

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

# INTERNAL Audit Report

for

F. Y. 2017-18

Group 1

MAKHDUMPURNAGAR  
PANCHAYAT

BY

A. P. SANZGIRI & CO.

Chartered accountants

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**DOCUMENT HISTORY**

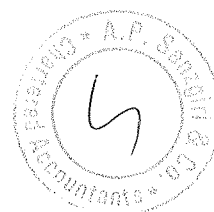
**INTERNAL AUDIT FOR FY 2017-18**

<b>Project Title</b>	Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar (Tender No. IA-140ULBs/2017-18/2018-19/2019-20) Group - 1 covering 19 ULBs"
<b>Report Title</b>	Internal Audit for FY 2017-18 of Nagar Panchayat Makhdumpur
<b>Reporting Entity</b>	A P SANZGIRI & Co., Chartered Accountants
<b>Reporting for</b>	Nagar Panchayat Makhdumpur
<b>Report Prepared by</b>	Internal Audit Team of A P SANZGIRI & Co., Chartered Accountants
<b>Date of Submission</b>	22nd August 2019



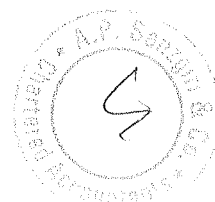
**ABBREVIATION AND ACRONYMS**

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



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**A. P. SANZGIRI & CO.**  
**CHARTERED ACCOUNTANTS**

Date: 13<sup>th</sup> July, 2020

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

Sub: Submission of Internal Audit Report of Nagar Panchayat Makhdumpur for the Financial Year 2017-18

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

Respected Sir,

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

As per the terms and conditions of RFP Document, we have successfully conducted the Internal Audit Nagar Panchayat Makhdumpur for the Financial Year 2017-18 and submitting the report of the same as per our deliverables.

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

Hope you will find the same in compliance.

Thanking You,

Yours faithfully,

On Behalf of  
A P Sanzgiri & Co,  
Chartered Accountants

*Satish Gupta*  
CA Satish Gupta  
Partner  
FRN:116293W  
UDIN: 20101134AAAADR6858  
Date - 06-07-2020  
Membership No - 101134



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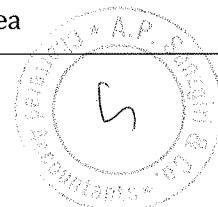
## EXECUTIVE SUMMARY

### 1. INTRODUCTION:

<b>Name of the Municipality</b>	-	<b>Nagar Panchayat Makhdumpur</b>
<b>Period covered under Current Audit</b>	-	01 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018
<b>Name of Mayor/Chairman</b>	-	Smt. Santoshi Devi
<b>Name of Executive Officer</b>	-	Shri Vinod Kumar Rajak

### 2. OBSERVATIONS AND FINDINGS:

<b>Strengths</b>	<ol style="list-style-type: none"><li>1. In the existing system as prevailing in the Municipal Corporation, day to day working is in progressive manner in respect of collection of revenue and execution of the projects.</li><li>2. There is sufficient co-operation from the management during the course of our audit.</li><li>3. General Cash book is properly up-to-dated.</li><li>4. List of Outstanding dues is available.</li></ol>
<b>Weaknesses</b>	<ol style="list-style-type: none"><li>1. The collection of rental income is not satisfactory.</li><li>2. The shopkeeper/tenants have not been paying rent and have huge outstanding debts.</li><li>3. Budget is not prepared properly; there is huge difference in opening balance of each year in continuous nature.</li><li>4. No physical verification of store is exercised by ULB.</li><li>5. No Physical verification of cash is exercised by ULB.</li><li>6. Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.</li><li>7. Utilization certificate for FY 2017-18 has not been prepared.</li><li>8. Fixed assets register was prepared by a CA firm as on 01/04/2014 and it was updated till 2015-16.</li><li>9. Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection for FY 2016-17. Hence, we are unable to comment on the same.</li><li>10. Statutory compliance of the ULB is not deposited timely and hence it incurs penalty and other charges.</li><li>11. Certain Statutory Registers and Books are not maintained.</li><li>12. Bank Reconciliation Statement has not been prepared.</li></ol> <p><b>13. Non Levy of Taxes:</b></p> <ul style="list-style-type: none"><li>• Tax on advertisements, other than advertisements published in newspapers</li><li>• Surcharge on electricity consumption within the municipal area</li></ul>



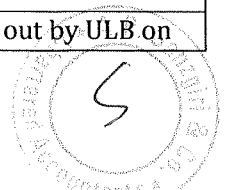
	<ul style="list-style-type: none"> <li>✓ Tax on congregations.</li> <li>✓ Tax on pilgrims and tourists.</li> <li>✓ User Charges for Solid Waste Management</li> <li>✓ User Charges for Parking Facility</li> <li>✓ User Charges for Garbage Clearance</li> <li>✓ Collection of fees for sanction of building plans and issue of completion certificates,</li> <li>✓ Collection of Development Charges</li> </ul> <p>14. During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 100 to 120 days.</p> <p>15. ULB is not preparing monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.</p> <p>16. ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter</p> <p>17. Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.</p> <p>18. Non Compliance of Rule 130 of BMAR in some of the cases.</p> <p>19. ULB is not maintaining the accounts as well as not preparing the financial statements.</p> <p>20. ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.</p>
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**3. OPINION:**

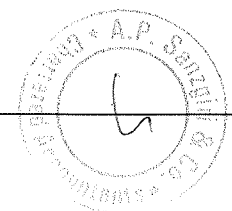
The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel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

**4. AUDIT RECOMMENDATION:**

Observed Weaknesses	Audit Recommendations
The collection of rental income is not satisfactory. The shopkeeper/ tenants have not been paying rent and have huge outstanding debts.	To implement/take action to boost collection of arrear revenue to increase their own source revenue.
Budget is not prepared properly; there is huge difference in opening balance of each year in continuous nature.	ULB need to check and rectify it in retrospective effect.
No physical verification of store is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of the stock and process.
No Physical verification of cash is exercised by	Physical verification to be carried out by ULB on



ULB.	interval basis for proper monitoring of cash.
Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.	Internal Audit wing should be created by employing the Municipal Internal Auditor on the Board.
Utilization certificate for FY 2017-18 has not been prepared.	Utilization Certificate should be prepared timely by the ULB and submit the same to Department on regular basis.
Fixed assets register is not updated at ULB	Fixed assets register should be maintained and updated properly.
Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection for FY 2010-11 to 2014-15. Hence, we are unable to comment on the same.	Compliance report should be prepared as soon as the report is received by ULB and steps to be taken for recovery of the amount for financial irregularities.
Statutory compliance of the ULB are not properly complied, hence it incurs penalty and other charges.	As ULB is not proper complying with statutory obligations, that cause financial implication on ULB in mode of interest and penalty. So, ULB should ensure statutory compliance on time.
Certain Statutory Registers and Books are not maintained.	Statutory register and books of accounts should be maintained as per guidelines and BMAR.
Bank Reconciliation Statement has not been prepared.	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.
<b>Non Levy of Taxes:</b> <ul style="list-style-type: none"> <li>✓ Tax on advertisements, other than advertisements published in newspapers</li> <li>✓ Surcharge on electricity consumption within the municipal area</li> <li>✓ Tax on congregations.</li> <li>✓ Tax on pilgrims and tourists.</li> <li>✓ User Charges for Solid Waste Management</li> <li>✓ User Charges for Parking Facility</li> <li>✓ User Charges for Garbage Clearance</li> <li>✓ Collection of fees for sanction of building plans and issue of completion certificates,</li> <li>✓ Collection of Development Charges</li> </ul>	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. ULB should take steps to implement required taxes to boost their revenue
During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 20 days.	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.
ULB is not prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	As per BMAR Rule No. - 121, ULB should prepare of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the executive officer.
ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	Currently ULB is sending on yearly basis and the same need to be complied on quarterly basis.



Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.	As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB. 1. Municipal General Fund 2. Basic service for urban poor 3. Water supply & sewerage fund 4. Solid Waste Management Fund 5. Road Development & Maintenance 6. Enterprise Fund
Non Compliance of Rule 130 of BMAR in some of the cases.	ULB should ensure compliance related to Rule 130 of BMAR on regular basis.
ULB is not maintaining the accounts as well as not preparing the financial statements.	ULB is required to maintain the accounts as well as prepare the financial statements at the end of the year.
ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.	ULB should prepare financial statements for each year and get it approved from municipal account committee. As per BMAR, audited financial statements are required to submit to auditor for audit.
In-consistencies in assessment of property tax	Checked on random basis and found variation between demand raised by ULB or actual demand.

