

Financial
Year
2018-19



Internal Audit Report for F.Y 2018-2019 of Samastipur Nagar Parishad

Internal Audit Conducted By
M/s Tibrewal Chand & Co. Chartered Accountants
From 01.04.2018 to 31.03.2019
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Near Karbighiya Station,
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Report submission date: 26.11.2019



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Internal Audit Report- Nagar Parishad – Samastipur

Urban Development and Housing Department in order to implement the best practices of internal audit of 140 ULBs through NIT No. IA 140ULBs/2018-19. This internal audit report has been issued as a part of our appointment for internal audit.

The Salient Points of the scope covered by our internal audit are as follows:-

1. Evaluation of internal controls.
2. Compliance of Bihar Municipal Act related Rules and Regulations.
3. Compliance of Bihar Municipal Accounting Manual, BMAR- 2014 and Bihar Municipal Budget Manual.
4. Reporting on all Major own Revenue Losses.
5. Survey Report on Act at least 20 high Value Property in the Town.
6. Report on Procurement made through Tender for value Above Rs. 15,000/-.
7. Report on statutory compliances
8. Report on procurements
9. Report on maintenance of books of accounts and other records and registers.
10. Appraisal of the effectiveness of overall accounting system.

We have conducted the Internal Audit with the objective:-

- ❖ That The Assets of the ULB are properly protected and accounted for.
- ❖ That the current transactions are promptly and completely recorded.
- ❖ That Inefficient or fraudulent operations are revealed.

We started with an overview of activities through a study on various documents generated by the ULB. Then we identified evaluated and tested adequacy, effectiveness and efficiency of internal controls including standard policies and procedure laid down by the management for each of the areas included in the scope of work.

Testing of internal control was carried out by the checking a sample of transactions for the period covered under the audit.

Our observations resulting from the audit test performed on a sample of transactions along with recommendation for addressing these observations are set out under Part (A), Part (B) and Part (C) of the audit report.

During the audit, we reviewed the following Registers and Documents.

- ❖ Accountant cash Book
- ❖ Subsidiary Cash Book
- ❖ Bank Book
- ❖ Records related to revenue
- ❖ Vouchers along with supporting documents.

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❖ Others related records and registers.

For Tibrewal Chand & Company
Chartered Accountants



CA ROSHAN JAIN | PARTNER
Membership No 518422
FRN No. 311047E

UDIN :- 20518422 AAAAFD3832

Date: - 17-10-2020

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Executive Summary

1. **Introduction:** Samastipur Nagar Parishad, with population of about 63 thousand is located in Samastipur sub district of Samastipur district in the state Bihar. There are approximate 12,000 households. Mr. Tarkeshwar Nath Gupta is Chairman holding post from 09-06-2017 to till the date of Audit. Mr. Rajnish Kumar is Executive officer holding post from 21-01-2019 to till the date of Audit.
2. **Results and Findings:** During our audit we observed below mentioned strengths and weakness in the functioning of ULB:

<p>Strengths observed during the audit engagement</p>	<ol style="list-style-type: none"> 1. Main cash book has been updated for reporting period. 2. DCR book has been prepared for the audited period. 3. Few Revenue related records were prepared by the Parishad. 4. Sairat register maintained separately
<p>Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement</p>	<ol style="list-style-type: none"> 1. None updating of statutory Register till the date of Audit. . 2. Non collection of outstanding Sairat. 3. Non preparation of bank reconciliation statements. 4. Lots of assets were not disposal which don't have any use in ULB. 5. Non deduction of TDS in various cases resulting in violation of tax provisions and attraction of interest and penalty. 6. Lack in follow-up procedure in



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	<p>collection of huge arrear dues in relating to property and other taxes.</p> <p>7. Non deposition of statutory dues such as Royalty. Labor Cess ESI/PF to the authorities after deduction from bills, resulting in huge penalties and interest.</p> <p>8. Stamp duty was not collected at the time of agreement of Sairat.</p> <p>9. Non-Performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.</p> <p>10. Non-Maintenance of assets registers in complete manner resulting in chances of miss-utilization of assets.</p> <p>11. No proper survey of properties has been conducted by the ULB to ascertain the property tax receivables from holdings.</p> <p>12. Loss of revenue due to huge outstanding property tax.</p> <p>13. Daily wages register was not prepared resulting in weakness in control over books of account.</p> <p>14. Huge outstanding of revenue including holding tax, tower tax, Sairats but no sincere efforts has been made by ULBs to recover the same.</p>
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3. **Opinion:** The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel and other matter incidental thereto for overall improvement of the ULB.



