



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

INTERNAL AUDIT REPORT

FOR
THE FY 2017-18

KOILWAR NAGAR PANCHAYAT

GROUP-06
ULBs-18

Vinod & Co. LLP
CHARTERED ACCOUNTANTS
We Plant Quality





To

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

Sub: Submission of Koilwar Nagar Panchayat Annual Internal audit report with management comments for the financial year 2017 -18.

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

Dear Sir,

With Reference to 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 Koilwar Nagar Panchayat for the financial year 2017 -18. Through This letter we are submitting Annual internal audit report of Koilwar Nagar Panchayat for the F.Y.2017-18 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: 00326C/C400276



CA Krishan Kumar Sodhani
M.No:- 404603

UDIN No.:- 20404603AAAACK1095

Date: 25th -Jul-2020

Place: Patna

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

Patna Office: 401-A, Vasundhara Residency, Nageshwar Colony, Boring Road, Patna-800001 Bihar

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CONTENTS

Project Title	Internal audit of 18 ULBs of Group-06 of Bihar
Report Title	Annual internal audit report of Koilwar Nagar Panchayat
Period	1 st Apr -2017 to 31-Mar-2018
Reporting Entity	Vinod Singhal & Co., LLP, Chartered Accountants
Reporting for	Koilwar Nagar Panchayat
Report Prepared by	Team, Vinod Singhal & Co. LLP
Date of submission	24 th -Jul-2019

EXECUTIVE SUMMARY

1. INTRODUCTION

Name of the Municipality	Koilwar Nagar panchayat
Period covered under current audit	01.04.2017 to 31.03.2018
Name of Executive Officer for the period under Audit	Mr. Ravi Prakesh

2. RESULTS AND FINDINGS

➤ **Strengths observed during audit engagement**

In the existing system as prevailing in the Nagar Panchayat 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:**

SINo	Audit Observations
1	Non comply AG report for the F.Y. 2014-15 to 2016-17
2	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.
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 2017-18.
5	<p>Non-levy of following taxes</p> <ul style="list-style-type: none"> * Surcharge on transfer of lands and buildings * Water tax * Fire tax. * Surcharge on electricity consumption within the municipal area * Tax on congregations. * Tax on pilgrims and tourists. * Tax on profession. <p>* 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.</p> <ul style="list-style-type: none"> * 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 for defaulter
8	Non-recovery of outstanding taxes



9	Non-preparation of payment vouchers
10	Non-conducting physical survey of 20 high value properties and non-collection of outstanding property tax since F.Y. 2016-17
11	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014
12	Irregularities in tender process: <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.
13	Non-maintenance of register for all procurements with value above Rs. 15,000
14	Deficiency in payroll system <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
15	Non-compliance of Act & Rules
16	Lack of internal control measures <ol style="list-style-type: none"> 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.
17	Non-compliance of statutory compliances: <ul style="list-style-type: none"> ▪ 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
18	Non-providing of Utilization certificate for the reporting audit period

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

SIN o	Audit Observations	Audit Observations
1	Non comply AG report for the F.Y. 2014-15 to 2016-17	During audit we observed that the compliance of C & AG report for the F.Y.2014-15 to 2015-2016 has not be fully 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 with 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 as per Rule No. 118 of BMAR - 2014.	Bank Reconciliation help us to monitor over: 1. Difference between Bank Passbook and Cash Book



		<p>2. Unauthorised withdrawal from Bank.</p> <p>3. Excessive debited by Bank</p> <p>4. Helps to know any other reasons of differences.</p> <p>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.</p>
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 -I shall maintain its Books of Account using the double entry system".
4	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.	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.
5	<p>Non-levy of following taxes</p> <ul style="list-style-type: none"> * Surcharge on transfer of lands and buildings * Water tax * 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 goods vehicles, and buses, which shall be heavy * 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. ULB should take steps to implement required taxes to boost their revenue</p>
6	Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22	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. 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
7	Non-collection of notice fees for defaulter	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 Koilwar Nagar Panchayat, ULB 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>
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 data that there is huge arrear of taxes at 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>
9	Non-preparation of payment vouchers	ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR-2014.
10	Non-conducting physical survey of 20 high value properties and non-collection of outstanding property tax since F.Y. 2016-17	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. <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 process: <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. 	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	Non-maintenance of register for all procurements with value above Rs. 15,000	ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000
14	Deficiency in payroll system <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 	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. Meaning of Receipt : "Receipt" includes any note, memorandum or writing- (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 "
15	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>
16	<p>Lack of internal control measures</p> <ol style="list-style-type: none"> 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. 	<p>We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances:</p> <p>We suggest that:</p> <ol style="list-style-type: none"> 1. MIS System should be implemented over daily collection and deposit. 2. Reason for non-deposit/ late deposit should be strongly need to ask for minimise delay. 3. Need to identify a person to comply with the statuary compliances. In case failure to comply with statuary compliances he should also be penalised. Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.
17	<p>Non-compliance of statutory compliances:</p> <ul style="list-style-type: none"> ▪ 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 	<p>Statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, ULB should maintained proper statuary compliance register. Statutory compliance register should be maintained for all statutory deductions made form parties invoices.</p> <p>Non-compliance with statuary dues will cause of penalty, interest and prosecution. Management should insure that all statuary dues are paid on time and returns related thereof filed on time.</p>
18	Non-providing of Utilization certificate for the reporting audit period	Grant is blood of ULB. Therefore, for getting grant and running the ulb working smoothly it is 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>

5. COMMENTS FROM MANAGEMENT

Audit observations with audit recommendation will be submitted with management for providing 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	Koilwar Nagar Panchayat	01-04-2017	31-03-2018	1. Name of TL : CA Krishan Kumar Sodhani 2. Name of MAE : CA Rahul Kumar Shrivastwa 3. Name of Auditor-1: Sanjeev Kumar Name of Auditor-2: Mukesh Kumar

2. ADMINISTRATION:

Sl. No	Particulars	Details
1	The present body of the ULB has taken charge on	09-06-2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Vinod Kumar
2.1.1	Period of Service:	From: 09-06-2017 To: Till date
2.2	Name of Commissioner/Executive Officer:	Mr. Ravi Prakesh
2.2.1	Period of Service:	From: 21-01-2019 To: Till date

3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. Status of Audit Observations is as under:

(Rs. In Lakh)

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 to 2016-17	19	19	11	-	-	19	Not Provided

3.2. Details of total no of audit paras:

Period of AG audit report : Financial year 2014-15 to 2016-17

Compliance report date & Number :

Sl. No	Audit Para Number	Heading of the audit para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
1	11	Budget not prepared for the FY 2014-15 and 2015-16	-	-	-	No
2	12	Non maintaining form no. 28 and 29 for Government Grant	-	-	-	No



