Axis Bank Chhapra	914010025190516	SULM Infra. Structure	92,33,791	92,33,791	-	-	Yes
3	PNB Sahebganj Chhapra	0097000105465377	IGRBAP(BG)	10,294	10,294	-	-	Yes
4	PNB Sahebganj Chhapra	0097000105465465	IGRNP(SG)	1,19,102	1,19,102	-	-	No
5	PNB Sahebganj Chhapra	0097000105465447	IGRBAP(SG)	1,41,292	1,41,292	-	-	Yes
6	PNB Sahebganj Chhapra	0097000105465385	IGRBP(BG)	11,892	11,892	-	-	Yes
7	SBI Munciple chawk Chhapra	35934015280	Amrut Yojna	3,72,50,147	3,72,50,147	-	-	Yes
8	IDBI Bank Chhapra	1065104000061719	Nagrak Subidha Grant	68,03,487	68,03,487	-	-	Yes
9	ICICI Bank Chhapra Sandha	243101000285	SBM (Shavchalya Nirman)	Not Provided	Not Provided	-	-	No
10	Bank of Baroda	12380100019170	SBM (Shavchalya Nirman)	Not Provided	Not Provided	-	-	No
11	PNB Sahebganj Chhapra	0097000105445258	NULM Grant	Not Provided	Not Provided	-	-	No
12	IOB Chhapra	237801000000513	SPUR Grant	34,049	34,049	-	-	Yes
13	Uco Bank Chhapra	16340100002847	BRGF Grant	10,11,442	10,11,442	-	-	Yes
14	Uco Bank Chhapra	16340100003059	NSDP Grant	7,67,009	7,40,678	26,331	-	No
15	PNB Sahebganj Chhapra	0097000100312805	NSDP Grant	8,51,973	8,51,973	-	-	No
16	Uco Bank Chhapra	16340110001219	Municipal Fund	Not Provided	Not Provided	-	-	No
17	PNB Sahebganj Chhapra	0097000105445221	Municipal Fund	Not Provided	Not Provided	-	-	No
18	PNB Sahebganj Chhapra	0097000105465474	LBSSP(SG)	5,02,051	5,02,051	.60	-	No
19	PNB Sahebganj Chhapra	00097000105465401	BRNP(BG)	22,501	22,501	.60	-	No
20	PNB Sahebganj Chhapra	0097000105465395	IGRNP(BG)	49,745	49,745	-	-	Yes
21	F.I.B Sahebganj Chhapra	0097000105465456	BRRNP(SG)	21,507	21,507	.60	-	No
22	PNB Sahebganj Chhapra	0097000105465410	LBSSP(BG)	9,263	9,263	-	-	No
23	PNB Sahebganj Chhapra	0097000105465438	IGRBP(SG)	91,377	91,377	-	-	Yes
24	PNB Sahebganj Chhapra	0097000105445230	13 th Finance Comm. Grant	11,069	11,069	-	-	Yes
25	Uco Bank Chhapra	16340110001332	Animal Censes	2,575	2,575	-	-	Yes
26	PNB Sahebganj Chhapra	0097000105445249	4th Finance Comm. Grant	59,80,996	3,08,593	5,672,403	-	No
27	Uco Bank Chhapra	16340110000564	Night Shelter Grant	8,83,744	8,83,744	-	-	No
28	SBI Men Branch	33153808598	M.Fund	Not Provided	Not Provided	-	-	No
29	SBI Men Branch	11206616436	M.Fund	Not Provided	Not Provided	-	-	No
30	Treasury Koshagar Chhapra	PLA-018	Treasury Account	Not Provided	53,39,71,544	-	-	No



31	Bank of India	44911010006688	Teacher Salary	6,32,650	6,32,650	-	Yes
32	Bank of Baroda	12380100017830	4th Finance Comm. Grant	Not Provided	Not Provided	-	No
33	Bank of India	449110100015744	Cust Of Drain	Not Provided	Not Provided	-	No
34	Bank of Baroda	12380100018895	HFA	Not Provided	Not Provided	-	No
35	IDBI Bank Chhapra	1065104000464819	14th Finance Comm. Grant	Not Provided	Not Provided	-	No
36	Bank of Baroda	12380100017501	Kabir Anthishthi Yojna	10,68,896	10,68,896	-	No
37	Bank of India	449110100017696	HUDCO	Not Provided	Not Provided	-	No
38	Bank of India	449110100018188	Building Plan	25,89,460	25,89,460	-	No

Comment:

Bank Reconciliation helps us to monitor over:

1. Difference between Bank Passbook and Cash Book
2. Unauthorised withdrawal from Bank.
3. Excessive debited by Bank
4. Helps to know any other reasons of differences.

Therefore, ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.

IV. Revenue & Capital Receipts information:

Sl No	Details	Income Details (Amount in Rs.)					
		2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
A	Total Receipts (A+B)	440,338,789	487,870,471	501,192,034	440,338,789	Not Applicable	501,192,034
	Revenue Receipts (1+2+3)	124,756,407	261,763,115	190,686,565	124,756,407	Not Applicable	190,686,565
1	Own Revenue Receipts (a+b)	32,131,957	24,136,248	26,215,496	32,131,957	Not Applicable	26,215,496
a)	Tax Revenue (levied and collected by municipal body)	23,091,753	16,308,956	23,381,010	23,091,753	Not Applicable	23,381,010



i)	Property tax	23,091,753	16,308,956	23,381,010	23,091,753	Not Applicable	23,381,010
ii)	Other tax (levied and collected by municipal body)	-	-	-	-	Not Applicable	-
b)	Non-tax revenue (levied and collected by municipal body)	9,040,204	7,827,292	2,834,486	9,040,204	Not Applicable	2,834,486
i)	Fees & fines	2,499,504	2,287,083	2,834,486	2,499,504	Not Applicable	2,834,486
ii)	User Charges	-	-	-	-	Not Applicable	-
iii)	Other non-tax revenue (levied and collected by municipal body)	6,540,700	5,540,209	-	6,540,700	Not Applicable	-
2	Other Revenue Receipts	68,858,004	204,119,971	9,194,574	68,858,004	Not Applicable	9,194,574
a)	Income from interest/investments	68,296,514	202,723,982	2,758,303	68,296,514	Not Applicable	2,758,303
b)	Other Revenue income	561,490	1,395,989	6,436,271	561,490	Not Applicable	6,436,271
3	Transfers/Grants/Assigned Revenues	23,766,446	33,506,896	155,276,495	23,766,446	Not Applicable	155,276,495
a)	State Assigned Revenue	-	-	23,398,024	-	Not Applicable	23,398,024
b)	State Finance Commission (SFC) Grants/Devolution	-	-	131,263,221	-	Not Applicable	131,263,221