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4. **Audit Recommendations:** The recommendation of audit team on the observed weakness is as below:

1. Books of accounts should be prepared on real time basis under double entry system and accrual basis should be followed.
2. Outstanding income of Sairat & Property tax should be collected.
3. Those assets which don't have use should be disposed.
4. Electricity expenses should be paid regularly.
5. Employees of all departments are required to be trained and monitored for updating of day to day transactions on regular basis in respective records and registers.
6. Stringent follow up and actions are necessary for recovering arrear relating to property tax, tower tax, rental income and other sources of income.
7. Bank statements or treasury statement shall be collected on regular intervals and bank reconciliation statement should be prepared on monthly basis. Balance confirmation certificate to be obtained from the respective bank treasury periodically.
8. Fixed assets register has to be prepared for all fixed assets owned by the ULB, assets should be numbered. Physical verification of such fixed assets has to be conducted every year.
9. Stock/store register should be updated as per the formats provided in BMAR.
10. Statutory compliances such as deduction and deposition with authorities should be complied strictly to avoid penalty and interests.
11. Log book and fuel issue register should be maintained properly indicating km runs, places covered, purpose of visit, signature of driver, city manager, sanitary inspector etc.
12. Revenue records should be maintained properly including demand and collection details.
13. PF/ ESI should be timely deposited.



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5. Comments from Management:-

S/N	Observation	Management Comment	Recommendation
1	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10,000/- per year. During the course of audit it was observed that Rs 40,73,010/- is due towards Tower Company for financial year 2018-19. <i>(Details given in report)</i>	This will be strictly taken care by next financial year and Nagar Parishad will take necessary steps to recover or boost revenue from towers.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	Report on Findings of the field survey of property tax of minimum 20 high value properties. <i>(Refer detailed audit report)</i>	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Physical survey can't be conducted due to Non availability of ULB staff for conducting physical verification. Further SAF forms were provided of few properties.
3	PF deducted from all permanent staff salary & deposited but contribution of employer not deposited in his PF account causing loss to the savings of the employees The Samastipur Nagar Parishad is not complying with the provisions of EPF. It may lead to imposition of Penalty by the Authority in this Regards & Also Separate account maintained with bank for such EPF but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.	Will be considered in next financial year.	PF should be deposited immediately on particular PF account.
4	During the audit various cases were observed regarding non deduction	Will be considered in next financial year.	All statutory compliances related to deduction,



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	and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Parishad. Further it was also observed that return was also not filled for TDS & VAT. <i>(Refer detailed audit report)</i>		deposition and return filling should be complied.
5	The municipality is not in a practice to prepare BRS on regular or periodical basis and few banks did not reconcile. <i>(Refer detailed audit report)</i>	Will be considered in next financial year.	BRS should be maintained month wise.
6	Non collection of outstanding Sairat amount and current stamp duty. <i>(Refer detailed audit report)</i>	Nagar Parishad ensure that this will be taken care from now onwards.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
7	Non preparation of stores register	Will be considered in next financial year.	Due to non – maintenance of stock register, it will become difficult to identify quantity of each class of stock. So, the ULB should maintain a store ledger including price of inward goods.
8	Samastipur Nagar Parishad is not in practice to prepare monthly receipt and payment account and the trial balance.	Will be considered in next financial year.	ULB should prepare receipts and payment account on monthly basis. It helps to find out that how much fund received by the ULB and whether its utilization was made properly or not.
9	Demand Register for collection of Trade License for the financial year 2018-19 is not yet prepared	All tax collector cashier, cashier and tax daroga is directed to make necessary attempt in this regard.	Demand register should be prepared.
10	FAR is not maintained/updated by the ULB	Will be considered in next financial year.	FAR including assets wise identification number should be maintained/ updated by Nagar Parishad.
11	No-collection of notice fees	ULB staff is directed to	As per the regulation 158(a)