3	13	Not preparing Annual Account for the FY 2014-15, 2015-16 and 2016-17	-	-	-	No
4	14	Not preparing financial statement and balance sheet for the FY 2014-15, 2015-16 and 2016-17	-	-	-	No
Part-II (A) of AG Audit Report						
5	-	NIL	-	-	-	-
Part-II (B) of AG Audit Report						
6	1	Excess payment for purchase of dustbin	8.98	8.98	-	No
7	2	Irregulating in Sairato arrangement	-	-	-	No
		a. Not collected sairato endowment charge and registration fee	6.33	6.33		
		b. Security deposit taken lower than minimum amount on endowment	1.98	1.98		
		c. Lower collection of endowment amount	5.50	5.50		
8	3	Irregulating in payment			-	No
		a. Excess payment to contractor	.03	.03		
		b. Short deduction of VAT	.10	.10		
		c. Doubtful master roll	1.00	1.00		
		d. Completion certificate not submitted for the plan	-	-		
		e. Testing of plan not carried by office	-	-		
f. Evidence not submitted for photography and sign board	.03	.03				
9	4	Amount of misc. receipt not deposited	8.34	8.34	-	No
10	5	Payment vat amount without receiving form C-III	7.65	7.65	-	No
11	6	Irregularity in payment to Krishi, education and health service shansthan on cleaning work	-	-	-	No
12	7	Not charging development permit fee in Map sanction	.60	.60	-	No
13	8	Outstanding on mobile tower	6.12	6.12	-	No
14	9	Expenses of board indicating house no and gali no.	-	-	-	No
15	10	Irregularity and excess payment	8.34	8.34	-	No
16	11	Irregularity and excess payment	7.42	7.42	-	No
17	12	Irregularity and excess payment	6.46	6.46	-	No
Part-III (TAN) of AG Audit Report						
18	1	Utilisation certificate not presented	154.15	-	-	No
19	2	Advances not adjusted	163.41	163.41	-	No
20	3	Not maintaining log book of cleaning equipment.	35.32	-	-	No
Total			421.76	232.29	-	



Note:

Above details has been taken from the AG Report of the F.Y. 2014-15 to 2016-17. The compliance report thereof has not been received. Further we are submitting herewith copy of Compliance report submitted by the ULB for the FY 2009-10 to 2011-12 in (Annexure-1) and for the FY 2012-13 to 2013-14 (Annexure -2).

Further 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, please refer "Annexure-3"

Part-III (A) of AG Report		Part-III (A) of AG Audit Report		Part-III (A) of AG Audit Report	
No					
1		8.98	8.98	Excess payment for purchase of dustbin	6
2	No	8.33	8.33	Irregularity in arrangement a. Not collected sarato endowment charge and registration fee	7
		1.98	1.98	b. Security deposit taken lower than minimum amount on endowment	
		2.20	2.20	c. Lower collection of endowment amount	
				Irregularity in payment:	
3	No	0.03	0.03	a. Excess payment to contractor	8
		1.00	1.00	b. Short deduction of VAT	
				c. Doubtful master roll	
				d. Completion certificate not submitted for the plan	
				e. Testing of plan not carried by office	
4	No	8.34	8.34	f. Evidence not submitted for photography and sign board	9
5	No	7.62	7.62	Amount of misc. receipt not deposited	10
6	No			Payment vat amount without receiving form C-III	11
7	No			Irregularity in payment to Khishi, education and health service shasthan on cleaning work	12
8	No	0.60	0.60	Not charging development permit fee in Map sanction	13
9	No	6.12	6.12	Outstanding on mobile tower	14
10	No			Expenses of board indicating house no and gali no.	15
11	No	8.34	8.34	Irregularity and excess payment	16
12	No	7.42	7.42	Irregularity and excess payment	17
13	No	6.46	6.46	Irregularity and excess payment	18
Part-III (A) of AG Audit Report					
14	No		124.12	Utilisation certificate not presented	19
15	No		163.41	Advances not adjusted	20
16	No		32.32	Not maintaining log book of cleaning equipment	
		232.29	421.76		Total



4. FINANCE

I. Budgetary provisions and expenditure for the last three years

Year	Year- 2015-16	Year- 2016-17	Year- 2017-18
Final/Revised Budget Data	4,74,75,000	8,98,05,000	5,42,99,843
Actual Expenditure Data	5,02,49,896	5,71,56,244	8,98,05,000
Savings (+)/Excess (-)	(27,74,896)	3,26,48,756	(3,55,05,157)

Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures. Refer "Annexure-4" for Budget.

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	9,70,58,478	5,21,96,261	Not Available	6,27,45,326	6,27,45,326
Receipts	3,92,32,059	4,88,59,100	Not Available	7,23,13,774	7,23,13,774
Total	1,36,20,537	10,10,55,361	Not Available	13,50,59,100	13,50,59,100
Net expenditure	5,42,99,843	5,71,56,244	5,02,49,896	8,98,05,000	8,98,05,000
Closing balance	8,90,19,694	4,38,99,117	Not Available	4,52,54,100	4,52,54,100

Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures. Refer "Annexure-4" for Budget.



III. Bank Reconciliation position as on reporting date

Bank Reconciliation position as on 31-03-2018

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	Punjab National Bank	0725000100264634	Kabir Antoshthi Yojna	-	5,66,857	(5,66,857)	No
2	Punjab National Bank	725000100311385	HFA	-	31,99,110	(31,99,110)	No
3	Punjab National Bank	0725000100245189	SBM	-	18,62,511	(18,62,511)	No
4	Punjab National Bank	0725000100099209	Nagar Nidhi	-	18,09,094	(18,09,094)	No
5	Punjab National Bank	0725000100310881	DAYNULM	-	12	(12)	No
6	Treasury Account	8448001020003	(PLA 165	-	1,85,74,314	(1,85,74,314)	No
7	Punjab National Bank	0725000100312445	Holding Tax collection	-	1,42,528	(1,42,528)	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	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Receipts (A+B)	72,313,774	48,859,100	Not Available	72,313,774	Not Applicable	Not Available
A	Revenue Receipts (1+2+3)	30,219,820	18,336,159	Not Available	30,219,820	Not Applicable	Not Available
1	Own Revenue Receipts (a+b)	5,632,320	2,683,600	Not Available	5,632,320	Not Applicable	Not Available
a)	Tax Revenue (levied and collected by municipal body)	1,625,320	190,100	Not Available	1,625,320	Not Applicable	Not Available
i)	Property tax	524,980	190,100	Not Available	524,980	Not Applicable	Not Available



ii)	Other tax (levied and collected by municipal body)	1,100,340	-	Not Available	1,100,340	Not Applicable	Not Available
b)	Non-tax revenue (levied and collected by municipal body)	4,007,000	2,493,500	Not Available	4,007,000	Not Applicable	Not Available
i)	Fees & fines	97,000	38,500	Not Available	97,000	Not Applicable	Not Available
ii)	User Charges	300,000	200,000	Not Available	300,000	Not Applicable	Not Available
iii)	Other non-tax revenue (levied and collected by municipal body)	3,610,000	2,255,000	Not Available	3,610,000	Not Applicable	Not Available
2	Other Revenue Receipts	16,250,000	8,562,059	Not Available	16,250,000	Not Applicable	Not Available
a)	Income from interest/investments	1,250,000	328,500	Not Available	1,250,000	Not Applicable	Not Available
b)	Other Revenue income	15,000,000	8,233,559	Not Available	15,000,000	Not Applicable	Not Available
3	Transfers/Grants/Assigned Revenues	8,337,500	7,090,500	Not Available	8,337,500	Not Applicable	Not Available
a)	State Assigned Revenue	-	-	Not Available	-	Not Applicable	Not Available
b)	State Finance Commission (SFC) Grants/Devolution	-	-	Not Available	-	Not Applicable	Not Available
c)	Octopi compensation	-	-	Not Available	-	Not Applicable	Not Available
d)	Other State Government Transfers	8,300,000	7,061,000	Not Available	8,300,000	Not Applicable	Not Available
e)	Central Finance Commission (CFC) Grant	-	-	Not Available	-	Not Applicable	Not Available
f)	Other Central Government Transfers	-	-	Not Available	-	Not Applicable	Not Available
g)	Others (Sales & Hire Charges)	37,500	29,500	Not Available	37,500	Not Applicable	Not Available
B	Capital Receipts (1+2+3+4+5+6)	42,093,954	30,522,941	Not Available	42,093,954	Not Applicable	Not Available
1	Sale of Municipal Land	-	-	Not Available	-	Not Applicable	Not Available
2	Loans (from State Govt. or Bank etc.)	-	-	Not Available	-	Not Applicable	Not Available
3	State Capital Account Grant (under State Schemes etc.)	39,593,954	30,037,941	Not Available	39,593,954	Not Applicable	Not Available
4	Central Capital Account Grant (under Central Schemes etc.)	-	-	Not Available	-	Not Applicable	Not Available
5	Other Capital Receipts	2,500,000	485,000	Not Available	2,500,000	Not Applicable	Not Available

Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures. Refer "Annexure-4" for Budget.