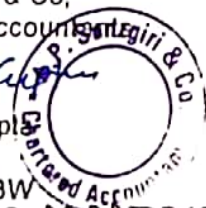
5. **COMMENTS FROM MANAGEMENT**

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

6. **ACKNOWLEDGEMENT**

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

On Behalf of  
A P Sanzgiri & Co,  
Chartered Accountants  
*Satish Gupta*  
CA Satish Gupta  
Partner  
FRN: 116293W  
UDIN: 20101134AAAPDR6858  
DATE: 06-07-2020  
Membership No: 101134



## DETAILED AUDIT REPORT

### 1. INTRODUCTION:

Name Of ULB	Period-covered		Audit Team
	From	To	
Makhdumpur Nagar Panchayat	1 <sup>st</sup> April, 2017	31 <sup>st</sup> March, 2018	1. Team Leader: CA Satish Gupta 2. Name of CA: Ayush Agarwal 1. Name of Auditor: Dipak Sharma

### 2. ADMINISTRATION:

Sl. No.	Particulars	Details
1	The present body of the ULB has taken charge on	August, 2018
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Smt. Santoshi Devi
2.1.1	Period of Service:	From: August, 2018 To: Till date
2.2	Name of Executive Officer:	Shri Vinod Kumar Rajak
2.2.1	Period of Service:	From: January 2019 To: Till date

### 3. REVIEW OF OUTSTANDING AUDIT PARAS:

#### 3.1. STATUS OF AUDIT OBSERVATIONS IS AS UNDER:

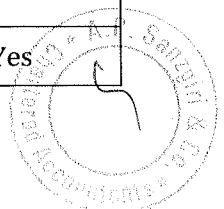
Particulars of audit and date of report	Total no. of audit Para's	Improvement /corrective measures required (Nos. of Para's)	Recovery of cash is proposed (Nos. of Para's)	Recovery has been made (Nos. of Para's)	Total amount of Recovery	No action has been taken	No. & date of compliance report
Audit report submitted by AG for the F.Y. 2015-16	17	17	11	Nil	-	-	487/Dated 31.07.2019 (Refer Discussion Note)

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

Period of AG Audit Report : 2012-13 to 2015-16

Compliance Report Date & Number : 487/Dated 31.07.2019 (Refer Discussion Note)

Para Nos.	Heading of the Audit Para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
1	Less deposit amount by Tax Collector.	0.003 Lac	Yes	No	No
	Non-deposit of collected amount by Tax Collector.	0.57 Lac	Yes	No	No
2	Non-deposit of collection amount by	5.05 Lac	Yes	Yes	Yes

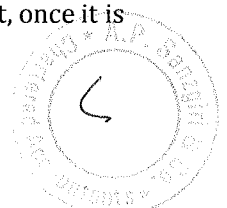


	Tax Collector into the Bank Passbook.				
3	Expenditure against purchase of Two sided Solar Light was filed.	13.47 Lac	No	No	No
4	Irregularities in purchase of two sided Solar Light.	0.96 Lac	Yes	No	No
	Irregularities in purchase of CFL Light.	0.07 Lac	Yes	No	No
	Irregularities in purchase of Dustbin.	5.74 Lac	No	No	No
	Irregularities in purchase of JCB.	16.90 Lac	No	No	No
5	Irregularities in payment against purchase of Cleaning Equipments.	10.03 Lac	Yes	No	No
6	Expenditure against purchase of JCB, Section Machine & Fogging Machine was filed.	28.45 Lac	No	No	No
7	Non-deduction of performance securities.	12.73 Lac	No	No	No
8	Non-deduction of VAT amount against purchase of Street Light, Section Machine & Fogging Machine.	1.09 Lac	Yes	No	No
9	Non-deposit of outstanding amount of Endowment.	2.96 Lac	Yes	No	No
10	Unauthorised installation and non-collection of registration & renewal fees of Mobile Tower.	25.76 Lac	Yes	No	No
11	Irregularities in execution of planning.	4.54 Lac	No	No	No
12	Non-deduction of labour cess.	0.00	No	No	No
13	Non-maintenance of Grant Register	0.00	No	No	No
14	Non-maintenance of Assets Register	0.00	No	No	No
15	Non-implementation of Property Tax.	0.00	No	No	No
16	Non-presentation of Miscellaneous and H receipts.	0.00	No	No	No
17	Irregular maintenance of Stock Register.	0.00	No	No	No

**Note-1:** ULB did not provide AG report thereafter have taken from UD & HD website.

**Note-2:** Further Compliance Report has been prepared by management.

**Management Comment:** ULB is preparing Compliance Report for above said period of AG Report, once it is completed this report will be provided. **(Refer Discussion Note).**



**4. FINANCE**

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

Year	Year- 2015-16	Year- 2016-17	Year- 2017-18
Final/Revised Budget Data	No Budget prepared by the ULB.	35,58,76,000.00	15,71,59,000.00
Actual Expenditure Data	18,18,25,790.00	11,28,35,486.00	10,84,19,618.00
Savings(+)/Excess(-)	-18,18,25,790.00	24,30,40,514.00	4,87,39,382.00

**Audit or' sComment**

**I:**

The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18 & 2018-19. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2015-16, 2016-17 & 2017-18 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. 2017-18	Actual for the F.Y. 2016-17	Actual for the F.Y. 2015-16	Actual for the F.Y. 2017-18	Cumulative for the current period
Opening balance	17,40,60,515.00	16,78,95,742.00		17,40,60,515.00	17,40,60,515.00
Receipts	17,06,21,000.00	11,90,00,259.00		9,07,38,043.00	9,07,38,043.00
<b>Total</b>	<b>34,46,81,515.00</b>	<b>28,68,96,001.00</b>	<b>No Budget prepared by the ULB</b>	<b>26,47,98,558.00</b>	<b>26,47,98,558.00</b>
Net expenditure	15,71,59,000.00	11,28,35,486.00		10,84,19,618.00	10,84,19,618.00
<b>Closing balance</b>	<b>18,75,22,515.00</b>	<b>17,40,60,515.00</b>		<b>15,63,78,940.00</b>	<b>15,63,78,940.00</b>

**Auditor' s Comment :**

The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18 & 2018-19. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the above-mentioned figures.



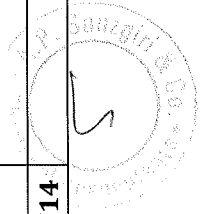
**III. BANK RECONCILIATION POSITION AS ON REPORTING DATE:**

Since different scheme has been maintained in single cash book therefore segregation of balances of different scheme as on 31st march 2018 cannot be determined. Similarly since through one bank account different schemes are being operated, the bank balance of a particular scheme on a particular date cannot be determined. Hence Nagar Panchayat Makhdumpur has prepared consolidated Bank Reconciliation statement for all bank account instead of bank account wise. Balance as on 31st march 2018 of different bank accounts as below:-

**BANK RECONCILIATION POSITION AS ON 31-03-2018:**

S.N	Name of Bank	Bank A/C No.	Purpose of Bank Account	Balance as per	Balance as per	Differences	Reconciled
1	Treasury	PL A/c 021	PLA	-	11,71,10,904		
2	State Bank of India	33981157712	Samajik Surakha Pension	50,000	74,294		
3	State Bank of India	31689063331	General Fund	6,75,641	9,22,828		
4	Bank of india	447810100009748	State Plan	8,80,85,715	16,28,729		
5	Bank of india	447810110004901	BRGF	19,95,420	Closed		
6	Bank of india	444810110004984	City Manager Allowance	2,570	Closed		
7	PNB	1615000100048525	SJSRY	13,30,300	Closed		
8	PNB	1615000100048516	NSDP	1,58,103	Closed		
9	PNB	16115000100023906	Kabir Anthysthi	83,000	23,86,693		
10	HDFC	50100083948693	Ward Counsellor	1,83,993	29,03,256		
11	MBGB	72050100104031	Matching Grant	61,093	5,81,949		
12	MBGB	72050100123966	14th Finance	2,08,55,186	0		
13	MBGB	72050100161540	5th Finance	1,03,47,356	1,48,90,443		
14	MBGB	72050100161531	Rastriye Pariwarik Labh	10,000	52,98,052		
15	Allahabad Bank	50273883956	PESAKAR	5,39,922	32,10,247		
16	Allahabad Bank	50298520618	E-Govt	17,538	80,82,844		
17	Allahabad Bank	50344306446	Sawach Bharat	75,17,210	4,83,415		
18	N.A	N.A	Census	45,400	N.A		
19	N.A	N.A	PMAY	4,69,271	N.A		
20	N.A	N.A	Safai vayavasthaSudhar	53,34,608	N.A		
21	N.A	N.A	NaliGaliNischayYojna	42,53,094	N.A		
22	N.A	N.A	Pay JalNischayYojna	1,43,63,520	N.A		
	<b>Total</b>			<b>15,63,78,940</b>	<b>15,75,73,654</b>	<b>11,94,714/-</b>	

Note: ULB had prepared reconciliation statement for overall difference amount of Rs. 11,94,714/-

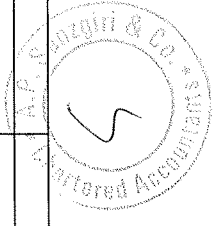


**Auditor's Comment:**

A single cash book maintained for all 'YOJNA/MISSION/SCHEME' whereas under a 'YOJNA/MISSION/SCHEME' more than one bank account has been opened, hence it is suggested that separate cash book in respect of each 'YOJNA/MISSION/SCHEME' should be maintained and separate bank account should be opened.