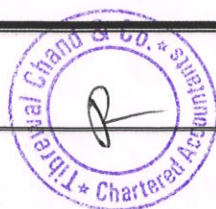
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		comply with Bihar Municipal Act 2007	of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delay payment at a rate as may be specified, and the amount of penalty therefore, but in case of Samastipur Nagar Parishad, corporation has not provided any information regarding charging and collection of notice fees. ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.
12	Expenditures vouchers register not maintain by ULB it was in loose file.	Will be considered in next financial year.	It should be maintain in proper way.
13	No increment in the rent on shop, government building & other building observed during audit.	Will be considered in next financial year.	Rate of rent should be increment at proper interval.
14	During the course of Audit, we observed that Nagar Parishad has conducted Internal audit for the year 2016-17 & 2017-18 but the compliance report for the same has not been prepared. <i>(Details given in report)</i>	Necessary action will be taken.	It should be prepared as soon as possible.
15	Daily wages register were not produced to us for audit.	ULB staff is directed to provide all the necessary documents to auditors.	Daily wages register should be made available to auditors.
16	Lack of internal control measures We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling and statutory compliances:	Nagar Parishad ensure that this will be taken care from now onwards.	We suggest that (i)MIS system should be implemented over daily collection and deposit. (ii)Reason for non-deposit/Late deposit should



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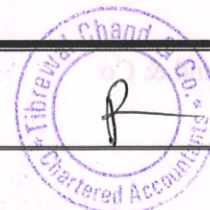
	<p>(i) Voucher file was not maintained (ii) No internal mechanism for statutory compliance (iii) No MIS was prepared for tracking of payments (iv) Required books of Accounts as per BMAM was not maintained (v) Statutory compliance reconciliation was not maintained</p>		<p>be strongly need to ask for minimize delay. (iii) Need to identify a person to comply with the statutory compliance. In case failure to comply with statutory compliances he should also be penalized. Therefore, the management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.</p>
17	Non-Compliance of Act & Rules	ULB staff is directed to ensure compliance of all applicable 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.
18	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.	ULB staff is directed to comply with BMA-2007	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.
19	Non-Implementation of double entry accounting system (DEAS) We found the detail that double accounting system is implemented at Samastipur Nagar Parishad and AFS, FAR & PTR for 2017-18 has been submitted. However we not got any data for 2018-19 verification the	Implementation of DEAS is ongoing and ULB staff is directed to cooperate with auditors and to provide all necessary documents for audit.	As per requirement of BMAR-2014, Part-A, Chapter-2 Rule -4, "All ULB referred in schedule-1 shall maintain its books of account using the double entry system". Since Samastipur Nagar Parishad is covered



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	same.		under schedule -1, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule.
20	Non-maintenance of required registers as per Rule No.-3 of BMAR-2014	ULB staff is directed to follow and comply the guidelines of BMAR	Details of registers not maintained by ULB is mentioned under Part-A (a). ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.
21	Non adjustment of advances	ULB staff is directed to provide all the necessary documents to auditors.	Advance register should be produced to auditors for verification.
22	There is a long outstanding list of property tax collection	Necessary action will be taken.	Daily collection register for property tax should be maintained year wise and appropriate action should be taken.
23	(i) Improper maintenance of records related to revenue collection. (ii) During the audit it was observed that mobile property tax is not getting collected on a timely basis and even if it is getting collected, the same is not deposited timely.	Nagar Parishad ensure that this will be taken care from now onwards.	I) Daily collection register for property tax should be maintained and appropriate action should be taken. (ii) Collection should be made on a regular basis and deposited on the same day to avoid any irregularity.
24	Most of shop rent agreement is expired but Nagar Parishad is not being taken necessary step to renewal rent agreement.	Will be considered in next financial year.	Management must take necessary step to renewal shop rent agreement as soon as possible.
25	Procurement Register has not maintained by ULB so it is difficult to trace all Procurement above Rs. 15000 from various cash book.	Will be considered in next financial year.	Register must be maintained by ULB.

Signed Discussion Note is enclosed with the report.



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6. Acknowledgement:-

We convey our heartfelt thanks to the entire team of Samastipur Nagar Parishad for rendering their help in successfully completing the assignment.