V. Revenue and Capital Expenditure Information

Sl No	Details	2017-18			2018-19			2019-20	
		2017-18	2016-17	2017-18	2018-19	2017-18	2019-20	2018-19	
1	Total Expenditure (1+2) Revenue Expenditure	89,805,000 30,100,000	57,156,244 18,762,432	89,805,000 30,100,000	Not Applicable Not Applicable	89,805,000 30,100,000	Not Applicable Not Applicable	Not Applicable Not Applicable	
1.1	Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	1,512,000	1,312,000	Not Available	1,512,000	Not Applicable	Not Applicable	Not Applicable	
1.2	Operation and Maintenance (O&M)	23,977,000	14,129,432	Not Available	23,977,000	Not Applicable	Not Applicable	Not Available	
1.3	Loan repayment (Interest payments)	22,000	18,000	Not Available	22,000	Not Applicable	Not Applicable	Not Available	
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	4,589,000	3,303,000	Not Available	4,589,000	Not Applicable	Not Applicable	Not Available	
2	Capital Expenditure	59,705,000	38,393,812	Not Available	59,705,000	Not Applicable	Not Applicable	Not Available	
2.1	All developmental works under Central/State specific schemes	59,705,000	38,393,812	Not Available	59,705,000	Not Applicable	Not Applicable	Not Available	
2.2	Loan Repayments (Principal Amount)	-	-	Not Available	-	Not Applicable	Not Applicable	Not Available	
2.3	Other Capital expenditure	-	-	Not Available	-	Not Applicable	Not Applicable	Not Available	

Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures. Refer "Annexure-4" for Budget.

VI. Status of Implementation of Double Entry Accounting System

At present there is no Double Entry Accounting System is implemented at Koilwar ULB. However till FY 2015-16 and outsourcing firm M/s Manas Dash & Co. was appointed for converting the books of account from single accounting system to double accounting system. They have prepared and submitted financial statement till 2015-16 at ULB. We are submitting herewith copy of cover letter along with Balance sheet, Receipt & Payment account and Income and Expenditure. Account for your ready reference in Refer "Annexure-5"

VII. Status of Meeting of Municipal Accounts Committee

There is no any accounting committee has been formed at ULB. We are submitting here with copy letter taken from ULB in respect of these committee as "Annexure 6".



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 Koilwar Nagar panchayat*, the following mentioned tax/charges are not implemented that leads to loss of revenue to ULB.

- * Surcharge on transfer of lands and buildings
- * Water tax
- * Fire tax.
- * Tax on advertisements, other than advertisements published in newspapers
- * Surcharge on electricity consumption within the municipal area
- * Tax on congregations.
- * Tax on pilgrims and tourists.
- * 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

Refer "Annexure -7"

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

Criteria - None 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, and 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 basi

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 Koilwar Nagar Panchayat, during verification of receipts book and deposit slips, we have noticed that there was gap of 121-123 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 into Bank as per Deposit Slip	Delay in deposit with cashier	
	From	To				Minimum	Maximum
1	1583	1588	1537	03-10-2017 To 05-10-2017	12-10-2017	8	10
2	1589	1592	390	09-10-2017 To 10-10-2017	12-10-2017	3	4
3	1593	1596	739	11-10-2017 To 12-10-2017	16-11-2017	5	6
4	1616	1622	1670	01-12-2017 To 04-12-2017	6-12-18	367	371
5	1623	1623	350	06-12-2017	6-12-18	365	365
6	1624	1629	2440	08-12-2017 To 26-12-2017	6-12-18	345	363
7	1630	1639	590	02-01-2018 To 03-01-2018	23-01-2018	20	21
8	1640	1644	1,413	09-01-2018 To 11-01-2018	23-01-2018	12	14
9	1645	1648	4,142	13-01-2018 To 16-01-2018	23-01-2018	7	10
10	1649	1663	8,358	17-01-2018 To 18-01-2018	23-01-2018	5	6
11	1665	1668	1,972	20-01-2018 To 23-01-2018	31-12-2018	343	346
12	1669	1686	6,098	25-01-2018 To 27-01-2018	31-12-2018	339	341
13	1687	1700	4,755	29-01-2018	31-12-2018	336	336
14	2054	2059	1,418	03-03-2018 To 06-03-2018	04-04-2018	30	33
15	2060	2065	1,124	07-03-2018 To 08-03-2018	04-04-2018	28	29
16	2066	2075	1,864	09-03-2018 To 12-03-2018	04-04-2018	24	27
17	2080	2090	3,088	15-03-2018 To 16-03-2018	04-04-2018	20	21
18	2201	2212	1,923	19-03-2018 To 20-03-2018	22-05-2018	63	64
19	2229	2242	5715	26-03-2018 To 27-03-2018	22-05-2018	56	57
20	2243	2247	730	28-03-2018 To 31-03-2018	22-05-2018	52	55

2.1. Overwriting in Receipts Book: During our audit we found that there are many rasid has been overwriting by the tax collector. We could not ascertain original amount mentioned on receipts book as overwriting was done smartly. We are submitting below summary of the same for your ready reference.

Sl. No	Details of Overwriting receipts book			
	Date	Name of Party	Receipts No.	Amount after overwriting
1	01-04-2017	CHANDEV SINGH	1223	380
2	01-04-2017	SUMA KUBAR	1210	480
3	01-04-2017	PHULVASI DEVI	1209	480
4	03-04-2017	MD IRSAD	1255	880
5	03-04-2017	ANIL CHODHRI	1252	280
6	03-04-2017	SUKHDEV CHODHRI	1247	280
7	03-04-2017	AJAY PRASAD	1243	388



8	06-04-2017	RAJKUMAR CHODHRI	1286	880
9	06-04-2017	SUSHILA DEVI	1285	880
10	06-04-2017	KISHAN PRASAD	1284	380
11	06-04-2017	GULAB DEVI	1277	880
12	06-04-2017	DINDAYAL CHODHRI	1276	320
13	06-04-2017	BHAGWAN CHODHRI	1275	220
14	06-04-2017	MD RAFIK	1269	380
15	06-04-2017	MD NAIM	1262	380
16	10-04-2017	GUDOO CHODHRI	1316	440
17	11-04-2017	RAKESH KUMAR	1337	880
18	11-04-2017	CHANDRA BATI DEVI	1336	380
19	13-04-2017	VINOD SINGH	1365	380
20	13-04-2017	KANTI DEVI	1358	385
21	15-04-2017	MD SESKADIN	1410	380
22	15-04-2017	PAVAN KUMAR	1399	480
23	15-04-2017	PRAKESH SAHNI	1387	380
24	15-04-2017	RAJBALAM SINGH	1393	480
25	15-04-2017	RAJKUMAR PRASAD	1381	180
26	15-04-2017	DEVSHUKLA PRASAD	1377	380
27	15-04-2017	MD KADIN	1411	380
28	20-04-2017	CHAITU PANDIT	1429	180
29	20-04-2017	NIMLA DEVI	1423	380
30	20-04-2017	CHAITU PANDIT	1429	180
31	20-04-2017	NIMLA DEVI	1423	380
32	24-04-2017	SUSMA DEVI	1442	380
33	24-04-2017	SUSMA DEVI	1442	380
34	09-05-2017	CHAITU PANDIT	1476	320