**IV. RECEIPT DETAILS:**

INCOME DETAILS (Amounts IN INR)						
SN	Details	2017-18		2017-18	2018-19	
		(Actual)	(Actual)	(Actual)	2018-19 (Actual)	2019-20 (Actual)
	<b>Total Receipts (A+B)</b>	<b>9,07,38,043.00</b>	<b>11,90,00,259.00</b>		<b>9,07,38,043.00</b>	
<b>A</b>	<b>Revenue Receipts (1+2+3)</b>	<b>1,63,30,149.00</b>	<b>7,76,789.00</b>		<b>1,63,30,149.00</b>	
1	<i>Own Revenue Receipts (a+b)</i>	<b>7,69,801.00</b>	<b>0.00</b>		<b>7,69,801.00</b>	
a)	<i>Tax Revenue(Collected by ULB)</i>	<b>3,58,379.00</b>	<b>0.00</b>		<b>3,58,379.00</b>	
i)	<i>Property Tax</i>	1,78,108.00	0.00		1,78,108.00	
ii)	<i>Other tax (Collected by ULB)</i>	1,80,271.00	0.00		1,80,271.00	
b)	<i>Non-tax revenue (Collected by ULB)</i>	<b>4,11,422.00</b>	<b>86,311.00</b>		<b>4,11,422.00</b>	
i)	<i>Fees &amp; fines</i>	69,134.00	46,311.00		69,134.00	
ii)	<i>User Charges</i>	3,21,061.00	40,000.00		3,21,061.00	
iii)	<i>Other non-tax revenue</i>	21,227.00			21,227.00	
<b>2</b>	<b>Other Revenue Receipts</b>	<b>30,38,535.00</b>	<b>6,90,478.00</b>		<b>30,38,535.00</b>	
a)	<i>Income from interest/investments</i>	16,54,512.00	1,56,410.00		16,54,512.00	
b)	<i>Other Revenue income</i>	13,84,023.00	5,34,068.00		13,84,023.00	
<b>3</b>	<b>Transfers/Grants/Assigned Revenues</b>	<b>1,25,21,813.00</b>	<b>0.00</b>		<b>1,25,21,813.00</b>	
a)	<i>State Assigned Revenue</i>	1,14,19,855.00			1,14,19,855.00	
b)	<i>State Finance Commission(SFC) Grants</i>					
c)	<i>Octroi compensation</i>	11,01,958.00	0.00		11,01,958.00	
<b>B</b>	<b>Capital Receipts</b>	<b>7,44,07,894.00</b>	<b>11,82,23,470.00</b>		<b>7,44,07,894.00</b>	
1	<i>State Capital Account Grant</i>	5,17,26,657.00	5,54,65,728.00		5,17,26,657.00	
2	<i>Central Capital Account Grant</i>	1,52,70,437.00	6,27,57,742.00		1,52,70,437.00	
	<i>Other Capital Receipts</i>	74,10,800.00	0.00		74,10,800.00	



**Auditor's Comment:**

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

**V. EXPENDITURE INFORMATION:**

S.N	Details	2017-18		2018-19		2019-20	
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (ACTUAL)	2019-20 (Actual)	2018-19 (Actual)
<b>A.</b>	<b>Total Expenditure (1+2)</b>	<b>10,84,19,618.00</b>	<b>11,28,35,486.00</b>		<b>10,84,19,618.00</b>		
<b>1</b>	<b>Revenue Expenditure</b>	<b>1,82,65,888.00</b>	<b>3,88,62,579.00</b>		<b>1,82,65,888.00</b>		
1.1	Administrative Expenses, Establishment and Salaries	40,84,527.00	48,46,144.00		40,84,527.00		
1.2	Operation and Maintenance	1,11,68,707.00	51,28,343.00		1,11,68,707.00		
1.3	Others(any other revenue expenditure )	30,12,654.00	2,88,88,092.00		30,12,654.00		
<b>2</b>	<b>Capital Expenditure</b>	<b>9,01,53,730.00</b>	<b>7,39,72,908.00</b>		<b>9,01,53,730.00</b>		
2.1	All developmental works under Central/ State schemes	8,61,29,036.00	7,39,72,908.00		8,61,29,036.00		
2.2	Other Capital expenditure	40,24,694.00			40,24,694.00		

**AUDITOR'S COMMENT:**

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



**VI. STATUS OF IMPLEMENTATION OF DOUBLE ENTRY SYSTEM:**

It is told by the ULB that there one Agency M/S SahaniBansal& Associates was appointed for the DEAS work and it has completed following activities till FY 2015-16. Further at present there no agency is working for implementation of Double Entry Accounting System.

SN	Activity	Work Done
1	Fixed Assets Register	Opening FAR was prepared as on 01/04/2014 and it was updated for FY 2014-15 and 2015-16
2	Property Tax Register	Opening PTR was prepared as on 01/04/2014 and it was updated for FY 2014-15 and 2015-16
3	Opening Balance Sheet	Opening Balance Sheet was prepared as on 01/04/2014
4	Annual Financial Statements	Annual Financial Statements were prepared for FY 2014-15 and 2015-16.
5	Installation of Tally License	Tally was installed by CA firm but now ULB staff is not aware about it.

**VII. MUNICIPAL ACCOUNTS COMMITTEE:**

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

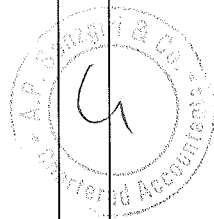




		14	Collection of fees for sanction of building plans and issue of completion certificates,	YES
		15	Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,	YES
		16	Collection of Fees for issue of birth and death certificates.	YES
		17	Collection of Development Charges	No
4	<b>Consequences/Effect</b>	No levy of taxes will be resulted in to revenue loss to ULB.		
5	<b>Cause</b>	There is lack of standard policies and instructions from department. In some cases policies are prepared by it is not followed by the ULBs.		
6	<b>Corrective Action/Recommendation</b>	It is recommended that department should prepare uniform policies for levy and collection of taxes in proper manner and on due time. Further capacity building programmes should be held for ULBs staff and awareness about these taxes should be done.		
7	<b>Management Comments</b>	Kindly refer discussion note attached with the report.		

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

SN	Head	Comments
1	<b>Objective</b>	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 the amount of tax collected by the tax collector is required to be handed over to cashier and deposited into bank on the same day on which collection is made. To check compliance of these provisions, we have carried audit of such type of cases.
2	<b>Criteria</b>	We have checked respective books in order to carry the audit and some cases were checked on random basis.
3	<b>Condition</b>	During verification of receipts book and deposit slips, we have noticed that there is gap period in collection of tax and deposit of tax around 90 to 100 days. Details of such cases are given in <b>Annexure-1</b> .
4	<b>Consequences/Effect</b>	In respect of above in most of the cases property tax has not been deposited on same day of collection which resulted in interest loss to ULB.
5	<b>Cause</b>	It is explained by concern person that due to non- availability of human resources the same issues arises.
6	<b>Corrective Action/Recommendation</b>	It is recommended that tax collector/cashier should deposit the collected money into bank on same day itself and if he fails to do the same, necessary action should be taken by the ULB management in such cases.
7	<b>Management Comments</b>	Kindly refer discussion note attached with the report.



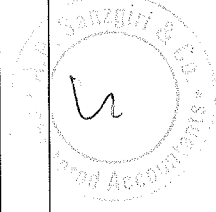
**OBSERVATION-3: NON COLLECTION OF NOTICE FEE**

SN	Head	Comments
1	Objective	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.
2	Condition	ULB has not provided any information regarding charging and collection of notice fees.
3	Consequences/Effect	It is non-compliance of Bihar Municipal Act, 2007 which resulted in loss of revenue to the ULB.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/Recommendation	Notice fees should be collected as per applicable provisions and rules.
7	Management Comments	Kindly refer discussion note attached with the report.

**OBSERVATION-4: RECOVERY OF OUTSTANDING TAXES/RENTAL INCOME:**

**1. RECOVERY OF OUTSTANDING PROPERTY TAX:**

SN	Head	Comments
1	Objective	ULB is authorized to collect holding tax from households situated in the municipal area and Property tax have major role in the internal revenue of ULB.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that property tax of Rs.35.10 lacs was outstanding as on 31/03/2018:
3	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/Recommendation	Notice should be issued to the assesses on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.



**2. RECOVERY OF ADVERTISEMENT TAX:**

SN	Head	Comments
1	Objective	ULB authorized to charge advertisement tax/fee in municipal are as per act/rule.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted there was no outstanding dues as on 31/03/2018.
3	Consequences/Effect	Delay in collection or outstanding dues results in revenue loss to ULB.
5	Cause	Not Applicable
6	Corrective Action/Recommendation	Not Applicable
7	Management Comments	Not Applicable

**3. RENT INCOME:**

SN	Head	Comments
1	Objective	ULB authorized to charge rent from municipal properties.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that there was no rent income outstanding as on 31/03/2018.
3	Consequences/Effect	Not Applicable
5	Cause	Not Applicable
6	Corrective Action/Recommendation	Not Applicable
7	Management Comments	Not Applicable.



**4. MOBILE TOWER TAX:**

SN	Head	Comments
1	Objective	ULB is authorized to collect tax from telecom companies for mobile towers installed in the municipal area.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that mobile tower tax of Rs. 22.43lacs was outstanding as on 31/03/2018.
3	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
	Action/Recommendation	
7	Management Comments	Kindly refer discussion note attached with the report

**5 OTHER TAX:**

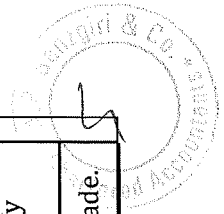
SN	Head	Comments
1	Objective	ULB is authorized to collect other various types of taxes/fee.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that noother tax was outstanding as on 31/03/2018:
3	Consequences/Effect	Not Applicable
5	Cause	Not Applicable
6	Corrective	Not Applicable
	Action/Recommendation	
7	Management Comments	Not Applicable.