<p>20. Non-maintenance of registers as per Rule No-3 of BMAR-2014</p>	<p>U.B staff is directed to follow and comply the guidelines of BMAR</p>	<p>U.B staff is directed to required registers as per Rule No-3 of BMAR-2014</p>
<p>21. Advance register should be provided to auditors for verification</p>	<p>U.B staff is directed to provide all the necessary documents to auditors</p>	<p>U.B staff is directed to provide all the necessary documents to auditors</p>
<p>22. There is a long outstanding list of property tax collection</p>	<p>Necessary action will be taken</p>	<p>There is a long outstanding list of property tax collection</p>
<p>23. (i) Proper maintenance of records related to revenue collection. (ii) During the audit it was observed that mobile property tax is not getting collected on a timely basis and even if it is getting collected, the same is not deposited timely.</p>	<p>Nagar Parishad ensure that this will be taken care from now onwards.</p>	<p>(i) Proper maintenance of records related to revenue collection. (ii) During the audit it was observed that mobile property tax is not getting collected on a timely basis and even if it is getting collected, the same is not deposited timely.</p>
<p>24. Most of shop rent agreement is expired but Nagar Parishad is not being taken necessary step to renewal rent agreement.</p>	<p>Will be considered in next financial year.</p>	<p>Most of shop rent agreement is expired but Nagar Parishad is not being taken necessary step to renewal rent agreement.</p>
<p>25. Procurement Register has not maintained by U.B. so it is difficult to trace all procurement above Rs. 1500 from various cash book.</p>	<p>Will be considered in next financial year.</p>	<p>Procurement Register has not maintained by U.B. so it is difficult to trace all procurement above Rs. 1500 from various cash book.</p>

Signed Discussion Note is enclosed with the report.

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Detailed Audit Report

1. **Introduction:** Samastipur Nagar Parishad, with population of about 63 thousand is located in Samastipur sub district of Samastipur district in the state Bihar. There are approximate 12,000 households. Mr. Tarkeshwar Nath Gupta is Chairman holding post from 09-06-2017 to till the date of Audit. Mr. Rajnish Kumar is Executive officer holding post from 21-01-2019 to till the date of Audit.

Name of ULB		Period Covered	Audit Team
Samastipur Parishad	Nagar	1 st April 2018- 31 st March 2019	(1) TL: CA Neerav Bhanushali (2) MAE: CA Amit Ranjan (3) Auditor: Ranjeet Kumar

2. **Administration: -**

The Present governing body of the ULB has taken charge on 2017. The incumbencies in the key administrative and executive positions are as under:

- Mr. Tarkeshwar Nath Gupta, Chairman from 09-06-2017 to till the date of Audit.
- Mr. Rajnish Kumar, Executive officer from 21-01-2019 to till the date of Audit.

3. **Review of outstanding Audit Paras :**

Status of Audit observations is as under:

Sl. No.	Particulars of audit and date of report	Total no. of Audit paras.	Total No. of Audit Paras where necessary improvement/corrective measure is require	Total No. of Audit paras where recovery of cash is proposed	Total No. of Audit paras where recover has been made	Total amount of recovery	Total No. of outstanding paras where no action has been taken	No. & date of compliance report
1	AG Audit (2015-17)	21	21	2	0	0	21 (Compliance is prepared but no action	Compliance has been made. <i>Attached in</i>



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						has been taken yet.)	Annexure I.
2	Internal Audit (2016-2017 & 17-18)						Compliance Report not prepared.

(Note: Refer point no. 14 of discussion note)

4. **FINANCE:** Financial related to previous years actual and current year's budget is as below :

i. Budgetary provisions and expenditure for the last three years :-

Year	2018-19	2017-18	2016-17
Final/Revised Budget	34,51,36,856.00	127,757,090.00	61,849,762.00
Actual Expenditure	36,32,06,992.00	198,583,382.00	266,067,678.00
Savings(+)/Excess(-)	(1,80,70,136.00)	(70,826,292.00)	(204,217,916.00)

(Note: All figures taken from books of accounts.)

ii. Volume of Transactions:-

Period	Budgeted	Previous year 2017-18	Corresponding period of previous year	Current period	Cumulative for the current period
Opening Balance	470,474,784.86	270,309,931.36	125,401,817.36	470,474,784.86	470,474,784.86
Receipts	32,03,74,339.00	398,748,235.50	410,975,792.00	173,017,741.00	173,017,741.00
Total	79,08,49,123.86	66,90,58,166.86	536,377,609.36	64,34,92,525.86	64,34,92,525.86
Net expenditure	34,51,36,856.00	198,583,382.00	266,067,678.00	363,206,992.00	363,206,992.00
Closing Balance	44,57,12,267.86	470,474,784.86	270,309,931.36	28,02,85,533.86	28,02,85,533.86

(Note: All figures taken from books of accounts.)