c)	Octroi compensation	-	-	-	-	-	Not Applicable
d)	Other State Government Transfers	23,602,188	32,637,970	-	23,602,188	-	Not Applicable
e)	Central Finance Commission (CFC) Grant	-	-	-	-	-	Not Applicable
f)	Other Central Government Transfers	-	-	-	-	-	Not Applicable
g)	Others (Sales & Hire Charges)	164,258	868,926	615,250	164,258	615,250	Not Applicable
B	Capital Receipts (1+2+3+4+5+6)	315,582,382	226,107,356	310,505,469	315,582,382	310,505,469	Not Applicable
1	Sale of Municipal Land	-	-	-	-	-	Not Applicable
2	Loans (from State Govt. or Bank etc.)	-	-	-	-	-	Not Applicable
3	State Capital Account Grant (under State Schemes etc.)	284,612,182	225,600,956	310,505,469	284,612,182	310,505,469	Not Applicable
4	Central Capital Account Grant (under Central Schemes etc.)	-	-	-	-	-	Not Applicable
5	Other Capital Receipts	30,970,200	506,400	-	30,970,200	-	Not Applicable

Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2016-17, 2018-19, 2018-19 & 2019-20 have not been produced before us for verification. Hence, we cannot validate the above-mentioned figures.

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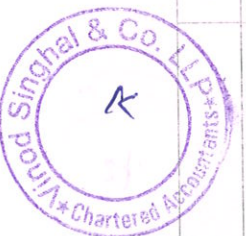
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V. Revenue and Capital Expenditure Information.

Sl no	Details	Expenditure Details (Amount in Rs.)							
		2017-18		2018-19		2019-20		2018-19	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19	2018-19	
	Total Expenditure (1+2)	372,868,324	533,253,283	211,627,480	372,868,324	Not Applicable	211,627,480		
1	Revenue Expenditure	234,437,924	288,311,901	185,407,345	234,437,924	Not Applicable	185,407,345		
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and Contractual Staff)	139,471,464	202,359,638	152,767,285	139,471,464	Not Applicable	152,767,285		
1.2	Operation and Maintenance (O&M)	23,175,237	11,759,413	15,885,686	23,175,237	Not Applicable	15,885,686		
1.3	Loan repayment (Interest payments)			15,487		Not Applicable	15,487		
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	71,791,223	74,192,850	16,738,887	71,791,223	Not Applicable	16,738,887		
2	Capital Expenditure	138,430,400	244,941,382	26,220,135	138,430,400	Not Applicable	26,220,135		
2.1	All developmental works under Central/State specific schemes	135,607,579	226,334,300	22,709,600	135,607,579	Not Applicable	22,709,600		
2.2	Loan Repayments (Principal Amount)					Not Applicable			



2.3	Other Capital expenditure	2,822,821	18,607,082	3,510,535	2,822,821	Not Applicable	3,510,535
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Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2018-19, 2019-20, & 2020-21 Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2018-19 & 2018-19 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures.

VI. Status of Implementation of Double Entry Accounting System

M/s KRA & Co. (Chartered Accountants) has appointed as Deas Consultant from Dec. 2019. We will submit the detail in the next report.

VII. Status of Meeting of Municipal Accounts Committee.

No details regarding meeting of municipal accounts committee held during the reporting period was made available



5. AUDIT OBSERVATION

I. 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.**

1. **Non-levy of taxes:** 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. **In case of Chhapra Nagar Nigam**, the following mentioned tax/charges are not implemented that leads to loss of revenue to corporation.

Surcharge on transfer of lands and buildings.
Fire tax.
Surcharge on electricity consumption within the municipal area.
Tax on congregations.
Tax on pilgrims and tourists.
Tax on profession.
Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy Goods vehicles, and buses, which shall be heavy passenger motor vehicles.
User Charges for provision of water-supply, drainage and sewerage
User Charges for Solid Waste Management
User Charges for Parking Facility
User Charges for Garbage Clearance
Collection of Development Charges

Audit Objective - As per Point No.- 5.00 of TOR

Criteria - Non levied the taxes reported above by ULB.

Condition -As per details provided to us the ULB is not charging the above mention taxes.

Consequence Effect /Impact - Due to non-collection of taxes 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 Taxes due to which result in Revenue leakage.

Corrective Action / Recommendation - As per our opinion, management should review the working on timely basis

2. **Late deposit of property tax:** 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 or latest before noon of next day on which collection is made.

In case of Chhapra Nagar Nigam, during verification of receipts book and deposit slips issued by cashier, we have noticed that there was gap of 2- 6 days in collection of tax and deposit of tax to cashier.

Sl. No	Serial Number		Amount of Tax	Date of Collection as per Receipts Booked	Date of Deposit with Cashier	Delay in deposit with cashier	
	From	To				Minimum	Maximum
1	15017	15043	29,443	02.04.2018 To 06-04-2018	11.04.2018	5	9
2	15044	15072	32,297	07-04-2018 To 17-04-2018	20.04.2018	2	3
3	15073	15100	32,297	17-04-2018 To 26-04-2018	26.04.2018	0	9
4	15901	15914	34,971	27-04-2018 To 08-05-2018	08.05.2018	5	6
5	15915	15922	25,759	08-05-2018 To 14-05-2018	15.05.2018	4	5



6	15923	15937	18468	15-05-2018 To 16-05-2018	17-05-2018	1	2
7	15938	15948	20,279	17-05-2018 To 20-05-2018	21-05-2018	1	4
8	15949	15960	21,473	21-05-2018 To 27-05-2018	29-05-2018	2	8
9	15961	15969	12,411	27-05-2018 To 29-05-2018	04-06-2018	6	9
10	15970	15977	11426	30-05-2018 To 15-06-2018	15-06-2018	0	15
11	15928	15986	11754	16-06-2018 To 21-06-2018	21-06-2018	0	5
12	15987	16000	26175	21-06-2018 To 29-06-2018	29-06-2018	0	8
13	16901	16910	21338	30-06-2018 To 04-07-2018	05-07-2018	1	5
14	16911	16920	18854	05-07-2018 To 09-07-2018	12-07-2018	3	5
15	16921	16930	21,491	10-07-2018 to 13-07-2018	17.07.2018	4	7
16	16931	16942	15715	14-07-2018 to 19-07-2018	23-07-2018	4	9

Note:

1. Above calculations has been made on the basis of sample date,
2. Due to non-deposit of cash on timely basis there is loss of interest to ULB.
3. Management should reconcile time to time the physical cash with book for stopping the misuse of cash.