35	29-11-2017	JAYRAM RAY	1710	415
36	05-01-2018	AHMAD ALI	1830	1,008
37	13-01-2018	RAJNATH RAY	1645	466
38	16-01-2018	SESNARAYAN SINGH	1648	588
39	25-01-2018	LEKNARAYAN RAY	1672	108
40	25-01-2018	CHUNNI CHODHRI	1670	174
41	27-01-2018	JAVED AALAM	1685	267
42	05-02-2018	RAMADAR SINGH	1833	394
43	06-02-2018	SATYANARAYAN CHODHRI	1858	222
44	07-02-2018	RAMBILAS CHOCHAN	1887	316
45	09-02-2018	MD AAUYB	1904	141
46	09-02-2018	MUSTAPHA ANSARI	1903	735
47	09-02-2018	ANIL RAJAK	1901	290
48	16-02-2018	DHARMINDRA KUMAR	1975	147
49	19-02-2018	SURENDRA KUMAR	1990	540
50	20-02-2018	MD RAHMAT	2006	325
51	22-02-2018	RAJENDRA PANDIT	2026	699
52	23-02-2018	RAKESH SINGH	2037	346
53	26-02-2018	MD SULTAN	2044	242
54	27-02-2018	RAJPATI DEVI	2050	399
55	06-03-2018	DHARMANDRA	2058	331
56	08-03-2018	ARUN KUMAR	2065	309
57	12-03-2018	TIJA DEVI	2075	255
58	12-03-2018	ASHNA PRASAD	2072	316
59	14-03-2018	MEENA DEVI	2078	78
60	16-03-2018	AMIT CHOCHAN	2090	104
61	16-03-2018	OMPRAKESH	2089	293



62	17-03-2018	DHARMSHEELA DEVI	2092	2,880
63	19-03-2018	KRISHNA GOPAL	2091	338
64	19-03-2018	NILAM DEVI	2096	1,480
Total				29,019

Refer "Annexure -8"

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 Koilwar 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 Koilwar Nagar Panchayat**, ULB 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.

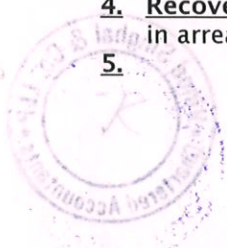
Consequence Effect /Impact - Due to non-collection of notice fee there is loss of interest to ULB

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 31-03-2018.

5.



Details of outstanding arrear of income as on 31-03-2018

Sl. No	Type of Income	Arrear Amount
1	Property Tax	16,77,306
2	Advertisement Tax	Not Provided
3	Rent Income	Not Provided

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 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.

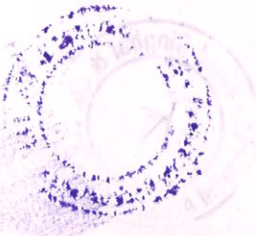
- 1. Payment of bills after due date:** During audit of ULB we have noticed that ULB is not in practice to paid bill i.e. electricity bill, telephone bill on or before due date. Due to that ULB has to pay penalty for late payment.

Details of outstanding expenses late payment charge as on 31-03-2018

Sl. No	Particulars	Arrear Amount	Delay surcharge Payable	Total Arrear Amount
1	Electricity Dues	1,04,43,662	17,80,723	1,22,24,385

Note:

- Due to non-payment of electricity bill ulb is paying delay surcharge amounted to Rs. 17,80,723 electricity department.
 - Since full data not provided by ULB, therefore the delay payment surcharge may be higher than from reported above. Refer "Annexure-9"
- 2. Pass payment without preparation of payment vouchers:** The ULB 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 ULB which is passed by the competent authority. Refer "Annexure - 10"
 - 3. Irregularities in payments:** No such irregularities were observed in provided sample data. As complete vouchers files were not made available for audit. However, as reported in point no. 1 above there is irregularities in payment of electricity expenses. ULB is paying huge delay surcharge on the same. Refer "Annexure - 11"

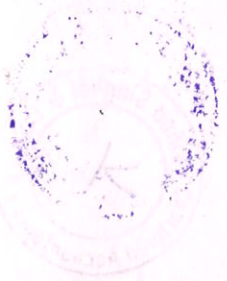


C. Report on findings of field survey of Property Tax of minimum 20 high value properties.

Sl. No	Holding Name	Ward No	Holding Number	Tax Amount	Remark
1	Vishawnath shaw	9	98	2,592	2015-16
2	Dr ram kumar himanshu	9	129	12,388	2015-16
3	Deepak kumar singh	9	158	19,440	2015-16
4	Bandh Department hause (Bihar govt)	9	141	1,555	2015-16
5	Tara Mani Bhagwan Saw+2High school	9	189	2,43,000	2015-16
6	Midil School Koilwar	9	187	43,740	2015-16
7	S.F.C.I,Godam	9	205	29,160	2015-16
8	Ram Babu Saw	9	207	2,741	2015-16
9	Primary Helth senter	9	216	23,490	2015-16
10	Malti Devi	9	218	2,948	2015-16
11	Prem Kumar	9	297	5,702	2015-16
12	Saiyad Shamim Raja	5	20	1,296	2015-16
13	Ajay Kumar Singh	8	222	1,134	2015-16
14	PWD Department	8	267	16,200	2015-16
15	R.P.P.S,School Privet	9	37	3,024	2015-16
16	R.I.P.S,School Privet	9	39	2,721	2015-16
17	Krishna Kumar Singh	9	96	1,296	2015-16
18	Manrega Office (Bihar govt)	9	202	8,078	2015-16
19	B.R.C Bhawan (Bihar govt)	9	197	7,290	2015-16
20	Midle school bihar govt	15	187	43,740	2015-16

Comment:

1. Being details of above high value properties were provided by Tax Daroga. Physical survey of mentioned properties could not be done due to non-availability of ULB staff for survey.
2. *Further*, this is clear through this table that a large amount of property tax from high tax payer is pending since F.Y. 2016-17. This shows less effort by ULB regarding collection of taxes. ULB should plan policy to recover arrear property tax. Refer "Annexure - 3"