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

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

SN	Head	Comments																																																																																																															
1	Objective	Checking of payment made by ULBs to find out irregularities made during payment																																																																																																															
2	Criteria	Payment were checked on random basis																																																																																																															
3	Condition	We have checked following payment related to FY 2017-18 during audit:																																																																																																															
		<table border="1"> <thead> <tr> <th>S.N</th> <th>Name of Party</th> <th>Payment Head</th> <th>Invoice Amount</th> <th>Approved Amount</th> <th>Date of Payment</th> <th>Audit Observations</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Sulabh Samagar Seva</td> <td>5<sup>th</sup> /14<sup>th</sup> finance</td> <td>289940</td> <td>289940</td> <td>11.06.2017</td> <td rowspan="2">TDS has not been deducted on monthly invoices related with parties(NGO) engaged in Door to Door Wastage Collection.</td> </tr> <tr> <td>2</td> <td>Agargami public welfare sansthan</td> <td>5<sup>th</sup> /14<sup>th</sup> finance</td> <td>231590</td> <td>231590</td> <td>11.06.2017</td> </tr> <tr> <td>3</td> <td>Rashmi Foundation</td> <td>14<sup>th</sup> finance</td> <td>202300</td> <td>202300</td> <td>11.05.2017</td> <td></td> </tr> <tr> <td>4</td> <td>Sulabhsamagarseva</td> <td>Own fund</td> <td>390828</td> <td>390828</td> <td>11.05.2017</td> <td></td> </tr> <tr> <td>5</td> <td>Ram krishanPustakBhandar</td> <td>SBM</td> <td>53550</td> <td>53550</td> <td>09.10.2017</td> <td></td> </tr> <tr> <td>6</td> <td>Hindustan Media</td> <td>State finance</td> <td>66288</td> <td>66288</td> <td>09.03.2018</td> <td></td> </tr> <tr> <td>7</td> <td>Kewal Such news Paper</td> <td>State finance</td> <td>20000</td> <td>20000</td> <td>02.01.2018</td> <td></td> </tr> <tr> <td>8</td> <td>PrabhatKhawer</td> <td>Own fund</td> <td>108767</td> <td>108767</td> <td>31.03.2018</td> <td>TDS Not Deducted</td> </tr> <tr> <td>9</td> <td>PrabhatKhawer</td> <td>State finance</td> <td>42152</td> <td>42152</td> <td>14.12.2017</td> <td></td> </tr> <tr> <td>10</td> <td>DainikJagran</td> <td>State finance</td> <td>63000</td> <td>63000</td> <td>27.11.2017</td> <td></td> </tr> <tr> <td>11</td> <td>Rakesh Photo state</td> <td>Own fund</td> <td>34613</td> <td>34613</td> <td>24.10.2017</td> <td></td> </tr> <tr> <td>12</td> <td>JagranPrakashanLTd</td> <td>Pashaker</td> <td>50832</td> <td>50832</td> <td>17.08.2017</td> <td></td> </tr> <tr> <td>13</td> <td>GharSansarMakhdumpur</td> <td>Own fund</td> <td>27300</td> <td>27300</td> <td>25.06.2017</td> <td></td> </tr> <tr> <td>14</td> <td>PRD Ministry</td> <td>Own fund</td> <td>100000</td> <td>100000</td> <td>07.03.2018</td> <td>Original invoice of related party not attached.</td> </tr> <tr> <td>15</td> <td>SBPDCL(Electricity)</td> <td>14<sup>th</sup> finance</td> <td>605531</td> <td>605531</td> <td>15.09.2017</td> <td>Rs.13692.00/-DPS Payment made.</td> </tr> </tbody> </table>	S.N	Name of Party	Payment Head	Invoice Amount	Approved Amount	Date of Payment	Audit Observations	1	Sulabh Samagar Seva	5 <sup>th</sup> /14 <sup>th</sup> finance	289940	289940	11.06.2017	TDS has not been deducted on monthly invoices related with parties(NGO) engaged in Door to Door Wastage Collection.	2	Agargami public welfare sansthan	5 <sup>th</sup> /14 <sup>th</sup> finance	231590	231590	11.06.2017	3	Rashmi Foundation	14 <sup>th</sup> finance	202300	202300	11.05.2017		4	Sulabhsamagarseva	Own fund	390828	390828	11.05.2017		5	Ram krishanPustakBhandar	SBM	53550	53550	09.10.2017		6	Hindustan Media	State finance	66288	66288	09.03.2018		7	Kewal Such news Paper	State finance	20000	20000	02.01.2018		8	PrabhatKhawer	Own fund	108767	108767	31.03.2018	TDS Not Deducted	9	PrabhatKhawer	State finance	42152	42152	14.12.2017		10	DainikJagran	State finance	63000	63000	27.11.2017		11	Rakesh Photo state	Own fund	34613	34613	24.10.2017		12	JagranPrakashanLTd	Pashaker	50832	50832	17.08.2017		13	GharSansarMakhdumpur	Own fund	27300	27300	25.06.2017		14	PRD Ministry	Own fund	100000	100000	07.03.2018	Original invoice of related party not attached.	15	SBPDCL(Electricity)	14 <sup>th</sup> finance	605531	605531	15.09.2017	Rs.13692.00/-DPS Payment made.
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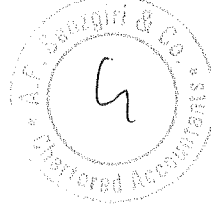




**(C) REPORT ON SURVEY ON 20 HIGH VALUE PROPERTIES:**

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

SN	Head	Comments
1	<b>Objective</b>	Field survey and report of 20 high value properties of ULB and report on the basis of area of building, rate of property tax etc of the same. Comparison with the data of same property provided by the ULB and report on variance between them if available.
2	<b>Criteria</b>	Survey was done for 20 High value properties.
3	<b>Condition</b>	We have checked twenty high value assessed property and found variances related to FY 2017-18 during audit. Details of such cases are given in <b>Annexure-1</b>
4	<b>Consequences/Effect</b>	Irregularities in this area may cause short recovery of revenue receipt and it will result in loss to the ULB.
5	<b>Cause</b>	There are some cases found in which variance arise due to assessment of area of property on lower side.
6	<b>Corrective Action/Recommendation</b>	Management need to carry survey of properties on regular interval.
7	<b>Management Comments</b>	Kindly refer discussion note attached with the report.

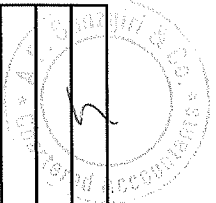


**PART-B: ALL AUDIT OBJECTIONS/IRREGULARITIES WHICH HAS MONETARY IMPLICATION, BUT SIGNIFICANT VIOLATION OF ACT, RULES & DIRECTIVES OF UD & HD, MENTION THE REFERENCE TO ACT & RULES WHEREIN REMEDIAL MEASURE IS REQUIRED:**

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

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

S.N	Name of Register	Maintained/ Not Maintained	Last date of Updation
1	Cash Book-Cashier	Not Maintained	
2	Cash Book-Accountant	Maintained	31.03.2018
3	Collection Register	Maintained	31.03.2018
4	Cheque issue Register	Maintained	31.03.2018
5	Register of Advance	Not Maintained	
6	Register of Permanent Advance	Not Maintained	
7	Deposit received register	Not Maintained	
8	Summary statement of deposit adjusted	Not Maintained	
9	Demand Register	Not maintained	
10	Summary Statement of Bills Raised	Not maintained	
11	Register of Notice Fees, Warrant Fees, Other Fees	Not maintained	
12	Summary Statement of Notice Fees, Warrant Fees, Other Fees	Not maintained	
13	Register of Refunds, Remissions and Write off	YES Maintained in Yojna Panji	
14	Summary statement of Refunds and Remissions	Not maintained	
15	Summary Statement of Write-offs	Not maintained	
16	Statement of outstanding Liability for Expenses	Not maintained	
17	Document Control Register/Stock Account Receipts/Cheque Book	Maintained	31.03.2018
18	Fixed Assets Register	Not Maintained	
19	Summary Statement of Demand Raised on assessment	Not Maintained	
20	Summary Statement of Head wise Collection of Other Income	Not Maintained	
21	Summary Statement of Refunds	YES maintained in Yojna Panji	31.03.2018
22	Summary Statement of Write off	Not Maintained	
23	Grant Register	Maintained	31.03.2018
24	Summary Statement of status of Capital Work in Progress	Not Maintained	
25	Work Sheet	Not Maintained	
26	Deposit Works Register	Not Maintained	
27	Material Receipt Note	Maintained	31.03.2018
28	Store Ledger	Maintained	31.03.2018

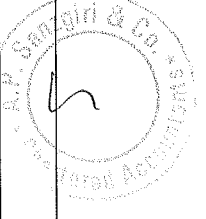


29	Statement of Closing Stock	Not Maintained
30	Statement of Material Issued	Not Maintained
31	BRS of all bank accounts (including dormant accounts)	Maintained 31.03.2018
32	Final Accounts for the F.Y. 2012-13 to 2017-18	Not maintained
33	Audited Balance Sheet	Not maintained
34	Audited Income & Expenditure Account	Not maintained
35	Audited Receipts & Payment Account	Not maintained

**(b) IRREGULARITY IN PROCUREMENT PROCESS:**

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

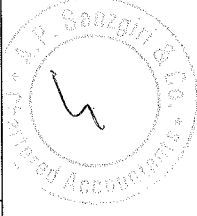
S.N	Name of Party	Invoice Amount	Deduction has made or not	Whether Deductions are with appropriate Rate	Check signature of Commissioner/EO in Payment Order	Whether Measurement book & bill signed by the JE of ULB	Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority (BMAR Rule No.-130)
1	Sanjay Kumar	9,66,723	YES	YES	YES	YES	Excess TDS deducted of Rs. 97/-
2	Gautam Kumar	9,61,280	YES	YES	YES	YES	Royalty not deducted.
3	Raj Bhushan	10,33,744	YES	YES	YES	YES	Royalty not deducted.
4	Subant Bhadeshri	5,08,603	YES	YES	YES	YES	Excess TDS deducted of Rs 50/-
5	Sanjay Kumar Palya	9,95,341	YES	YES	YES	YES	Furnished and deviation found SD not deducted & excess TDS deducted of Rs. 9,952/-
6	Lalan Kumar	5,76,612	YES	YES	YES	YES	Furnished and no deviation found.
7	Manju Devi	7,79,478	YES	YES	YES	YES	Excess TDS deducted of Rs. 7793/-
8	Sarju Kumar	5,36,654	YES	YES	YES	YES	Furnished and no deviation found.
9	Shiv Kumar	6,23,160	YES	YES	YES	YES	Furnished and no deviation found.
10	Rinku Devi	5,15,266	YES	YES	YES	YES	SD not deducted & excess TDS deducted of Rs. 572/-
11	Sarju Kumar	1,52,847	YES	YES	YES	YES	Excess TDS deducted of Rs. 1690/-