Audit Objective - As per Point No.- 5.00 of TOR

Criteria - 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 or latest before noon of next day on which collection is made. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000.00

Condition -As per details provided to us the ULB is not depositing the amount collected from public on time.

Consequence Effect /Impact - Due to non-deposit of cash on timely basis there is loss of interest to ULB. It seems that huge fund easily available with cashier on the cost of Chapra ULB.

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 control, supervision, and monitoring over collection and deposit of taxes.

Corrective Action / Recommendation - Management should reconcile time to time the physical cash with cash book for stopping the misuse of cash.

3. **Non collection of Notice fees:** As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can 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, but

In case of Chhapra Nagar Nigam, Corporation has not provided any information regarding charging and collection of notice fees.

Audit Objective - As per Point No.- 5.00 of TOR.

Criteria - As per sec 158 of Bihar Municipal Act, 2007 The amount of notice fee should be collected by the municipality.

Condition -As per details provided to us the ULB is not collecting notice fee.

Consequence Effect /Impact - Due to non-collection of notice fee there is loss of interest to ULB.

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 control, supervision, and monitoring



over issue of notices and collection of notice fee.

Corrective Action / Recommendation - Management should monitor the notices issued on periodic basis towards charging and collection of notice fee.

4. Recovery of outstanding taxes/rental income: As per record provided by ULB, following income was in arrear as on 31-03-2019.

Details of outstanding arrear of income as on 31-03-2019		
SL	Type of Income	Arrear Amount
1	Holding Tax	2,39,17,407
2	Mobile Tower Tax	Note -1
3	Shop Rent	41,23,089
4	Rent from Bus Stand	Note -1
5	Other Sairat	Note -1
Total		

Note

1. Due to lack of data we are unable to calculate the amount of arrear.
2. ULB should implement/take action to boost collection of arrear revenue to increase their own source revenue.

b. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs.

1. **Payment of bills after due date:** Corporation has not provided a single bill for our verification except copy of electricity bill. Therefore, we can't comment that the bill is paid on due date or not. There is outstanding amount of Rs. 2,29,21,134
2. **Pass payment without preparation of payment vouchers:** The Corporation does not prepare Payment Vouchers for making payment to the parties/vendors. Payment was made on the basis of bills only raised in the name of corporation which is passed by the competent authority.
3. **Irregularities in payments:** In absence of documents we are unable to comment on the same.

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

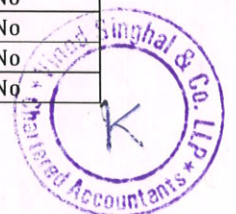
During audit we observed that ULB was not maintaining any data for 20 high value properties. Further during audit we requested to ULB to appoint nodal officer for re-assessment of 20 high value properties but no such required assistance from ULB was provided.

II. PART-B

a. Non-maintenance of books of accounts and subsidiary registers:

The unit has not maintained the following prescribed registers as required in BMAR (Please find attached letter to the ULB regarding non-submission of the following documents): -

SL	Name of register	Maintained/Updated or Not
1	Register of Permanent Advance	No
2	Deposit received register	No
3	Summary statement of deposit adjusted	No
4	Demand Register	No
5	Summary Statement of Bills Raised	No
6	Register of Notice Fees, Warrant Fees, Other Fees	No



7	Summary Statement of Notice Fees, Warrant Fees, Other Fees	No
8	Register of Refunds, Remissions and Write off	No
9	Summary statement of Refunds and Remissions	No
10	Summary Statement of Write-offs	No
11	Statement of outstanding Liability for Expenses	No
12	Document Control Register/Stock Account Receipts/Cheque Book	No
13	Fixed Assets Register	No
Rentals, Fees & Other Income		
14	Summary Statement of Head wise Collection of Other Income	No
15	Summary Statement of Refunds	No
16	Summary Statement of Write off	No
17	Summary Statement of status of Capital Work in Progress	No
18	Work Sheet	No
19	Deposit Works Register	No
20	Material Receipt Note	No
21	Statement of Closing Stock	No
22	Statement of Material Issued	No



The M/s has not maintained the following prescribed registers as required in BMAR (Please find attached letter to the URB regarding non-submission of the following documents):

Sr	Name of register	Maintained or Not
1	Register of Permanent Advance	No
2	Deposit received register	No
3	Summary statement of deposit adjusted	No
4	Demand Register	No
5	Summary Statement of Bills Raised	No
6	Register of Notice Fees, Warrant Fees, Other Fees	No



b. Irregularity in procurement process:

1. Irregularities in tender issue process: During audit, we observed the following discrepancies.

Sr. No.	Particulars	Observation
1	<p>Tender issued for construction work</p>	<p>Common practice for selection of tender parties was being followed by ULB;</p> <ol style="list-style-type: none"> We have not found any advertisement for tender, further almost 90% tenders are issued at same pattern that is given below: Not more than two vendors are participating in each tender. In each tender there was practice of quoting rate (a) on BOQ and (b) 10% over BOQ by contractors and ultimately contractor who was putting tender on BOQ was selected. As per General rule No. 11 of "Bihar public Work Department" every tenderer whose tender is selected required to deposit a security deposit of 10 % of Tender Value. However, neither we have found any documents related to security deposit nor the amount deducted from payment made to tenderer. No documents regarding admin & technical approval was made available for comments.



2. **Whether a register is kept for all Procurements with value above Rs. 15,000/-:** No procurement register was maintained at ULB level for procurement with value above Rs. 15,000/-
3. **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):**

As per provided master payroll of daily wages worker, we observed the following observations:

1. Daily Wages Register was not maintaining in proper manner.
 2. Signature and stamp of approving authority was not affixed in register.
 3. In case of absence of staff, absence of that worker was not marked in wages register.
 4. Rectification through whitener in register was done but no verification and authorisation was made on that.
4. **No separate earnest & security deposit register:** Earnest money deposit & security deposit register help in tracking refund of EMD/SD on time to concerned parties, but in ULB, no such register was maintained/provided for verification.

c. Non-Compliance of directives by UD&HD, GoB:

Sl.No.	Direction issued by UDHD	Complied or Not
1	No such non-compliance of directives by UD&HD, GoB was observed during the audit	

d. Non-Compliance of Act & Rules:

Sl. No	Requirement	Criteria	Auditors 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) No, during audit we observed that there was max 2-6 days delay in deposit of tax with cashier.
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	Yes, 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.
3	Whether the collection register was in the 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.	BMAR Rule No.- 27	Yes, Collection register was in the 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.
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, bill collector gets 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
5	Whether every bill collector invariably remits his collections (in cash and/or cheques) to Cashier dallies before 4.30 PM and takes the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	Refer point: Part-A (a) (2a) No, in actual we noted that tax collector was not remitting his collections to cashier. We noted that there were delay in deposit of tax with cashier from day 02-06 days.