II. PART-B

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

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

1. Journal Book
2. Ledger
3. Contra Voucher
4. Journal Voucher
5. Receipt Voucher
6. Register of Cheque Received
7. Statement on status of cheque received
8. Register of Bills for Payment
9. Payment order
10. Register of Advance
11. Register of Permanent Advance
12. Deposit Received Register
13. Summary statement of Deposits Adjustment
14. Demand register
15. Bill of Income
16. Summary Statement of Bill Raised
17. Register of Notice Fee Warrant Fee other fees
18. Summary statement of Notice Fee Warrant Fee other fees
19. Summary statement of Refund and Remissions
20. Summary statement of Write offs
21. Statement of outstanding liability for expenses
22. Register of Immovable and Movable Property
23. Register of Land
24. Function wise Income Subsidiary Ledger
25. Function wise Expenditure Subsidiary Ledger
26. Asset Replacement Register
27. Register of Public Lighting System
28. Building Register
29. Status and Heritage Assets Register
30. Road and Street register
31. Bridges Flyover Subway and Causeway Register
32. Drains Register
33. Ponds and Lakes Register
34. Plant and Machinery Register
35. Vehicle Register
36. Office Equipment Register
37. Furniture and Fixture Register
38. Computer and Peripheral Register
39. Software Register
40. Grants Register

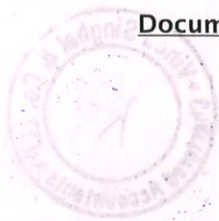
Required at – Property Tax and other taxes

1. Summary Statement of bills raised
2. Summary statement of Demand Adjustment raised
3. Summary statement of refunds and remissions
4. Summary Statement of write-offs
5. Money Receipt Book
6. Hand Book (details due from tax payer)

Documents required at – water Supply

1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection
3. Summary statement of refunds remissions
4. Summary statement of write- offs

Documents required at – Rentals Fees and Other Income



1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection
3. Summary statement of refunds
4. Summary statement of write- offs

Documents required at- Public Works

1. Summary Statement of status of CWIP
2. Work Sheet
3. Deposit works register

Documents required at – Stores

1. Material Receipt Note
2. Statement of Material Issues

Other

1. Balance confirmation as on 31.03.18
2. BRS of all Bank Accounts (including dormant accounts)
3. Physical Verification report of cash and Stock

Final Accounts for the year 2016-17 & 2017-18

1. Audited Balance Sheet
2. Audited Income & Expenditure Account
3. Audited Receipts & Payments Account and unaudited Receipts & Payment

b. Irregularity in procurement process:

1. **Irregularities in vendor payment process:** During audit, we observed the following discrepancies in allotment of tender:

Sr No.	Contract No.	Description of Tender	Awarded value	Deduction from Payment		Remarks
1	01/2017-18	CM Nal Jal	17,43,120	TDS	27,328	In connection of this tender, we have noticed the following irregularities: 1. Budget Control register has not been maintaining by ulb 2. Many cases Quality test report not submitted. 3. Completion certificate not presented to us for our verification, therefore we are unable to say that completion certificate issued or not. 4. Further the statutory compliance registers not presented to us for our verification, therefore we are unable to comment that amount deducted from vendor on account of Labour cess, TDS, sales tax and royalty has been deposited on time or not and return related to respective act has been submitted or not.
				Security Deposit	68318	
				TDS on SGST	13,664	
				TDS on SGST	13,664	
				Labour Cess	13,664	
				Contingency	13,664	
				Penalty	52,581	
				Total	2,02,883	
2	02/2017-18	CM Nal Jal	20,74,500	TDS	6,222	
				Security Deposit	15,553	
				TDS on SGST	3,111	
				TDS on SGST	3,111	
				Labour Cess	3,111	
				Contingency	3,111	
				Total	34,219	
3	7/2017-18	CM Nal Jal	20,29,140	TDS	27,302	
				Security Deposit	68,253	
				TDS on SGST	13,651	
				TDS on SGST	13,651	
				Labour Cess	13,651	
				Contingency	13,651	
				Penalty	52,984	
Total	2,03,143					
4	09/2017-18	CM NALI GALI	5,51,017	TDS	10,931	
				Security Deposit	27,326	



				TDS on SGST	5,465	
				TDS on SGST	5,465	
				Labour Cess	5,465	
				Royalty	10,931	
				Total	65,583	
5	11/2017-18	CM GALI	NALI	1,53,907	TDS	3,079
					Security Deposit	7,696
					TDS on SGST	1,539
					TDS on SGST	1,539
					Labour Cess	1,541
					Royalty	3,079
					Total	18,473

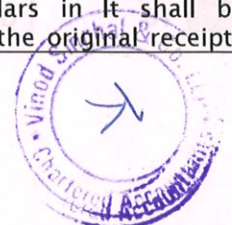
2. **Whether a register is kept for all Procurements with value above Rs. 15,000/-:** No procurement register was maintained at ULB level for procurement with value above Rs. 15,000. Refer "Annexure-12"
3. **As per rule no 75, disbursement to the daily wage workers is to be witnessed by the chief municipal 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 that signature of wages worker against their attendance was not available. This is noted that stamp of ULB was not affixed on signature done in master payroll.
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 UD & HD	Complied or Not
1	Circular No. 1188 dated 18-05-2017	Complied
2	Circular No. 261 dated 06-02-2018	Complied

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 123 days delay in deposit of tax into bank.
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	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



	receipts issued at the time of collection.		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 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 take the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	Refer point: Part-A (a) (2) No, in actual we noted that tax collector was not remitting his collections to bank. We noted that there were delay in deposit of tax with bank from day 121 to 123 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	No, Scheme wise grant register was maintained by the 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 Chief Municipal Officer that the conditions attached to the grant are complied with without exception.	BMAR Rule No.- 69	Refer point: Part-B (h) Scheme/Grant related documents was not made available for audit,
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No such circumstance were noticed during the audit
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) No, Utilization certificate details 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 such circumstance were noticed during the audit
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, Koilwar Nagar Panchayat 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, Koilwar Nagar Panchayat 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	BMAR Rule No.- 121	No, Koilwar Nagar Panchayat was not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft



	copy for each quarter at the end of month following each quarter		copy as well as hard copy for each quarter at the end of month following each quarter
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.</p> <p>The Financial Statements shall comprise of</p> <p>a. Receipts and Payments Account for the year (BMAR Form No.71)</p> <p>b. Income & 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>	BMAR Rule No.- 122	BMAR Rule No. - 122 were not followed by ULB during the F.Y. 2017-18.
15	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)	BMAR Rule No.-130	Refer PART-B (f)
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	Refer PART-B (g)
17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	BMAR Rule No.-130	No, BMAR Rule No. 130 was not followed by ULB. As Single-entry accounting system was followed by ULB
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	No, grant register was not maintained by ULB
19	Whether any Special Funds have been created as per the provision of any	BMAR Rule No.-130	No details regarding creation of special fund and their use were made



	statute and whether the Special Funds have been utilized for the purposes for which they have been created;		available to comment thereon.
20	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;	BMAR Rule No.-130	ULB was not maintaining fixed assets register for the financial year 2017-18. Further no, fixed assets physically verified report was made available to comment upon.
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	No details regarding lease hold property was made available to comment upon.
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	No, ULB is not followed adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets. <i>As ULB was not maintaining any store and assets purchase register.</i>
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 properly prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis;	BMAR Rule No.-130	Refer Point-04 (III)
			No, ULB has not prepared bank reconciliation for any bank accounts maintained.
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.-130	As ULB 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	Since proper voucher and expenses invoices not presented for our verification, therefore we can't comment on it.
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, ULB has accountant revenue properly. But collection and recovery of taxes was in slow pace that's why there was arrear of taxes in ULB.
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 within the prescribed time limits and are in all cases such as are authorized by Act. Except; In case of deposit of daily tax collection, that is

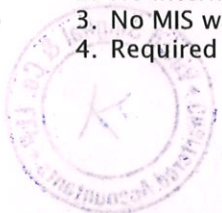
			deposited on average 121-123 days delay of collection.
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR Rule No.-130	In absence of specific record during the audit, we can't comment that the amounts received as specific 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 of 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	No such details provided
37	Municipal Fund: Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	No, ULB 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	BMA,2007: Chapter X	No details provided



	their gestation period. Check whether comparative interest rate is invited from parties before investing surplus funds:		
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 ULB, however budget is not prepared in proper manner.
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.