12	Manju Devi	13,67,542	YES	YES	YES	YES	YES	YES	Furnished and no deviation found.
13	Sanjay Kumar	4,62,013	YES	YES	YES	YES	YES	YES	Excess TDS deducted of Rs. 513/-
14	Sanjay Kumar	6,91,083	YES	YES	YES	YES	YES	YES	Furnished and no deviation found.
15	Alok Kumar	3,36,541	YES	YES	YES	YES	YES	YES	Excess Income Tax deducted of Rs. 3364/-
16	Binod Kumar	13,52,873	YES	YES	YES	YES	YES	YES	Excess Income Tax deducted of Rs. 1504/-
17	Sarju Kumar	2,38,773	YES	YES	YES	YES	YES	YES	Furnished and no deviation found.
18	Sarju Kumar	5,66,586	YES	YES	YES	YES	YES	YES	Excess Income Tax deducted of Rs. 629/-
19	Manju Devi	7,05,797	YES	YES	YES	YES	YES	YES	Excess Income Tax deducted of Rs. 7056/-
20	Sanjay Kumar Palya	3,76,889	YES	YES	YES	YES	YES	YES	Excess Income Tax deducted of Rs. 3767/-
21	BrijKishor Sharma	11,43,302	YES	YES	YES	YES	YES	YES	Excess Income Tax deducted of Rs. 1270/-
22	Sarju Kumar	5,40,160	YES	YES	YES	YES	YES	YES	Excess Income Tax deducted of Rs. 600/-
23	Manju Devi	7,95,684	YES	YES	YES	YES	YES	YES	SD Not deducted & Excess Income Tax deducted of Rs 7955/-
24	Ananat Kumar	11,43,372	YES	YES	YES	YES	YES	YES	Excess Income Tax deducted of Rs. 11432/-
25	Ananat Kumar	6,42,780	YES	YES	YES	YES	YES	YES	Furnished and no deviation found.
26	Pramila Devi	7,26,021	YES	YES	YES	YES	YES	YES	Excess Income Tax deducted of Rs. 7260/-
27	Sarju Kumar	2,37,236	YES	YES	YES	YES	YES	YES	Furnished and no deviation found.

**2. DETAILS OF LOG BOOK MAINTAINED:**

S.N	Name of Vehicle	Whether vehicle log book is maintained or not	Whether log book is properly updated or not	Whether vehicle is insured or not	Whether Rate of Diesel/Petrol properly mentioned in log book
1	Bolero	YES	YES	YES	NO
2	Tractor	YES	YES	NO	NO
3	J.C.B	YES	YES	NO	NO
4	Tata Magic-3	YES	YES	NO	NO



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

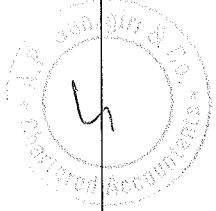
S.N	Directions issued by UDHD	Particulars of Circulars/Orders/Notices	Complied or Not
1	No. 03/SBM20-14/2015 Dated 08.08.2017	<b><u>SBM Guidelines Regarding Toilet sheet Const. Guideleines:-</u></b>	Complied
2	Gyapank No.- 1007; Dated- 14.07.2017	Guidelines Regarding Hire Vehicle	Not Applicable
3	No.- 4464; Dated- 05.07.2017	<b><u>GST Implementation Guidelines</u></b>	Complied

**4. NON-COMPLIANCE OF ACTS& RULES:**

S/N	Requirement	Criteria	Auditors Comment	Management Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made	BMAR Rule No.-22	<b>Refer point: Part-A (a) (2)</b> On an Average 90 to 100 days delayed and amount collected was in hand with Tax Collector.	<b>( Refer Discussion Note )</b>
2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR	BMAR Rule No.- 27	Yes, Tax collector and other municipal employees are entrusted to collect municipal revenue within municipality area.	



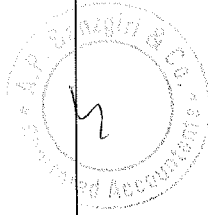
	Form 17 and receipt books.				
3	Whether the collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	BMAR Rule No.- 27	Yes, Tax Collector kept receipt book in his personal custody.		
4	Whether bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated stall of the Municipality	BMAR Rule No.- 27	Yes, Daily Collection Register is verified by designated Officer of Council.		
5	Whether every bill collector invariably remit his collections (in cash and/or cheques) to Cashier dally before 4.30 PM and take the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	<b>Refer point: Part-A (a) (2)</b> The same rule did not followed by Tax Collector and on an average 90 to 100 days delayed found during which collected amount was in hand of Tax Collector.		<b>( Refer Discussion Note)</b>
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, Grant Register has been maintained by ULB.		
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	BMAR Rule No.- 69	Yes, Complied.		



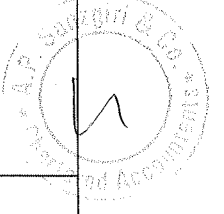
	Chief Municipal Officer that the conditions attached to the grant are complied with without exception.			
8	Whether the grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No irregularities were found.	
9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	<b>Refer PART-B (h)</b> Yes, but complete UC has not been prepared.	<b>(Refer Discussion Note).</b>
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	Earlier Period unutilized grant has been transferred by closing Account.	
11	Whether The Chief Municipal Officer prepare a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.	BMAR Rule No.- 120	Currently Receipt and Payment A/c has not been prepared by ULB.	Currently it is not prepared, However we will proceed further. <b>(Refer Discussion Note)</b>
12	Whether ULB prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	BMAR Rule No.- 121	Trial Balance has not been prepared.	ULB not preparing Trial Balance, Income & Expenditure on monthly basis.
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	The ULB 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.	<b>(Refer Discussion Note)</b>



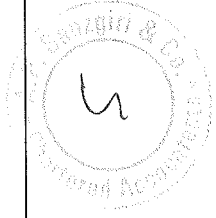
14	<p>The Chief Municipal Officer shall, Within three months after the end of each financial year be prepared financial statements for the preceding year in respect of the accounts of the Municipality. <b>The Financial Statements shall comprise of</b></p> <p>a. Receipts and Payments Account for the year (BMAR Form No.71)</p> <p>b. Income &amp; Expenditure Statement for the year (BMAR Form No.73)</p> <p>c. Balance Sheet as on 31st March of the year (BMAR Form No.74)</p> <p>d. Significant accounting policies adopted by the 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>	<p>BMAR Rule No.- 122</p>	<p>Financial Statement has not been prepared by municipality.</p>	<p>ULB is not in practice to prepare Trial Balance, Income and Expenditure and Balance Sheet. It will be prepared after implementation of Double entry Accounting System.</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</p>	<p>BMAR Rule No.-130</p>	<p><b>Refer PART-B (f)</b> Amount of statutory dues has not been deposited on due date. Like TDS should be deposited 7<sup>th</sup> day of next month and same has</p>	<p><b>( Refer Discussion Note)</b></p>



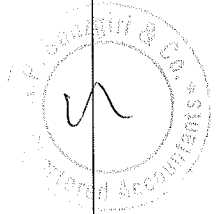
	and cause of such delay and the amount not deposited: (BMAR Rule No.-130)		been delayed.	
16	Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;(BMAR Rule No.-130)	BMAR Rule No.-130	<b>Refer PART-B (g)</b>	<b>( Refer Discussion Note)</b>
17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated In sufficient detail;	BMAR Rule No.-130	No Trial balance is prepared hence classification of transaction was not done.	<b>( Refer Discussion Note)</b>
18	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted;	BMAR Rule No.-130	Yes, recorded properly in grant register as well as in cash book , but no case of deduction was found.	
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	BMAR Rule No.-130	No special fund created.	<b>( Refer Discussion Note)</b>
20	Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable Intervals; whether any material	BMAR Rule No.-130	Fixed assets register was prepared MS SahaniBansal& Associates as on 01/04/2014. There is no system developed to physically verify the existing assets.	<b>( Refer Discussion Note)</b>



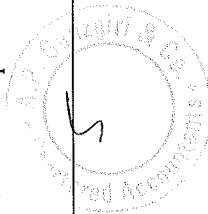
	discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;				
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	BMAR Rule No.-130	Yes, Lease rental has been collected, but collection procedure is slow as outstanding amount of Rs. 6.75 Lakhs have to collect in this respect.	Necessary action will be taken to realise outstanding amount. <b>( Refer Discussion Note)</b>	
22	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	BMAR Rule No.-130	Yes, There exist an adequate Internal control system in purchasing of Stores etc.		
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality' s accounts; If so, the details thereof;	BMAR Rule No.-130	No such case was found during the period of Audit.		
24	Whether the Bank Reconciliation statements have been 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	<b>Refer Point-04 (III)</b> Yes, BRS of all existing bank a/c have been prepared. Remedial Action, rectification of entries has been made in proper order.	<b>( Refer Discussion Note)</b>	
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.-130	YES, Reconciliation Procedures have been carried out.		
26	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and in all cases such as are authorized by Act;	BMAR Rule No.-130	YES. Expenditure has been authorized by competent authority.		