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	Yes, Scheme wise grant register was maintained by the corporation.
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 responsibility of the Chief Municipal Officer that the conditions attached to the grant are complied with without exception.	BMAR Rule No.- 69	Refer point: Part-B (h) No such details/information produced for verification.
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No such details/information was provided.
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) Letter of submission of UCs during reporting period was submitted to audit but No, Utilization certificates were produced for verification.
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 related information was provided by corporation.
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	No, Chhapra Nagar Nigam was not preparing a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.
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	No, Chhapra Nagar Nigam was 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.
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, Chhapra Nagar Nigam was 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
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	BMAR Rule No.- 122	BMAR Rule No. - 122 were not followed by corporation during the F.Y. 2018-19.



	<p>Municipality in presentation of the financial statements.</p> <p>e. Notes to Accounts, which shall disclose Contingent liabilities, and such 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>	BMAR Rule No.-130	Refer PART-B (g)
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>	BMAR Rule No.-130	No, Detail w.r.t. such payment has not provided by ULB
17	<p>Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;</p>	BMAR Rule No.-130	No, BMAR Rule No. 130 was not followed by Corporation. As Single-entry accounting system was followed by Corporation
18	<p>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;</p>	BMAR Rule No.-130	Yes, all grant received by Corporation during the year have been accounted properly in grant register. No details regarding deductions from grant were made available to comment thereon.
19	<p>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;</p>	BMAR Rule No.-130	No details regarding creation of special fund and their use were made available to comment thereon.
20	<p>Whether the ULB is maintaining proper records showing full particulars, including quantitate 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;</p>	BMAR Rule No.-130	Corporation was not maintaining fixed assets register for the financial year 2018-19. Further no, fixed assets physically verified report was made available to comment upon.
21	<p>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;</p>	BMAR Rule No.-130	No details regarding lease hold property was made available to comment upon.
22	<p>Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?</p>	BMAR Rule No.-130	No, Corporation was not followed adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets. As ULB was not maintaining any store and assets purchase register.



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	We have not observed such type of transaction during audit.
24	Whether the Bank Reconciliation statements have been property 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) No, Corporation has not prepared bank reconciliation for all bank accounts maintained. However, they are prepared the BRS for few operative bank accounts at the end of cash book.
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.-130	As Corporation has single entry accounting system, in that case year end provisions and reconciliation was not made during the reporting period.
26	Whether all the expenditure incurred by the Municipality is authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and are in all cases such as are authorized by Act;	BMAR Rule No.-130	No irregularities were not noticed.
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, Corporation has accountant revenue properly. But collection and recovery of taxes details were not provided.
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, all sums due to and received by the Municipality have been brought to account but was not within the prescribed time limits. As there were around 2-6 days delay in submission of property tax collection in bank.
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	Yes, the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order
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) No, some required books accounts as per BMAM/BMAR has not been maintained.
31	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	BMAR Rule No.-130	No store verification report was made available during the reporting period to comment upon.
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No, procedures of physical verification of stores followed by the ULB have been provided to comment upon.
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 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;	BMAR Rule No.-130	No such details provided



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	No such details provided
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	No such details provided
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.-130	Refer point Part-B (g)
37	Municipal Fund: Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	No, Corporation is using single entry accounting system, so there was no fund was accounting followed.
38	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 should earn maximum interest at their gestation period. Check whether comparative interest rate is invited from parties before investing surplus funds:	BMA,2007: Chapter X	No such details were provided
39	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,	BMA,2007: Chapter XI	Yes, followed by the corporation
40	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,	BMA,2007: Chapter XII	As ULB was following single entry accounting system. So, receipts and payments details were being maintained in form of cash book. Audited receipts & payments account as per BMAM was not prepared by ULB.
41	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,	BMA,2007: Chapter XII	No, ULB was not preparing 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.
42	Submission of financial statement and balance sheet to auditor. 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.	BMA,2007: Chapter XII	No, Financial Statements were not provided for audit by ULB



43	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act,2007 various tax is applicable on ULBs	BMA,2007: Chapter XV	Refer-PART-A(a)(1) for status of taxes not collected by ULB
44	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)

e. **Lack of internal control measures:** We have observed the following areas where internal control measures are required by ULBs-

1. Voucher file was not maintained
2. No internal mechanism for statutory compliance
3. No MIS was prepared for tracking of payments
4. Required books of accounts as per BMAM was not maintained
5. Statutory compliance reconciliation was not maintained
6. Year-end reconciliation was not available
7. Bank reconciliation of any bank account was not prepared.
8. Bank balance as per cash book was not maintained.
9. Cheque receipt register was not maintaining
10. No control over cancelled or missing cheque
11. Assets & stock register were not maintained

f. **Non-compliance of TDS, VAT and other relevant Statute**

1. **A. Details of Delay in deposit of TDS are mentioned below:**

During the audit, we observed that TDS detail was not in the position of ULB. They had not presented a single TDS challan for our verification. We asked several times for TDS challan along with TDS Return; however, the concerned person has not presented the same for our verification. *Details of TDS deducted as per data available are reported in.*

Note:

1. The above Statutory deductions details were taken as per detail available in various files.
2. We have not received statutory compliance register and expenses invoices for our verification.
3. During the audit we observed that there was a demand of Rs. 3,56,210 and Bank attachment order u/s 226 (3) has already issued by Income tax department. We have not got any positive reply w.r.t. reply of this demand letter.
4. We further observed that ULB has taken a **new TAN PTNN02034E** and filing return on the same. However they have not provided any information about the closer of **old TAN PTNN0828C**
5. Neither copy of challan nor the copy of return has been presented to us, therefore we are unable to comment that payment made on time or not. However, we wish to say that non-payment of tax on due or before date will attract interest @ 1.5% p.m. or part of month
6. As per provision of sec. 276B, If a person fails to pay to the credit of the Central Government to the amount of tax deducted at source by him as required by or under the provisions of Chapter XVII-B; or the tax payable by him, as required by or under sub-section (2) of section 115-O; or the second proviso to section 194B, he shall be punishable with rigorous imprisonment for a term which shall not be less than **three months** but which may extend to **seven years** and with fine.

1. **B. Details of TDS returns filled are mentioned below:**

During the audit, we observed that ULB was not regular in filling of TDS return, as per below mentioned details this is clear that either ULB had not filled TDS return or if filled then not followed due date of return filling. This practice of delay in filling of TDS return would cause ULB in form of penalty.