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

1. Details of TDS deducted and to be deposited: During audit we noted that ULB is not regular in deposit of TDS, As mentioned below circumstances, ULB has deducted TDS but no proof for deposit was provided. Since ULB has not presented statutory compliance register for audit, therefore the amount reported below is not presenting the full picture of deduction. Actual deduction is may be excess from the reported deduction.

Sl. No	Particulars	TDS deducted
1	TDS on contractor	27,328
2	TDS on contractor	6,222
3	TDS on contractor	27,302
4	TDS on contractor	10,931
5	TDS on contractor	3,079
6	TDS on Salary	2,22,032
Total		2,96,894

2. Details of TDS deposited :

During the audit, ULB has not provided any details regarding deposit of TDS, below mentioned TDS deposit challan has been taken from TRACES based on TAN number. In mentioned table this is clear that ULB is not regular in deposit of TDS challan, As ULB has only submitted tds challan for 3 months.

Sl. No	Challan Tender Date	Challan Serial No	Amount of Challan	Nature of Payment
1	03-11-2017	2	-	Pay. to Govt Employees other than Union Govt Employees
2	08-11-2017	7	58,410	Pay. of contractors and sub-contractors
3	08-11-2017	8	66,000	Pay. of contractors and sub-contractors
4	21-11-2017	9	19,470	Pay. of contractors and sub-contractors
5	26-12-2017	5	-	Pay. to Govt Employees other than Union Govt Employees
6	01-03-2018	8	-	Pay. to Govt Employees other than Union Govt Employees
7	30-03-2018	2	2,22,032	Pay. to Govt Employees other than Union Govt Employees
8	31-03-2018	85	-	Pay. of Employees other than Govt Employees

Refer "Annexure -13"



Note:

1. The above Statutory deductions details were taken as per contract register.
2. We have not received statutory compliance register and expenses invoices for our verification.
3. 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
4. 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.

3. 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 bot 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. 2017-18	31 st -Jul-2017	-	Return Not filled
2	Quarter-2 of F.Y. 2017-18	31 st -Oct-2017	-	Return Not filled
3	Quarter-3 of F.Y. 2017-18	31 st -Jan-2018	-	Return Not filled
4	Quarter-4 of F.Y. 2017-18	31 st -May-2018	-	Return Not filled

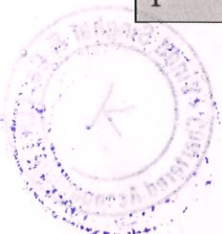
Note:

- a. 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 diductor or collector of tax at source fall 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.
- b. **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.
- c. In case of ULB the commissioner/executive officer 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.

4. Details of Royalty deduction and deposit deposited :

During the audit, ULB has not provided copy of challan of deposit of royalty, Therefore we are unable to comment on it.

Sl. No	Amount deducted	Amount Deposited	Remarks
1	-	-	-



5. Details of Labour Cess deduction and deposit deposited :

During the audit, ULB has not provided copy of challan of deposit of Labour Cess, Therefore we are unable to comment on it.

Sl. No	Amount deducted	Amount Deposited	Remarks
1	-	-	-

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.

Refer "Annexure -14"

h. Utilisation of Grant and report on missing Utilisation Certificates: ULB has not provided any hard and soft copy of Approved utilization certificate letter send to the department.

i. Physical verification of inventory/Stores: We have not received any store register for our verification. Therefore we can't comment on it.

j. Advances, their adjustment & Recovery: Refer point 35-36 PART-B (d)
Since the ULB has not provided the amount of advance given during the year, earlier year and adjustment thereof. However as per last C & AG report we found that some amounts are already given as advance and the proof of their adjustment has not been presented till now. **We are reporting below such circumstances:**

Sl. No	Particulars	Amount (Rs.)
1	Cashier Cash book	84,08,380
2	Fourth state financial commission	1,02,500
3	Thirteen financial commission	25,62,000
4	Nagar Nidhi	6,45,000
5	General Cash Book	37,00,500
Total		163,40,880

k. Any other matters as may be prescribed in due course: As all relevant matters has been covered in above mention point



III. PART-C

SINo	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.	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.
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;	We have reported on this point under PART-A(c). Please refer the same for detail. Further ULB is Assessing the property as per valuation of the FY 2009-10. We have discussed on this point with executive officer and Tax Daroga.
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: Rule 22: All moneys to be brought to account Rule 27: Collections to be deposited into Bank on the same day Rule 69: Grant Related Compliance Rule 120-121: Monthly Receipt & Payment Account and Trial Balance Rule 130: Audit to be completed & reported within 6 months	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.
d	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Yes, Compliance of financial, guidelines of schemes of MOHUA and UD & HD, GoB have been complied
e	Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc.;	We have reported on this point under PART-A of the report. Please refer the same for detail.
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.	We have reported on this point under PART-B(b) of the report. Please refer the same for detail.
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/-	We have reported on this point under PART-B(b) of the report. Please refer the same for detail.



h	Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	We have reported on this point under PART-B(h) of the report. Please refer the same for detail.
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.	We have reported on this point under PART-B(b) of the report. Please refer the same for detail
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	We have reported on this point under PART-B(b) of the report. Please refer the same for detail
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.	We have reported on this point under PART-B(d) of the report. Please refer the same for detail
m	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	We have reported on this point under PART-A(a) of the report. Please refer the same for detail)
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.	We have reported on this point under PART-B(f) and (g) of the report. Please refer the same for detail
o	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.	Complied Point-03 of Detailed Audit Report and Note thereof.

Thanking You,

For Vinod Singhal & Co. LLP

(Chartered Accountants)

FRN: 005826C/C400276

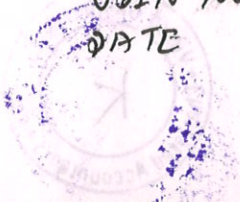
CA Krishan Kumar Sodhani

Partner

M. No. : 404603

UDIN No : 20404603AAAACK1095

DATE : 25th July 2020



Management Comments

1. INTRODUCTION

Name of the Municipality	Koilwar Nagar Panchayat
Period covered under current audit	01.04.2017 to 31.03.2018
Name of Executive Officer for the period under Audit	Mr. Zulfequar Ali Payami

Sl. No	Audit Observations	Auditor Recommendations	Management Comment
1	Non-updating of bank reconciliation on monthly basis.	<p>Bank Reconciliation help us to monitor over:</p> <ol style="list-style-type: none"> 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. <p>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.</p>	<p>We have started accounting through tally software and for the FY 2017-18 onwards we will submit the Bank reconciliation statement prepared through the aforesaid software for your verification.</p>
2	Not provided any data for verify the Implementation of Double Entry Accounting System	<p>As per requirement of BMAR-2014, Part -A, Chapter -2 Rule - 4, "All ULB referred in Schedule -I shall maintain its Books of Account using the double entry system". Since Koilwar Nagar Panchayat is Covered under Schedule -I, 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 Koilwar ULB, however we not got any data for verification the same.</p>	<p>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. We are waiting for new appointment. However, if the new firm not appointed by UD & HD. we will appoint our own accounting team for Double entry accounting system</p>
3	No details were made available regarding meeting of municipal accounts committee held	<p>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</p>	