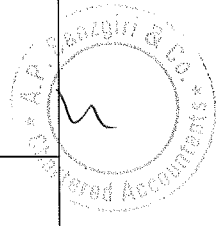
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR Rule No.-130	<b>Refer-PART-A (a)(4)</b> Yes, Revenue has been properly assessed and collected but recovery procedure is slow. Total outstanding amount is Rs. 22.30 Lakhs	<i>(Refer Discussion Note)</i>
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	<b>Refer-PART-A (a)(2)</b> Yes, amount due to and received by ULB have been brought in to books of accounts not within Prescribed time limits.	<i>(Refer Discussion Note)</i>
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR Rule No.-130	UC have not been prepared in prescribed format in timely manner.	<i>(Refer Discussion Note)</i>
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	<b>Refer-PART-B (a)</b> Books of Account are maintained except some Books of accounts.	<i>(Refer Discussion Note)</i>
31	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	BMAR Rule No.-130	No such practices followed by ULB.	<i>(Refer Discussion Note)</i>
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No physical verification is carried out.	It is considered and will be followed as per rule.
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	BMAR Rule No.-130	ULB did not maintained stock register properly and further periodical physical verification of stores also not carried out.	<i>(Refer Discussion Note)</i>



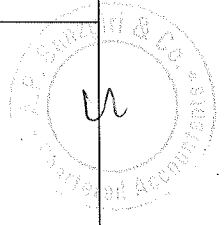
	whether provision for the loss In this respect, If any, has been made In the accounts;				
34	Whether the valuation of stores is in accordance with the accounting principles laid down In the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR Rule No.-130	ULB did not follow the practice of valuation of stock.	( Refer Discussion Note)	
35	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR Rule No.-130	No loan given during F.Y.2017-18	( Refer Discussion Note)	
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.-130	No loan given during F.Y.2017-18	( Refer Discussion Note)	
37	Bihar Municipal Accounting Manual, 2014, every year budget should be prepared for receipts and expenditure in Performa 75,77 and 80 Preparing Budgets as per the Rules framed under Bihar Municipal Accounts Rule 2014. Rule 132 regarding Public Participation in Preparation Of Budget. Moreover, as required under provisions of Rule 139, mid -year review of Budget.	BMAR Rule No.-132	Yes, budget has been prepared.	( Refer Discussion Note)	
38	<b>Municipal Fund:</b> Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	The required fund has not been created as per said chapter of act.	( Refer Discussion Note)	

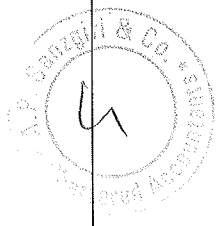


39	<p><b>Payment not to be made out of Municipal Fund unless covered by budget grant:</b> Whether any payment made out of Municipal Fund that is not covered by budget grant.</p>	BMA,2007: Chapter X	No such case was found during Audit period.	
40	<p><b>Procedure when money not covered by budget grant is paid.</b> Whether the case is put up with Empowered Standing Committee, in case any payment made out of Municipal Fund that is not covered by budget grant.</p>	BMA,2007: Chapter X	(Refer Discussion Note)	(Refer Discussion Note)
41	<p><b>Investment of surplus money.</b> 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:</p>		No fund has been invested by ULB as investment..	ULB does not follow the practices of investing its surplus amount.
42	<p><b>Preparation of budget estimate of Municipality.</b> 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,</p>		Yes, the same is levied at specified rate.	
43	<p><b>Maintenance of accounts.</b> Whether the Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in</p>		Receipt and Expenditure A/c has not been prepared;	(Refer Discussion Note)



	such form, and in such manner, as may be prescribed,			
44	<p><b>Financial Statement.</b> 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,</p>	Financial Statement has not been prepared.		<i>( Refer Discussion Note )</i>
45	<p><b>Submission of financial statement and balance sheet to auditor.</b> The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.</p>	Financial Statement has not been submitted.		<i>( Refer Discussion Note )</i>
46	<p><b>As per section 127, 128, 129 &amp; 131 of chapter XV Bihar Municipal Act, 2007 various tax are applicable on ULBs</b> Section 145, 146 and 147 of the Bihar Municipal Act 2007 chapter XVII provides for Advertisement tax on Advertisement in Urban Areas. Chapter XVII of the</p>	Refer Part A (4) for status of Taxes not collecting by ULB.		



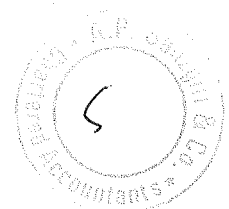
	<p>Bihar municipal Act, 2007 required license of Advertisement of any holding, etc. As per act Every person who erects, exhibited, fixes or retain upon or over any land, building ,wall, boarding, frame, post, kiosk, structure, vehicle, neon-sign or sky sign any advertisement, or display any advertisement to public view in any manner whatsoever (including any advertisement exhibited by means of cinematograph),visible from a public street a public place in any location in a municipal area including airport or a port or a railway station ,shall pay or every advertisement, which is so erected ,exhibited, fixed or retained or so displayed to public view, a tax calculated at such rate as may be determined regulations. it requires payment of certain fee for advertisement.</p>			
47	<p>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,</p>	<p>BMA,2007: Chapter XIX</p>	<p><b>Refer-PART-A(a)(3)</b> Yes, Notice of demand issued but levy of Notice Fee is not followed currently.</p>	<p><b>( Refer Discussion Note)</b></p>
48	<p>As per section 342 of Bihar Municipal Act, 2007 Trade license fee is to be collected from different types of Trader, who are trading in Concerned Municipal area.</p>	<p>BMA,2007: Chapter XXXXVII</p>	<p>Yes, Trade licence Fees have been collected.</p>	



14	Sanjay Kumar	6,91,083	6,910	07.06.2017	<b>30.03.2018</b> <b>TOTAL</b> <b>AMOUNT</b> <b>Rs</b> <b>4,63,059/-</b>	<b>086374</b>
15	Alok Kumar	3,36,541	6,731	07.09.2017		
16	Binod Kumar	13,52,873	15,032	07.01.2018		
17	Sarju Kumar	2,38,773	2,384	07.05.2017		
18	Sarju Kumar	5,66,586	6,295	07.01.2018		
19	Manju Devi	7,05,797	14,116	07.04.2018		
20	Sanjay Palya	3,76,889	7,538	07.04.2018		
21	BrijKishor	11,43,302	12,703	07.01.2018		
22	Sarju Kumar	5,40,160	6,002	07.09.2017		
23	Manju Devi	7,95,684	15,914	07.03.2018		
24	Ananat Kumar	11,43,372	22,827	07.03.2018		
25	Ananat Kumar	6,42,780	7,142	07.01.2018		
26	Pramila Devi	7,26,021	14,520	07.03.2018		
27	Sarju Kumar	2,37,236	2,372	07.09.2017		
<b>Total</b>		<b>1,89,76,360</b>	<b>2,64,099</b>			

**2. DETAILS OF DELAY IN DEPOSIT OF VAT ARE MENTIONED BELOW:**

Sl. No	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/Challan Number
01	Shiv Phatehpur	6,92,400	49,853	15.04.2017	<b>30.03.2018</b> <b>TOTAL</b> <b>AMOUNT Rs</b> <b>976452.00</b>	<b>909073</b>
02	Rinku Devi	5,15,267	45,801	15.04.2017		
03	PintuChaudhari	7,93,645	63,491	15.06.2017		
04	Manju Devi	11,83,153	94,652	15.04.2017		
05	Sanjeev Kumar	24,33,717	1,94,697	15.06.2017		
06	Lalan Kumar	5,76,612	34,596	15.02.2018		
07	Alok Kumar	3,36,541	2,69,230	15.09.2017		
08	Sarju Kumar	2,38,373	19,070	15.04.2017		
<b>TOTAL</b>		<b>67,69,708</b>	<b>7,71,390</b>			

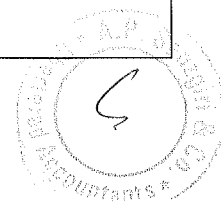


**3. DETAILS OF DEPOSIT OF ROYALTY ARE MENTIONED BELOW:**

SN	Name Of Party	Amount Of Deduction	Date Of Deposit	Cheque/ Challan Number
1	Sanjay Kumar (Palya)	6,579.00	No Deposit Till Audit Period	
2	Lalan Kumar	8,288.00		
3	Manju Devi	3,760.00		
4	Sarju Kumar	10,733.00		
5	Shiv Kumar	2,400.00		
6	Rinku Devi	1,444.00		
7	Sarju Kumar	2,957.00		
8	Manju Devi	11,748.00		
9	Sanjay Kumar	4,108.00		
10	Sanjay Kumar	5,900.00		
11	Alok Kumar	6,387.00		
12	Binod Kumar	11,277.00		
13	Sarju Kumar	4,159.00		
14	Sarju Kumar	4,966.00		
15	Manju Devi	3,736.00		
16	Sanjay Kumar Palya	7,556.00		
17	BrijKishor Sharma	9,508.00		
18	Sarju Kumar	9,503.00		
19	Manju Devi	11,032.00		
20	Ananat Kumar	10,009.00		
21	Ananat Kumar	13,195.00		
22	Pramila Devi	12,419.00		
23	Sarju Kumar	4,372.00		
	<b>Total</b>	<b>1,66,036.00</b>		

**4. DETAILS OF DEPOSIT OF LABOUR CESS ARE MENTIONED BELOW:**

S. N	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/ Challan Number
1	Sanjay Kumar (Saren)	9,66,723.00	9,765.00	No Deposit Till Audit Period	
2	Gautam Sharma	9,61,280.00	9,613.00		
3	Raj Bhushan Sharma	10,33,744.00	10,337.00		



4	Subant Kumar Bhadeshri	5,08,603.00	5,137.00		
5	Sanjay Kumar Palya	9,95,341.00	9,953.00		
6	Lalan Kumar	5,76,612.00	5,766.00		
7	Manju Devi	7,79,478.00	7,795.00		
8	Sarju Kumar	5,36,654.00	5,367.00		
9	Shiv Kumar	623160.00	6,232.00		
10	Rinku Devi	515266.00	5,725.00		
11	Sarju Kumar	152847.00	1,690.00		
12	Manju Devi	1367542.00	13,675.00		
13	Sanjay Kumar	462013.00	5,134.00		
14	Sanjay Kumar	691083.00	6,910.00		
15	Alok Kumar	336541.00	3,365.00		
16	Binod Kumar	1352873.00	15,032.00		
17	Sarju Kumar	238773.00	2,384.00		
18	Sarju Kumar	566586.00	6,295.00		
19	Manju Devi	705797.00	7,058.00		
20	Sanjay Kumar Palya	376889.00	3,769.00		
21	BrijKishor Sharma	1143302.00	12,703.00		
22	Sarju Kumar	540160.00	6,002.00		
23	Manju Devi	795684.00	7,957.00		
24	Ananat Kumar	1143372.00	11,414.00		
25	Ananat Kumar	642780.00	7,142.00		
26	Pramila Devi	726021.00	7,260.00		
27	Sarju Kumar	237236.00	2,373.00		
<b>TOTAL</b>		<b>1,89,76,360.00</b>	<b>1,95,853.00</b>		

**Auditor's Comment:** While doing audit of deduction made by ULB, the Statutory deduction has not been deposited on due date (refer above). For example TDS should be deposited on or before 7<sup>th</sup> day of next month.