SINo	Quarter	Due date of Return	Actual date of Return filled	Remark
1	Quarter-1 of F.Y. 2018-19	31 st -Jul-2018	Not Available-	Can't Comment



2	Quarter-2 of F.Y. 2018-19	31 st -Oct-2018	Can't Comment
3	Quarter-3 of F.Y. 2018-19	31 st -Jan-2019	Can't Comment
4	Quarter-4 of F.Y. 2018-19	31 st -May-2019	Can't Comment

Note:

- As per provision of Sec. 234E where a person fails to file the TDS/TCS return on or before the due date prescribed in this regard, then he shall be liable to pay, by way of fee, a sum of Rs. 200 for every day during which the failure continues. The amount of late fees shall not exceed the amount of TDS. Further as per provision of Sec 271H deductor or collector of tax at source fail to file the return within the stipulated date, he/she can also be penalized with a fee which is not less than Rs 10,000. The amount of penalty could go up to Rs. 1 lakh.
- Downloading of TDS Certificates from TRACES made mandatory:** In this regard, your attention is invited to the **CBDT circulars 04/2013 dated 17.04.2013, CBDT Circular No. 03/2011 dated 13-5-2011 and CBDT Circular No. 01/2012 dated 9-4-2012** on the **Issuance of certificate for Tax Deducted at Source** in Form 16/16A as per IT Rules 1962. It is now **mandatory for all diductor's to issue TDS certificates after generating and downloading the same from "TDS Reconciliation Analysis and Correction Enabling System"** or TRACES Portal. In view of above circulars, it may kindly be noted that the TDS Certificates **downloaded only from TRACES Portal** will be valid. Certificates issued in any other form or manner will not comply to the requirements referred in the Income-tax Act 1961 read with relevant Rules and Circulars issued in this behalf from time to time. Further as per the provisions of section 203 of the Income Tax Act, 1961 read with rule 31A, Certificate of tax deducted at source is to be **furnished within fifteen (15) days from the due date for furnishing the statement** of tax deducted at source. Failure to comply with the provisions of the Act will attract **penalty under the provisions of section 272A of the Act, a sum of one hundred rupees for every day** during which the failure continues.
- In case of ULB the commissioner in charge will be person who is liable to deduct and pay the TDS and issue of TDS certificate on time. Therefore, management is suggested to take a serious note on the status of Tax collected or deposited, timely submission of return thereof and issuance of TDS Certificate.

2. Details of filling of GSTR-7 (return for TDS on GST)

g. Deficiency in payroll system:

SINo	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/Daily wages/ Contract worker)	Yes, Salary register was maintained for all employees
2	Non availability of Salary payment voucher	ULB was not in practice to issue salary payment voucher, Payment of salary was passed based on approval by competent authority on salary register.
3	Matching of voucher number with cash book	No salary payment voucher number was mentioned in cash book
4	Salary register contains all elements of salary	Yes, all elements of salary were mentioned in salary register.
5	Maintenance of Salary Deduction register	Deductions from salary was mentioned in salary register, no separate deduction register was maintained.
6	Whether biometric devices and payroll software is implemented in ULB. If Yes, then is it integrated with accounting software	Biometric device was and payroll software was not implemented in ULB.

h. Utilisation of Grant and report on missing Utilisation Certificates: Corporation has not provided approved utilization certificates send to the department. However, letter for submitting utilization certificates with department was provided. Details of the same is as follows:



3	Chandra Mohan Yadav	04.08.2014 to 04.08.2016	29,09,500
4	Dev saran singh	01.08.2014 to 24.07.2015	55,16,000
5	Kanchan Kumar	17.11.2014 to 07.08.2015	23,03,900
6	Lalan Sharma	11.07.2014 to 23.02.2015	94,44,800
7	Masud Hasan Aarif	25.06.2014 to 28.02.2016	1,07,81,750
8	Prithvi Yadav	25.06.2014 to 07.04.2016	26,15,900
9	Rajeshwar Prasad	11.07.2014 to 28.07.2015	47,33,700
10	Rambabu Prasad	01.07.2014 to 16.08.2016	1,81,24,350
11	Ramesh prasad Yadav	01.07.2014 to 25.03.2014	15,32,500
12	Sudarsan Roy	07.07.2014 to 10.08.2015	13,58,750
13	Upendra Prasad	01.07.2014 to 17.08.2015	80,21,290
14	Binod Kumar	11.07.2014 to 06.08.2016	53,63,850
15	Sumit Kumar	05.08.2014 to 27.07.2015	24,31,600
Total			20,65,02,140

Note: Amount of unadjusted advance of Rs. 20, 65, 02,140 has been taken from AG report for the financial year 2015-16. ULB has not provided no details regarding addition/deletion in the provided figures.

2. Advances against Expenses:

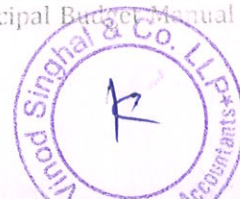
Sr. No	Date	Name of Employee	Period of Advance	Amount (Rs.)
1	21.10.2011	Bhanu pratap singh	Deasel and Mobil etc.	3,00,000
2	21.10.2011	Bhanu pratap singh	BLO Salary	3,24,000
3	04.11.2011	Bhanu pratap singh	Deasel and Mobil etc.	1,50,000
4	09.11.2011	Bhanu pratap singh	Deasel and Mobil etc.	6,00,000
5	22.11.2011	Bhanu pratap singh	Deasel and Mobil etc.	5,00,000
6	29.11.2012	Masud Hasan Aarif	Deasel and Mobil etc.	50,000
7	07.12.2012	Masud Hasan Aarif	Deasel and Mobil etc.	1,00,000
8	03.05.2012	Bhanu pratap singh	Fuel and Vehicle repair	1,00,000
9	15.01.2014	Masud Hasan Aarif	Repairing of JCB	60,000
10	31.12.2014	Dhruv Prasad	Repairing of Head office	1,00,000
11	10.02.2015	Dhruv Prasad	Registration of tractor	1,28,436
12	11.02.2015	Rajeshwar Kr. Bharti	Repair of vehicle	5,000
Total				24,17,436

Note: Amount of unadjusted advance of Rs. 24, 17,436 has been taken from AG report for the financial year 2015-16 & internal audit report for the financial year 2015-16. ULB has not provided no details regarding addition/deletion in the provided figures.

k. Any other matters as may be prescribed in due course. As all relevant matters has been Covered in above Mention point: As all instances are reported above

III. PART-C

Sl. No	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(d)
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 PMAR:	Complied Refer-PART-B(d)



Summary of utilisation certificate submitted is as follows:

Sr. No.	Name of Scheme	Allotment No. and Date	Amount Alloted	Amount withdraw al	Amount expende d	Balance amount	Amount deposit ed in PL Account	Amount of UC Submitt ed	Status of UC
1	नागरिक सुविधा	10/01-06-2018	195.51	195.51	-	195.51	195.51	-	Deposited in PL Account
2	5th Finance	21/10-07-2018	982.43	982.43	-	982.43	982.43	-	Deposited in PL Account
3	Nali-Gali	09/30-05-2018	560.01	560.01	-	560.01	560.01	-	Deposited in PL Account
4	5th Finance	15/03.07.2018	960.63	960.63	-	960.63	960.63	-	Deposited in PL Account
5	14th Finance	82/31.10.2018	404.79	404.79	-	404.79	404.79	-	Deposited in PL Account

i. Physical verification of inventory/Stores:

On various reminder we have not received any inventory and store register. However During the audit we observed that many of vehicle are running without registration number, many have registration number but there fitness, pollution and insurance are expired. Some new vehicle purchased either one or two year before but still there insurance has gone expired. Since after various request lists of vehicles no provided to us for our verification, therefore, we have taken some sample from vehicle stand in compound of ULB. We have submitted a summary and requested towards taken the best step for damage control. After various reminders we have not received any response from ULB. We are submitting herewith summary of such vehicles.

j. Advances, their adjustment & Recovery:

1. Advances under Pension Scheme:

Sr. No	Name of Employee	Period of Advance	Amount (Rs.)
1	Asgar ali Ansari	25.06.2014 to 30.07.2015	12,52,86,600
2	Phanwanwar Singh	01.09.2014 to 30.07.2015	60,77,650



	<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 months</p>	
d	Report on Compliance of financial guidelines of schemes of MCHDA & UB&HD, GoB.	Complied Refer-PART-B(b)
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, Satta etc.	Complied Refer-PART-A(a)
	Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 15,000 and above	Complied Refer-PART-B(b)(2)
g	Auditor should Report on Procurement made in bidding 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)(2)
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/C, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the GoB website.	Complied Refer-PART-B(g)
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)
	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	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(c)
m	Internal Auditor will identify major areas of GoB 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(f) & (g)
o	Internal Auditor will ensure that all U/Cs, RAs, audit & Internal audit records has been complied by the UB, if not complied the internal Auditor shall help the UBs staffs to prepare the compliance report.	Complied Point 03 of Detailed Audit Report

Thanking You,

For Vinod Singhal & Co. LLP

(Chartered Accountants)

FRN: 00532600

Rodhan
CA Krishan Kumar Sodhani
Partner

M. No. 404603

UDIN No. → 20404603 AAAAMTR2135

DATE → 22-12-2020



Management Comments

1. INTRODUCTION

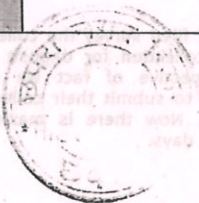
Name of the Municipality	Chhapra Municipal Corporation
Period covered under current audit	01.04.2018 to 31.03.2019
Name of Executive Officer for the period under Audit	Mr. Sanjay Kumar Upadhyay

Sl. No	Audit Observations	Auditor Recommendations	Management Comment
1	Non Compliance of AG Report for the F.Y. 2014-2016	During audit we observed that the compliance of C & AG report for the F.Y. 2014-2016 has not been done by ulb. Further due to lack of co-operation we were also unable to help them in comply with C & AG audit report. We requested to management to nominate someone to comply C & AG audit queries. We suggest that ULB officials should take appropriate action to prepare compliance of C & AG & internal audit compliance.	All concern person are directed to comply the same. We will submit the same till end of Feb. 2020.
2	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.	<u>Bank Reconciliation help us to monitor over:</u> 1. Difference between Bank Passbook and Cash Book 2. Unauthorised withdrawal from Bank. 3. Excessive debited by Bank 4. Helps to know reasons of differences. <i>Therefore, ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.</i>	We are preparing Reconciliation for the operating accounts. We will submit the same for your verification at next Audit.

9/3/2020



3	Non-Implementation of Double Entry Accounting System	As per requirement of BMAR-2014, Part -A, Chapter -2 Rule -4, "All ULB referred in Schedule -1 shall maintain its Books of Account using the double entry system". Since Chhapra nagar nigam is Covered under Schedule -1, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule. We found the detail that double accounting system is implemented at Chhapra ULB, however we not got any data for verification the same.	Double entry system was implemented at ULB till FY 2015-16, M/s Manas Das & Co. was working here as DEAS consultant. The appointment of the firm were done by UD & HD head office. Now M/s KRA & Co. has been appointed as DEAS Consultant.
4	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.	As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of Municipal Accounts Committee each year. During our Audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.	There is no any accounting committee has been formed at ULB. We have submitted a request letter in board for formation of Municipal accounting Committee.



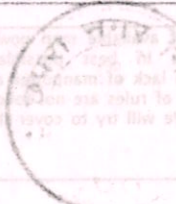
5	<p>Non-levy of following taxes</p> <ul style="list-style-type: none"> * Surcharge on transfer of lands and buildings * Fire tax. * Surcharge on electricity consumption within the municipal area * Tax on congregations. * Tax on pilgrims and tourists. * Tax on profession. * Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles. * User Charges for provision of water-supply, drainage and sewerage * User Charges for Solid Waste Management * User Charges for Parking Facility * User Charges for Garbage Clearance * Collection of fees for sanction of building plans and issue of completion certificates, * Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings, * Collection of Development Charges 	<p>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>ULB should take steps to implement required taxes to boost their revenue</i></p>	<p>Many of taxes as reported here are not applicable on us. Further we insure you that we will collect all applicable taxes as soon as possible.</p>
6	<p>Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22</p>	<p>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 or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax at bank. <i>Therefore, management should implement a MIS Mechanism towards getting control over collection and deposit of Taxes. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000</i></p>	<p>Due to work load and filed survey the collector not submitted their collection for deposit into bank. However irrespective of fact we have directed the collector to submit their collection amount as per Rule. Now there is maximum delay in deposit is 2-3 days.</p>



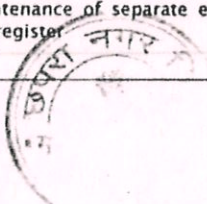
7	Non-Collection of notice fees	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but in case of Chhapra nagar nigam, has not provided any information regarding charging and collection of notice fees. ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.	From now onwards we will implement the same.
8	Non-recovery of outstanding taxes	ULB has provided during audit the detail of outstanding tax and other income, we observed on the basis of the such data that there is huge arrear of taxes at ULB. Therefore, the management should take proper step to boost collection of arrears. Further a weekly or fortnightly meeting with all tax collectors to be held for getting the reason of non-collection and resolving the same.	The major tax defaulter at our ULB is Government department and electricity department. However, we have served several notices for payment of the arrear taxes on all assessee including and we are continuously try to collect the same at earliest.
9	Non-providing details regarding arrear of advertisement tax, mobile tower tax, rental income	ULB should prepare proper records for arrear amount and should take proper steps to collect arrears.	Detail will provided on next Audit
10	Non deposit of outstanding amount of electricity bill	ULB should negotiate with electricity board to settle down the dues without late fees.	
11	Non preparation of payment voucher	ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR -2014.	With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.