R/D 27/01/2020



	<p>during the financial year 2017-18.</p> <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 	<p>ensure timely meeting of accounts committee in compliance of BMA-2007.</p>	<p>Koilwar is a Nagar Panchayat and many of taxes as reported here are not applicable on it. Further we insure you that we will collect all applicable taxes as soon as possible.</p>
4		<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. ULB should take steps to implement required taxes to boost their revenue</p>	

Feb 01/01/2020

नगर कार्यपालक पदाधिकारी
नगर पंचायत कोइलवार
मोबपुर



	<p>licenses for various non-residential uses of lands and buildings. * Collection of Development Charges</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. 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</p>
5	<p>Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22</p>	<p>Many of time 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 all collector to submit their collection amount as per Rule.</p>

7/11/2020

नगर कार्यपालक पदाधिकारी
नगर बंदायत कोडिलकर
मोवापुर



6	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 Koilwar Nagar Panchayat, 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>	From now onwards we will implement the same.
7	Non collecting arrears of taxes and rental income	Koilwar 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 Koilwar 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>	We have served several notices for payment of the arrear taxes and we are continuously try to collect the same.
8	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>	<i>Due to lack of manpower it was not possible for us that comply with each and every rule. However, the same will be started at earliest.</i>
9	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>	Due to election duty many of our regular work got pending, therefore we have not visited in filed with yourself. However, we ensure that we will visit the filed on your next audit schedule.
10	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>	We will maintain the same at earliest.
11	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	We have kept all data with us, we will show the same to you at your next visit.

7/2/20
07/01/2020

नगर कार्यपालक पदाधिकारी
नगर पंचायत कोइलवार
मोजपुर



		party bills. 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 from parties Invoices.	
12	Non-maintenance of register for all Procurements with value above Rs. 15,000	ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000	Register has been maintained by us. We will show the same on your next visit.
13	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. ULB should ensure that all requirements should be in place and complied for effective salary management.	All concerned person are directed to resolved this issue within 15 days. We will inform you after rectification.
14	Non-Compliance of Act & Rules	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.	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.
15	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: We suggest that: 1. MIS System should be implemented over daily collection and deposit. 2. Reason for non-deposit/ late deposit should be strongly need to ask for minimise delay. 3. Need to identify a person to comply with the statutory compliances. In case failure to comply with statutory compliances he should also be penalised. Therefore, the management has to take serious effort in implementation of internal control Mechanism for getting a better result from ULB working.	We will start the same at earliest.
16	Non-compliance of Statutory Dues: 1. Delay in deposit of TDS 2. Non filling of TDS returns	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. So, management should ensure statutory compliance on time.	Due to shortage of trained staff statutory compliances are handled by professional hired by us. We will present all file with you after getting data from them.

20/11/2020

नगर कार्यपालक पदाधिकारी
नगर पंचायत कोर्डेन्सवर
फा. नं. ११





17	Utilisation of Grant and report on missing utilisation certificates	<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. Therefore, management should ensure that UC has been submitted with concerned department on time.</p>	<p>UC has been submitted to department. We will show you copy of the same for your verification at your next visit.</p>
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नगर कार्यपालक पदाधिकारी
नगर पंचायत कोइलार
भाजपुर

10/01/2020

कार्यलय नगर पंचायत कोईलवर, भोजपुर

पत्रांक 496

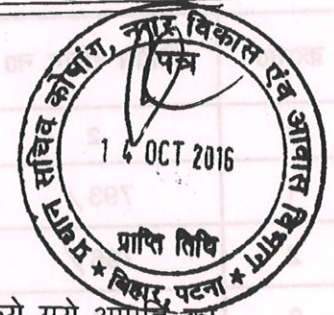
दिनांक 13/10/16

15628
14.10.16

3282 सचिव प्रेषक,
5.0.7 सेवा में,

कार्यपालक पदाधिकारी
नगर पंचायत कोईलवर, भोजपुर।

S.S (J.P.M)



प्रधान सचिव
नगर विकास एवं आवास विभाग
बिहार, पटना

विषय:- आकेंक्षण प्रतिवेदन सं० 192/13-14 के अनुपालन के संबंध में।
महाशय,

उपयुक्त विषय के संबंध में सूचित करना है कि आकेंक्षण द्वारा किये गये आपत्ति का अनुपालन कर इस पत्र के साथ संलग्न कर साक्ष के साथ आवश्यक कार्यवाही हेतु भेजी जा रही है।

सादर सूचनार्थ।

विश्वासभाजन

कार्यपालक पदाधिकारी
नगर पंचायत कोईलवर, भोजपुर

ज्ञापांक 496 कोईलवर, दिनांक 13/10/16

प्रतिलिपि:-

महालेखाकार (लेखा परीक्षा बिहार, समाजीक प्रक्षेत्र-1)

स्थानिय लेखा परीखा शाखा को सूचनार्थ एवं आवश्यक कार्यवाही हेतु समप्रेषित।

विश्वासभाजन

कार्यपालक पदाधिकारी
नगर पंचायत कोईलवर, भोजपुर



श्री अशोक
19/10/16



कार्यलय नगर पंचायत कोइलवर, भोजपुर

नगर पंचायत कोइलवर के वर्ष 2009-10 से 2011-12 तक के लेखाओं पर अधरित लेखा परीक्षा प्रतिवेदन सं० 192/13-14 का अनुपालन

कन्डीका 14 का अनुपालन प्रतिवेदन

क्र०सं०	विविध रसिद न०	वसूली गयी राशि	जमा करायी गयी राशि	दिनांक	
1	2	3	4	5	6
1	793 /	1000.00	1000.00	10/10/14	
2	796 /	140.00	140.00	10/10/14	
3	798 /	84500.00	84500.00	24/11/14	
4	801 से 808 एवं 810 से 816	15000.00	15000.00	25/06/15	
5	825 /	11500.00	11500.00	25/06/15	
6	826 /	295500.00	295500.00	24/11/14	
7	828 से 830	3000.00	3000.00	10/10/14	
8	824 /	25000.00	25000.00	27/11/14	
		435640.00	435640.00		

वसूलकर्ता श्री रमेश कुमार राम द्वारा विविध रसिद की राशि जमा कर दिया गया है जो बैंक चालान के माध्यम से नगर पंचायत कोइलवर के कोष में जमा कर दिया गया है। बैंक चालान की छायाप्रति संलग्न है।

विश्वासभाजन

कार्यपालक पदाधिकारी

नगर पंचायत कोइलवर, भोजपुर

कार्यालय नगर पंचायत कोईलवर, भोजपुर

पत्रांक :

दिनांक :

प्रेषक :

कार्यपालक पदाधिकारी
नगर पंचायत कोईलवर।

सेवा में,

विशेष सचिव,
नगर विकास एवं आवास विभाग,
बिहार, पटना।

विषय : नगर पंचायत कोईलवर के वर्ष-12-13/13-14 का लेखा परीक्षा प्रतिवेदन संख्या-611/14-15 के संबंध में।

प्रसंग : भवदीय का पत्रांक- 14483/2150 दिनांक-24/12/2014 ।

महाशय,

उपर्युक्त विषयक प्रासंगिक पत्र के संबंध में सादर सूचित करना है कि नगर पंचायत कोईलवर द्वारा वर्ष-2012-13/ 2013-14 लेखा परीक्षक द्वारा दिये गये प्रतिवेदन में लम्बित कंडिकाओं का अनुपालन कर इस पत्र के साथ संलग्न कर साक्ष्य के सहित अभिप्रमाणित कर भेजी जा रही है।