**Consequences of Non deposition of TDS on due date:** ULB may suffer following consequences;

- i. Interest u/s 221 of income tax act,1961- 1.5 % per month, if amount not deposited after deduction;
- ii. Penalty u/s 271C of income tax act, 1961- Up to amount of TDS
- iii. Prosecution u/s 276B: 3 Month to 7 Years

**5. DETAILS OF DEPOSIT OF TDS ON GST ARE MENTIONED BELOW:** Not applicable

**6. DETAILS OF TDS RETURNS FILLED ARE MENTIONED BELOW:**

SL. No.	Quarter	Due date of Return	Actual date of Return filled	Remark
01	1st quarter	31.07.2017	Return not filled	Quarterly return not filled on due dates.
02	2nd quarter	31.10.2017		
03	3rd quarter	31.01.2018		
04	4th quarter	31.05.2018		

**7. DEFICIENCY IN PAYROLL SYSTEM:**

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



**DETAILS OF DELAY OF DEPOSIT OF EPF:**

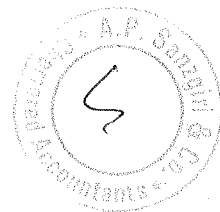
**Permanent Employee:** During audit of Panchayat we have observed that no amount of PF has been deposited to EPFO A/C during the financial year 2017-2018.

Month Of Deduction	Total Amount of PF Deduction	Due date of deposit	Amount Deposited	Actual Date of deposition	Delay in deposition ( in days)
March-17	49,874.00	15.04.2017	49,874.00	11.05.2-17	26
April - 17		15.05.2017			-
May - 17	24,937.00	15.06.2017	24,937.00	11.06.2017	-
June - 17	57,073.00	15.07.2017	57,073.00	31.07.2017	16
July-17		15.08.2017			-
August-17	58,516.00	15.09.2017	58,516.00	23.09.2017	8
Sept-17		15.10.2017			-
October-17	57,796.00	15.11.2017	57,796.00	08.12.2017	23
November-17		15.12.2017			-
December-17	81,727.00	15.01.2018	81,727.00	22.02.2018	38
January-18		15.02.2018			7
February-18		15.03.2018			-
<b>TOTAL</b>	<b>3,29,923.00</b>		<b>3,29,923.00</b>		

**Note:** PF deducted on Gross salary and Deposited into bank only relating with Permanent employee, Employer Contribution not deposited. (*Refer Discussion Note*)

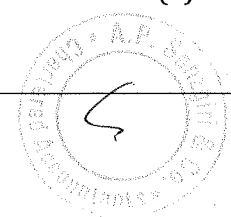
**8. UTILISATION OF GRANT AND REPORT ON MISSING UTILISATION CERTIFICATES**

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

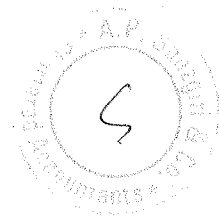


### III. PART-C

SN	Particulars	Complied or Not
A	Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GoB; Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Complied Refer-PART-B(3)
B	Auditor should Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	Complied Refer-PART-A(c)
C	Auditor should report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR :	Complied Refer-PART-B(4)
	<b>Rule 22:</b> All moneys to be brought to account	
	<b>Rule 27:</b> Collections to be deposited into Bank on the same day	
	<b>Rule 69:</b> Grant Related Compliance	
	<b>Rule 120-121:</b> Monthly Receipt & Payment Account and Trial Balance	
	<b>Rule 130:</b> Audit to be completed & reported within 6 month	
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Complied Refer-PART-B(3)
E	Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairatetc;	Complied Refer-PART-A(c)
F	Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.	Complied Refer-PART-B(1)
G	Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Complied Refer-PART-B(1)
H	Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such	Complied Refer-PART-B(8)



	scheme available on the UD&HD website.	
I	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied Refer-Audit Recommendation
J	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Complied Refer-PART-B(b)
K	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies	Complied Refer-PART-B(b)
L	Auditor will report on that the fixed deposit and other funds should be in nationalized. Banks/Approved financial institutions and should earn maximum interest at their gestation period.	Complied Refer-PART-B(4)
M	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	Complied Refer-PART-A(a)
N	Auditor will report on that all kind of tax deductions i.e. Commercial tax, Income tax, provident fund etc. Should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	Complied Refer-PART-B(6)
O	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras was compiled by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.	Complied Point-03 of Detailed Audit Report

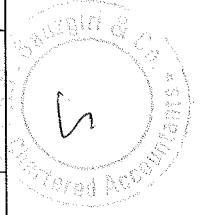


**INTERNAL AUDIT REPORT FOR FY 2017-18**

**ULB – NAGAR PANGHAYAT MAKHDUMPUR**

**ANNEXURE-1 REPORT ON FINDINGS OF FIELD SURVEY OF PROPERTY TAX OF MINIMUM 20 HIGH VALUE PROPERTIES.**

S.N	Holding Name	W. N.	H. N.	Type of Use		Area			Tax Amount		
				As per Collector	As per Auditor	As per ULB	As per Auditor	Difference	As per ULB	As per Auditor	Difference
1	Suryadev Prasad refer hospital	6	288	Residential	Other	72000	72000	-	42768	85536	(42768)
2	Vidyut shakti centre	6	269	Residential	Other	41625	41625	-	31469	31469	0
3	Anchal quarter	6	271	Other	Residential	14700	14700	-	5544	5557	(13)
4	Biskoman Bhavan	6	260	Commercial	Other	6952	6952	-	2627	1877	750
5	Pampi Sharma	6	39	Commercial	Commercial	19780	19780	-	45573	45573	-
6	E kishan Bhavan	6	287	Other	Other	12000	12000	-	9072	9072	-
7	Makhdumpur Thana	7	501	Commercial	Other	10296	10296	-	17791	12232	5559
8	Middle school Makhdumpur	7	505	Commercial	Other	36600	36600	-	62726	43124	19602
9	Pappu kumar	7	507	Commercial	Commercial	5700	5700	-	13132	9028	4104
10	Kanya high school	7	506	Commercial	Other	2100	2100	-	3628	2495	1133
11	Bank of India	7	500	Commercial	Commercial	2400	2400	-	5529	1900	3629
12	Post office	7	499	Commercial	Commercial	1500	1500	-	3456	1782	1674



13	Amresh Kumar	6	34	Other	Residential	13000	13000	-	6552	3744	2808
14	State bank of india	7	497	Both	Both	9000	9000		14256	14256	-
15	Shyam Bihari Prasad	11	326	Commercial	Both	2250	2250		5184	3564	1620
16	Shri kant kumar	11	308	Other	Both	4200	4200		6652	6652	-
17	Rajesh kumar	15	28	Other	Residential	2870	2870		4546	2273	-
18	Anuj Bhushan	6	310	Residential	Residential	8140	8140		4102	4102	-
19	Nagrik Subidha Kender	6	268	Commercial	Other	4400	4400		3326	1663	1663
20	FCI Makhdumpur	6	263	Commercial	other	19868	19868	-	16005	7510	8495

**\*Both means Commercial cum Residential**



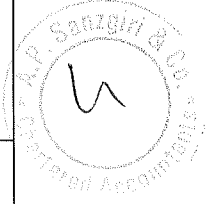
**INTERNAL AUDIT REPORT FOR FY 2017-18**  
**ULB - NAGAR PANGHAYAT MAKHDUMPUR**  
**ANNEXURE-2 REPORT ON LATE DEPOSIT OF PROPERTY TAX**

Sl. NO	Serial Number		Amount of Tax	Date of Collection as per Receipts Booked	Amount Deposited with Cashier	Delay in deposit with cashier	Date of Deposit into Bank as per Deposit Slip	Delay in deposit with Bank
	From	To						
1	201	224	11888	01.04.2017		23	24.04.2017	0
2	225	254	21101	03.04.2017		21	24.04.2017	0
3	255	277	14307	06.04.2017		18	24.04.2017	0
4	278	299	10264	07.04.2017		17	24.04.2017	0
5	1	10	4092	08.04.2017		16	24.04.2017	0
6	11	39	13112	10.04.2017		14	24.04.2017	0
7	40	54	5552	11.04.2017	1,70,000.00	13	24.04.2017	0
8	55	66	12318	12.04.2017		12	24.04.2017	0
9	67	86	9413	13.04.2017		11	24.04.2017	0
10	87	134	32587	15.04.2017		9	24.04.2017	0
11	135	169	24606	19.04.2017		5	24.04.2017	0
12	170	200	20196	20.04.2017		4	24.04.2017	0
13	301	302	424	21.04.2017	10,000.00	17	08.05.2017	0
14	303	315	8938	22.04.2017	26,803.00	147	16.09.2017	0
15	316	333	12464	24.04.2017		145	16.09.2017	0



**INTERNAL AUDIT REPORT FOR FY 2017-18**  
**ULB - NAGAR PANGHAYAT MAKHDUMPUR**  
**ANNEXURE-2 REPORT ON LATE DEPOSIT OF PROPERTY TAX**