12	Non-conducting physical survey of 20 high value properties and non-collection of outstanding property tax	Being ULB was not maintaining any details of high value properties. The details given in report has been prepared based on receipts book. Filed Survey of the same could not be conducted due to non support of tax Daroga & tax collectors in filed survey. ULB should identify and prepare separate list of high value properties by conducting re-assessment of prospective properties on timely basis to boost their revenue	Due to election duty many of our regular work got pending, therefore we have not visited in filed with your team. However, we ensure that we will visit the filed on your next audit schedule.
13	Non-maintenance of required registers as per Rule No -3 of BMAR-2014	Detail of registers not maintained by ULB is mentioned under PART A (a) ULB should ensure proper maintenance of required Books of Account and register as per the list given in Rule -3 of BMAR -2014.	We will maintain the same at earliest.
14	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014.	Annual Financial statement are prepared till FY 2015-16 by M/s Manas Das & Co. The appointment of the firm were done by UD & HD head office. We are waiting for new appointment. However, if the new firm not appointed by UD & HD till 31 st Dec we will appoint our own accounting team for Double entry accounting system and preparation of Annual Financial Statement.



15	<p>Irregularities in vendor payment process:</p> <ul style="list-style-type: none"> ▪ Budget Control register was not updated ▪ Quality control test report was not available ▪ Completion certificate was not available in payment file in case of completed contract. 	<p>Proper tender documents regarding tender approval and allotment was not properly maintained or made available for audit. In provided cases, we are unable to comment on channel of procurement of tender and their required compliances. Further, no statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, <i>ULB should maintained proper tender register and file that include all related documents of tender. Statutory compliance register should be maintained for all statutory deductions made form parties invoices.</i></p>	<p>We are maintaining the file, However due to lack of manpower we were unable to arranged the same on day to day. Now we have arranged the tender file in proper manner. We will show the same on next Audit. Further, statutory compliance are handle by file. We are maintaining the file w.r.t. deduction and deposit of all statutory dues. We will prepare statutory deduction register and will be presented to your team on next visit.</p>
16	<p>Non-maintenance of register for all procurements with value above Rs. 15,000</p>	<p>ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000</p>	<p>We are maintaining voucher file w.r.t. all expenses irrespective of amount. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us.. Further we wish to say that with the help of available man power we are trying to serve in best possible manner at earliest.</p>
17	<p>Missing signature of wages worker and stamp of ULB on muster roll register</p>	<p>ULB should ensure proper maintenance of wages register by complying signature and stamping.</p>	<p>All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.</p>
18	<p>No maintenance of separate earnest & security deposit register</p>	<p>EMD and security deposit register help in tracking of balance payable to parties.</p>	<p>We are maintain the same with contractor register. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>



19	Non-Compliance of Act & Rules	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. <i>ULB should ensure compliance of all applicable Act & Rules.</i>	With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.
20	Lack of internal control measures 1. Voucher file was not maintained 2. No internal mechanism for statutory compliance 3. No MIS was prepared for tracking of payments 4. Required books of accounts as per BMAM was not maintained 5. Statutory compliance reconciliation was not maintained 6. Year-end reconciliation was not available 7. Bank reconciliation of any bank account was not prepared.	We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances: We suggest that: 1. <i>MIS System should be implemented over daily collection and deposit.</i> 2. <i>Reason for non-deposit/ late deposit should be strongly need to ask for minimise delay.</i> 3. <i>Need to identify a person to comply with the statutory compliances. In case failure to comply with statutory compliances he should also be penalised.</i> <i>Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.</i>	With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.
21	Non-compliance of statutory compliances: ▪ Non preparation of statutory compliance register ▪ Non deposit of TDS on timely basis. ▪ Non filling of TDS return for due period Non providing details regarding VAT/PF/Royalty/Labour Cess	As ULB is not proper in statutory compliance, that cause monetary/non-monetary implication on ULB in mode of interest, penalty and Late Fee & imprisonment. <i>So, management should ensure statutory compliance on time.</i>	Due to lack of trained staff statutory compliances are handled by professional hired by us. We will present all file with you after getting data from them.



22	<p>Deficiency in payroll system</p> <ul style="list-style-type: none"> ▪ Non-preparation of salary payment voucher ▪ Non-maintaining salary payment reference number in cash book ▪ Non-implementation of Bio-metric device and payroll software 	<p>Every payment should be accompanied with payment voucher. Further as per Section 2(23) of the Indian Stamp Act 1899 makes it mandatory for affixing of stamp on any receipt as defined therein above Rs 5000. Therefore, management should ensure that the payment is accompanied with payment voucher.</p> <p>Meaning of Receipt : "Receipt" includes any note, memorandum or writing-</p> <p>(a) whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received, or (b) whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or (c) whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged, or (d) which signifies or imports any such acknowledgment; and whether the same is or is not signed with the name of any person "</p>	<p>All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.</p>
23	<p>Non-providing of Utilization certificate for the reporting audit period</p>	<p>Grant is blood of ULB. Therefore, for getting grant and running the ulb working smoothly it is very important to comply with all necessary requirement of grant. Further timely submission of utilisation certificate helps the grant realising authority to send the money for fulfil the requirement of future. <i>Therefore, management should ensure that UC has been submitted with concerned department on time.</i></p>	<p><i>We have submitted various UC at the department. We will submit the same at your next visit. However, Balance UC will be prepared and submitted in January 2020 with the help of your team.</i></p>
24	<p>Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-2016-130</p>	<p><i>Management should implement the control system over inventory and store. Stock register should be in place and get it verified by a responsible person as authorised by management time to time. Further any discrepancies arises/ found during such verification should be reported immediately.</i></p>	<p><i>We are maintaining the Store register. The same will be show you at your next visit.</i></p>



25	Non providing details of Advances, their adjustment & Recovery	To ensure timely recovery of advance with interest proper calculation should be there with proper recovery plan.	All concerned person are directed to resolve this issue within 30 days.
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9/3/2020