अतः अनुरोध है कि लेखा परीक्षा प्रतिवेदन संख्या-611/14-15 में दिये गए लम्बित कंडिकाओं को साक्ष्य के आधार पर विलुप्त करने की कृपा की जाए।

सादर सूचनार्थ समर्पित।

विश्वासभाजन

कार्यपालक पदाधिकारी
नगर पंचायत कोईलवर
(भोजपुर)

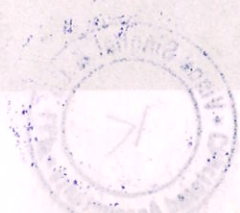


To,
The Executive Officer,
Koilwar Nagar Panchayat
Koilwar, Bihar

Sub: Documents/information required for conducting Internal Audit for the F.Y - 2017 - 18
Ref: No. 07/I.A. 115/17-83 Dated: 16-01-2019

Sir,
We are pleased to inform you that we **Vinod Singhal & Co., Chartered Accountants** are appointed as internal auditor of your ULB by the UD & HD under the assignment namely "**Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar**".
As per our audit programme, we have initiated the assignment and we are submitting the requirement for providing required records/information for conducting the audit.

Sl. No.	Documents/Registers Required
1	Budget copy of F.Y 16-17 to F.Y. 18-19 (In Soft and Hard Copy)
2	Latest statutory audit report of A.G/ memo with compliance report
3	Internal audit report (F.Y. 2016-17) in hard as well as in soft copy
4	Receipt & payment account (FY 2017-18)
5	Audited balance sheet and Income & Expenditure Account (FY 2017-18)
6	Cash Book
7	Bank Book
8	Journal Book
9	Ledger
10	Cash/Bank receipt voucher
11	Cash/ Bank payment voucher
12	Contra voucher
13	Journal voucher
14	Receipt (Daily collection register)
15	Register of Cheque Received
16	Statement on status of cheque received
17	Collection register
18	Memorandum of collection
19	Summary of Daily collection
20	Register of bills for payment
21	Payment order
22	Cheque issue register
23	Register of advance
24	Register of permanent advance
25	Deposit received register
26	Summary statement of deposits adjustment
27	Demand register





28	Bill of Income
29	Summary Statement of Bill Raised
30	Register of Notice Fee, Warrant Fee, other fees
31	Summary statement of Notice Fee, Warrant Fee, other fees
32	Register of Refunds, Reemissions and write offs
33	Summary statement of Refund and Remissions
34	Summary statement of Write offs
35	Statement of outstanding liability for expenses
36	Documents of control Register/ Stock Account of Receipt/Cheque Book
37	Fixed Assets Register For the FY 2017-18
38	List of Taxes Collected by ULB
39	Arrear Detail of all applicable taxes
40	Detail of Allotment Received during the year 2017-18
41	Detail of Pending Advance Recovery from Employee and Parties
42	Detail of Pending Interest Recovery from Employee and Parties
43	List of Tender issued during the year
44	EMD/ ED register
45	Receipt Book of Revenue Collection
46	Bank Deposit Slip
47	Summary statement of bills raised, property & other taxes
48	Summary statement of demand adjustments raised, property & other taxes
49	Summary statement of head wise collection of property & other taxes
50	Summary statement of refunds and remissions, property & other taxes
51	Summary statement of write offs, property & other taxes
52	Summary statement of demand raised on assessment of Water Supply
53	Summary statement of head wise collection of other incomes of Water Supply
54	Summary statement of refunds of Water Supply
55	Summary statement of write offs of Water Supply
56	Summary statement of demand raised on assessment of rentals, fee, & other income
57	Summary statement of head wise collection of other incomes
58	Summary statement of refunds of rentals, fee, & other income
59	Summary statement of write offs of rentals, fee, & other income
60	Grant register
61	Summary statement of status of capital work in progress
62	Work sheet
63	Deposit work register
64	Materials receipt note
65	Store ledger
66	Statement of closing stock





67	Quarterly Bank Statement for the period 30.06.2017, 30.09.2017, 31.12.2017 & 31.03.18
68	Balance Confirmation from Parties as on 30.06.2017, 30.09.2017, 31.12.2017 & 31.03.18
69	BRS of all bank accounts (Including Dormant account) (Quarterly)
70	Vouchers of all Payment and Procurements
71	Minutes of Meeting of Municipal Accounting committee
72	Minutes of meeting of accounting committee
73	Physical verification report of cash and stock
74	Details Repayment of Loan
75	TDS Deposit Challan (of Each Month) & Copy of Return 24Q and 26Q for the period ended 30.06.2017, 30.09.2017, 31.12.2017 & 31.03.18
76	VAT deposit challan & copy of return for the period ended 30.06.2017, 30.09.2017, 31.12.2017 & 31.03.18
77	Month wise PF Details (deduction & deposit)
78	Details of pension
79	Details of Outstanding an on 31.03.2018
	a. Mobile tower
	b. Property tax
	c. Water tax
	d. Rent
	e. Advertisement
80	f. Any other tax
	Utilization certificate - Submitted to UDHD Department
81	Salary Register/Master Roll

The list is not exhaustive. Further documents required during the audit shall be demanded accordingly. Your co-operation is solicited for smooth conduct of the assignment and hence, please submits the above-mentioned documents before us as early as possible.

Thank you

For

Vinod Singhal & Co.
Chartered Accountant

Handwritten signature and date: 06/05/19



CA Mukesh Kumawat

Date: 06th -May-2019
Place: Patna



कार्यालय नगर पंचायत कोईलवर, भोजपुर

पत्रांक -

दिनांक -

प्रस्तुत अभिलेख नगर पंचायत कोईलवर कार्यालय में Accounting Committee से संबंधित है। नगर पंचायत कोईलवर में अभी तक Accounting Committee का गठन नहीं किया गया है। इसका गठन आगे से किया जाएगा।

वर्ष -
निम्न



At
11/10/19

Accountant
M. P. Kailwar



कार्यालय नगर पंचायत कोईलवर, भोजपुर

कोईलवर नगर पंचायत सूचित करता है कि कोईलवर नगर पंचायत द्वारा वित्तीय वर्ष -- 2015-16 से 2019-2020 अब तक निम्न करों का संग्रह किया जाता है। जिसकी सूची निम्न प्रकार है। --

1. मकान कर
2. संचार टावर कर

इसके अलावा निम्न शुल्को का भी संग्रहन किया जाता है जिसकी सूची इस प्रकार है।

1. जन्म मृत्यु विलम्ब शुल्क।
2. शौचालय सफाई शुल्क।
3. पानी टकी वितरण शुल्क
4. भवन नक्शा शुल्क।



दि. 11-10-19
कार्यापालक पदाधिकारी

नगर पंचायत कोईलवर
(भोजपुर)



thank you



**Vinod
Singhal & Co. LLP**
CHARTERED ACCOUNTANTS
We Plant Quality

**510, SUMATI PALANCE, OPPOSITE ALANKAR
JEWELERS, BORING ROAD, PATMA-800001**

TEAM
**TOGETHER
EVERYONE
ACHIEVES
MORE**

A hand holding a pen that is positioned to form the word 'TEAM'. The pen is held horizontally, and the letters of 'TEAM' are arranged vertically above it, appearing as if they are being written or held together by the pen.