16	334	339	4542	25.04.2017		144	16.09.2017	0
17	340		376	05.06.2017		103	16.09.2017	0
18	341		1012	21.06.2017		196	08.01.2018	0
19	342	343	3592	03.07.17		184	08.01.2018	0
20	344		1788	04.07.2017		183	08.01.2018	0
21	345		6071	25.07.2017		162	08.01.2018	0
22	346		1368	05.08.2017		151	08.01.2018	0
23	347		378	25.08.2017		131	08.01.2018	0
24	350		284	15.09.2017		110	08.01.2018	0
25	351	354	3359	16.09.2017		109	08.01.2018	0
26	355		724	13.10.2017		82	08.01.2018	0
27	356	357	882	30.10.2017		65	08.01.2018	0
28	358	359	1114	11.11.2017		53	08.01.2018	0
29	360	362	728	13.11.2017		51	08.01.2018	0
30	363	364	930	15.11.2017		49	08.01.2018	0
31	366		950	28.12.2017		11	08.01.2018	0
32	367		638	07.01.2018		47	08.01.2018	0
33	368		128	13.01.2018		41	23.02.2018	0
					23,180.00			
					67148			





**INTERNAL AUDIT REPORT FOR FY 2017-18**  
**ULB - NAGAR PANGHAYAT MAKHDUMPUR**  
**ANNEXURE-2 REPORT ON LATE DEPOSIT OF PROPERTY TAX**

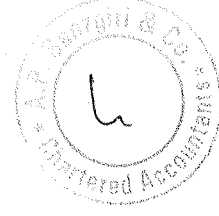
52	404		920	28.12.2017			69	07.03.2018	0
53	405		748	29.12.2017			68	07.03.2018	0
54	406	407	4504	10.01.2018			56	07.03.2018	0
55	408		460	19.01.2018			47	07.03.2018	0
56	409		116	23.01.2018			43	07.03.2018	0
57	410		298	24.01.2018			42	07.03.2018	0
58	411	414	2640	29.01.2018			37	07.03.2018	0
59	415	419	1886	30.01.2018			36	07.03.2018	0
60	420	424	2300	01.02.2018			34	07.03.2018	0
61	425		524	02.02.2018			33	07.03.2018	0
62	426	427	2306	03.02.2018			32	07.03.2018	0
63	428	429	400	05.02.2018			30	07.03.2018	0
64	430	431	850	06.02.2018			29	07.03.2018	0
65	432	434	754	07.02.2018			28	07.03.2018	0
66	435	436	1058	09.02.2018			26	07.03.2018	0
67	437		290	10.02.2018			25	07.03.2018	0
68	438	441	640	15.02.2018			20	07.03.2018	0
69	442	445	1508	17.02.2018			18	07.03.2018	0



**INTERNAL AUDIT REPORT FOR FY 2017-18**  
**ULB - NAGAR PANGHAYAT MAKHDUMPUR**  
**ANNEXURE-2 REPORT ON LATE DEPOSIT OF PROPERTY TAX**

70	446		172	22.02.2018			13	07.03.2018	0
71	447	449	1620	27.02.2018			8	07.03.2018	0
72	450	453	372	28.02.2018			51	20.04.2018	0
73	454	455	1242	5.03.2018			<b>46</b>	20.04.2018	0
74	456	457	1046	8.03.2018			43	20.04.2018	0
75	458	461	260	09.03.2018			42	20.04.2018	0
76	462		148	10.03.2018		14,430.00	41	20.04.2018	0
77	463		1666	16.03.2018			35	20.04.2018	0
78	464	468	5064	26.03.2018			25	20.04.2018	0
79	469		268	28.03.2018			23	20.04.2018	0
80	470	473	4408	31.03.2018			<b>20</b>	20.04.2018	0

**NOTE** - The above amount has been directly deposited into bank by tax collector because of not maintainability of cashier cash book. Delay Date calculation As per FIFO Method.

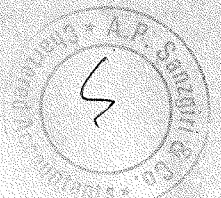


## Nagar Panchayat Makhdumpur Discussion Note

Date: 18.12.2019  
Nagar Panchayat Makhdumpur  
with  
AP Sangziri & Co.  
(Chartered Accountants)

Subject: Regarding confirmation of documents not maintained and management comment in Internal Audit Report for F.Y. 2017-18.

S.N.	Auditor observation	Management comment
1	Non implementation of Double entry system;	Currently there is no agency working for implementation of accrual based double entry accounting system.
2	AG Compliance Report;	It is submitted vide letter no.487/Dated 31.07.2019
3	Prepare budget for F.Y. 2015-16 and 2016-17.	Up to F.Y 2015-16 budget not prepared. Since F.Y 2016-17 it is continued.
4	Non maintenance of Advance Register;	ULB did not follow practice of giving advance.
5	No Municipal Accounts committee established.	Under process, and matter will be put before Board for constitution of "Municipal Accounts Committee".
6	Notice fee.	People are not aware currently. At present Notice Fee is not collecting, but it will be considered and collected accordingly in near future.
7	TDS return acknowledgement.	It was Not aware for TDS Return. After getting awareness since now it is implemented.
8	Non levy of Taxes in IAR Para " I Part-A a) (1).	Some of taxes is collected by other department of GoB like professional tax and there is many taxes mentioned in this Para are not collected by ULB due to not providing services in this respect like fire tax and water taxes. For rest we will discussed in Board meeting and implement accordingly.
9	Late deposit of property Tax.	1. Due to shortage human resources & pressure of work amount of tax collected is not deposited on time. 2. Collection is not huge amount that's why not deposited on same Day. 3. Necessary steps will be taken in this respect and it will be collected and deposited as per Act.
10	Late deposit of statutory deduction of TDS.	It will deposit on or before due date from now.
11	Delay in deposit of EPF	Employee contribution Deposited but Employer contribution not Deposited and management will deposit it as soon as possible. Due to implementation of CFMS the same problem arised.
12	Non preparation of Complete UC details	It is under process and will be submitted before next report.
13	Non practice of Stock valuation.	It will be followed as per rule and Management will decide about reasonable period of valuation i.e. frequency of time for valuation.



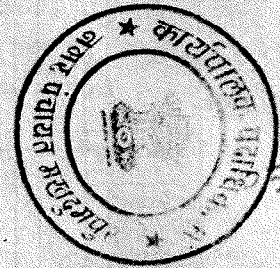
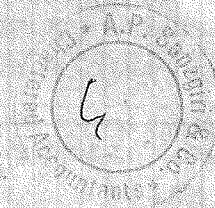


### Nagar Panchayat Makhdumpur

26	Non maintenance of Procumbent Register.	ULB did not follow practice of Procumbent Register.
27	No deposit of statutory deduction of Labour cess and Royalty.	It will be deposited on or before due date from now.

Further we confirm/affirm the Management comment given in Internal Audit report for 2017-18 is on behalf of Nagar Panchayat Makhdumpur .

*A. H. S. S.*  
20/12/19  
Integral Auditor



**MAKHDUMPUR NAGAR PANCHAYAT**  
**STATUS OF UTILIZATION CERTIFICATION FOR FY 2017-18**

S.No	Head	Approval order and date	Sanctioned Amount	Expenses Incurred	Balance Amount	UC Submitted against Expenses	UC Pending Against Expenses	% of UC Submitted against expenses	% of UC Pending against expenses	Letter No. & Date of Submission of Ucs
1	Nali Gali	38/11.08.2017	44.37	44.37	-	44.37	-	100%	NIL	Not Provided
2	Honorarium of City Manager	153/23.03.2018	1.97	1.97	-	1.97	-	100%	NIL	1013/10.05.2018
3	City Manager Salary	10/31.05.2017	1.97	1.97	-	1.97	-	100%	NIL	Not Provided
4	14th finance	34/02.08.2017	76.46	23.92	52.54	-	23.92	0%	100%	Not Submitted
5	14th finance	97/24.01.2018	76.24	-	76.24	-	-	NIL	NIL	Transferred to PL A/c
6	Nali Gali	68/30.10.2017	38.02	38.02	-	38.02	-	100%	NIL	Not Provided
7	14th Fin	97/24.01.2018	76.24	-	76.24	-	-	NIL	NIL	Transferred to PL A/c
8	Path Puliya Nirman	31/27.07.2017	35.50	-	35.50	-	-	NIL	NIL	Transferred to PL A/c
9	Path Puliya Nirman	160/27.03.2018	44.00	-	44.00	-	-	NIL	NIL	Transferred to PL A/c
10	Allowance Payment	15/15.06.2017	3.36	3.36	-	3.36	-	100%	NIL	665/07.05.2019
11	Civil Liberties	43/24.08.2017	30.11	29.64	0.47	29.64	-	100%	NIL	665/07.05.2019
12	14th Finance	33/02.08.2017	76.46	-	76.46	-	-	NIL	NIL	Transferred to PL A/c
13	Peshakar	23/30.06.2017	10.67	-	10.67	-	-	NIL	NIL	Transferred to PL A/c
14	5th Finance	46/14.09.2017	160.72	-	160.72	-	-	NIL	NIL	Transferred to PL A/c
15	EO SALARY	07/23.05.2017	5.00	4.67	0.33	4.67	-	100%	NIL	Not Provided
16	Ghar Nal Jal	130/08.03.2018	332.24	-	332.24	-	-	NIL	NIL	Transferred to PL A/c
17	EO SALARY	20/23.06.2016	5.13	5.13	-	4.81	0.32	93.76%	6.24%	319/13.02.2018
18	Honorarium of City Manager	06/12.05.2016	2.12	2.12	-	1.82	0.30	85.85%	14.15%	319/13.02.2018