संचिका सं०-07/सहा0अनु०- 92/2015..... न०वि० एवं आ०वि०
बिहार सरकार

प्रेषक:-

नगर विकास एवं आवास विभाग

सेवा में,

सरकार के विशेष सचिव,
नगर विकास एवं आवास विभाग।

महालेखाकार (ले० एवं ह०),
वीरचंद पटेल मार्ग,
पटना-800001

विषय :-

नगर परिषद छपरा से प्राप्त सहायक अनुदान की राशि से संबंधित उपयोगिता प्रमाण-पत्र समाप्त करने के संबंध में।

पटना, दिनांक-

महाशय,

उपर्युक्त विषयक निदेशानुसार कहना है कि नगर परिषद छपरा से प्राप्त सहायक अनुदान की राशि का उपयोगिता प्रमाण-पत्र विहित प्रपत्र बी०टी०सी०-42ए में क्रम संख्या- 1 से 12 तक प्राप्त है जिसे समायोजन हेतु भेजा जा रहा है।

क्र० सं०	स्वीकृतिदेश सं०	मद	आवंटित राशि	जमा उपयोगिता की राशि
1	42/09.08.16	राज्य योजना		
2	40/04.08.16	राज्य योजना	4987884	4987884
3	167/25.10.16	राज्य योजना	6122950	6122950
4	42/09.08.16	राज्य योजना	8525976	8525976
5	162/19.10.16	पंचम राज्य वित्त आयोग	6394482	6394482
6	162/19.10.16	पंचम राज्य वित्त आयोग	6551366	6551366
7	162/19.10.16	पंचम राज्य वित्त आयोग	44588339	44588339
8	29/06.07.16	14 वां वित्त आयोग	30151360	30151360
9	353/29.03.17	पंचम राज्य वित्त आयोग	15144677	15144677
10	20/23.06.16	वेतन मद	44637755	44637755
11	353/29.03.17	पंचम राज्य वित्त आयोग	653568	653568
12	248/10.03.17	नागरिक सुविधा	5015639	5015639
		कुल योग	3576342	3576342
			176350338	176350338

कृपया प्राप्ती स्वीकार की जाय।

अनु०- यथोक्त।

विश्वासभाजन

ह०/-

सरकार के विशेष सचिव
नगर विकास एवं आवास विभाग

ज्ञापांक:- 909

दिनांक- 8/6/17

प्रतिलिपि:- नगर कार्यपालक पदाधिकारी, नगर परिषद छपरा एवं एम०आई०एस० सेल को सूचनार्थ एवं आवश्यक कार्रवाई हेतु प्रेषित।



सरकार के विशेष सचिव
नगर विकास एवं आवास विभाग



कार्यालय, महालेखाकार (लेखापरीक्षा), बिहार,
सामाजिक प्रक्षेत्र -I, स्थानीय लेखापरीक्षा शाखा,
वीरचन्द पटेल मार्ग, पटना - 800001

सं०.एल०ए०/एस०एस०-1/श०स्था०नि०/

सेवा में,

कार्यपालक पदाधिकारी
नगर परिषद, छपरा
जिला- सारण

महाशय,

नगर परिषद, छपरा के वित्तीय वर्ष 2014-15 से 2015-16 के लेखाओं पर आधारित लेखापरीक्षा प्रतिवेदन सं० 1022/16-17 आपके सूचनार्थ एवं आवश्यक कार्रवाई हेतु प्रेषित है। अनुरोध है कि इस लेखापरीक्षा प्रतिवेदन की कंडिकाओं का अनुपालन, लेखापरीक्षा प्रतिवेदन प्राप्ति के 3 माह के अन्दर पूर्ववर्ती लेखापरीक्षा प्रतिवेदनों की लम्बित कंडिकाओं के अनुपालन के साथ अभिप्रमाणित साक्ष्य सहित नगर परिषद बोर्ड से अनुमोदित कराकर जिला स्तरीय समिति के समीक्षोपरान्त प्रेषित किया/करवाया जाय जिससे लेखापरीक्षा के उद्देश्यों की पूर्ति हो सके।

यह निरीक्षण प्रतिवेदन लेखापरीक्षित इकाई द्वारा समर्पित एवं उपलब्ध करायी गयी सूचनाओं/विवरणों के आधार पर तैयार किया गया है। महालेखाकार (लेखापरीक्षा), बिहार पटना का कार्यालय लेखा परीक्षित इकाई द्वारा किसी भी गलत सूचना देने अथवा सही तथ्य छिपाने की जवाबदेही का दावा नहीं करता है।

संलग्नक: यथोपरि



भवदीय,

-६०-

वरीय लेखापरीक्षा अधिकारी
श०स्था०नि०/सामाजिक प्रक्षेत्र-1
स्थानीय लेखापरीक्षा शाखा, पटना

सं०-एल०ए०/एस.एस.-1/श०स्था०नि०/14653/472

दिनांक- 15.03.17

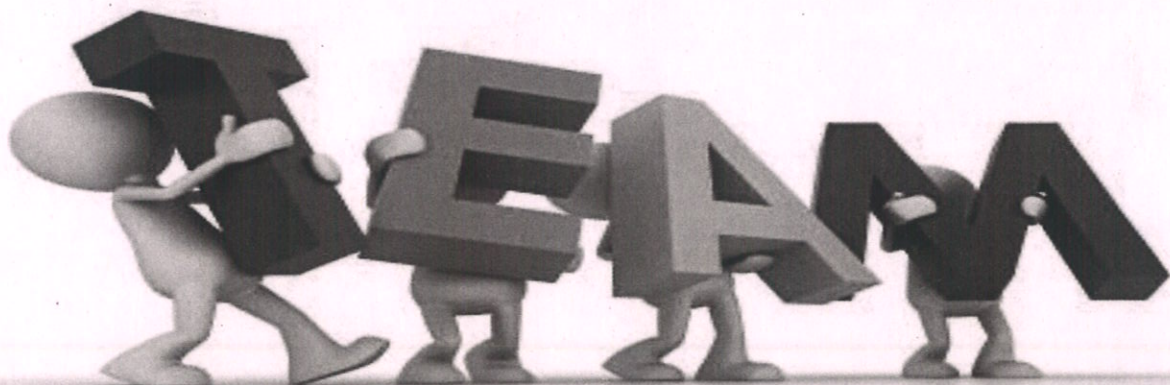
प्रतिलिपि सूचनार्थ एवं आवश्यक कार्रवाई हेतु प्रेषित:-

1. सचिव, नगर विकास एवं आवास विभाग, बिहार सरकार, पटना
2. जिलाधिकारी, सारण



नवीर ६ मार्च २०१७
वरीय लेखापरीक्षा अधिकारी
श०स्था०नि०/सामाजिक प्रक्षेत्र-1
स्थानीय लेखापरीक्षा शाखा, पटना

thank you



Vinod & Co. LLP
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JEWELERS, BORING ROAD, PATMA-800001

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