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iii. Bank Reconciliation: Un-reconciled balance between bank book and bank statement as on 31-03-2019 has been shown below:

Name of Bank	Name of Scheme	Account No.	Passbook Balance	Cash Book Balance	Difference	Status
PNB	4 TH State FC	30305	7,43,710.34	1,00,79,241.00	93,35,530.66	Unreconciled
PNB	13 TH FC	21714	12,650.74	71,72,678.00	71,60,027.26	Unreconciled
PNB	4 TH State FC	21723	0.00	0.00	Nil	Reconciled
PNB	E-Governance	39935	40,204.50	5,25,533.00	4,85,328.50	Unreconciled
PNB	Rajya Yojna	21732	0.00	2,44,75,325.00	2,44,75,325.00	Unreconciled
PNB	BRGF	21769	4,48,951.74	39,01,854.00	34,52,902.26	Unreconciled
PNB	Kabir Antyyoshthi	50947	59,834.00	1,93,000.00	1,33,166.00	Unreconciled
PNB	NULM	37821	27,99,181.70	27,99,181.70	Nil	Reconciled
PNB	SBM	47332	15,42,835.00	15,42,835.00	Nil	Reconciled
PNB	MMHGNJY	55100	9,97,05,972.90	9,97,05,972.90	Nil	Reconciled
PNB	MMSNGPY	55119	4,88,26,466.39	4,88,26,466.39	Nil	Reconciled
SBI	Aantrik	65448	8,50,270.00	8,50,270.00	Nil	Reconciled
-	Treasury PL A/C	URB-001	8,78,54,764.01	8,78,54,764.01	Nil	Reconciled

Comments: ULB does not prepared bank reconciliation statement on monthly basis.

Recommendation: ULB should be prepared bank reconciliation on monthly basis.

(Note: Refer Discussion Note point no.5)

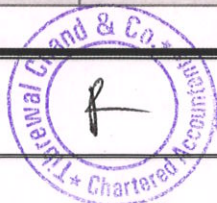
iv. Revenue & Capital Receipts :-

Income Details					
Sl. No.	Details	2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	Total Receipts (A+B)	17,30,17,741.00	398,748,235.50	398,748,235.50	410,975,792.00



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A	Revenue Receipts (1+2+3)	17,29,80,354.00	185,944,410.50	185,944,410.50	198,171,947.00
1	Own Revenue Receipts	3,21,78,421.00	22,838,165.50	22,838,165.50	35,065,702.00
a)	Tax Revenue (Levied & Collected By municipal Body) (i+ii)	12,27,198.00	2,506,132.00	2,506,132.00	8,219,643.00
i)	Property Tax	12,23,830.00	1,495,876.00	1,495,876.00	7,209,387.00
ii)	Other Tax (Levied & Collected By municipal Body)	3,368.00	1,010,256.00	1,010,256.00	1,010,256.00
b)	Non Tax Revenue (Levied & Collected By municipal Body) (i+ii+iii)	2,75,04,013.00	17,707,129.00	17,707,129.00	24,772,552.00
i)	Fess & Fines	37,31,378.00	1,181,749.00	1,181,749.00	1,259,863.00
ii)	User Charges	34,680.00	43,115.00	43,115.00	58,961.00
iii)	Other Non-Tax Revenue (Levied & Collected By municipal Body)	2,37,37,955.00	16,482,265.00	16,482,265.00	23,453,728.00
2	Other Revenue Receipts	34,47,210.00	2,624,904.50	2,624,904.50	2,073,507.00
a)	Income from interest/Investments	28,95,608.00	2,530,901.00	2,530,901.00	344,003.50
b)	Other Revenue Income	5,51,602.00	94,003.50	94,003.50	1,729,504.00
3	Transfers/grants/Assigned Revenues	14,08,01,933.00	163,106,245.00	163,106,245.00	163,106,245.00
a)	State Assigned Revenues	-	-	-	-
b)	State Finance Commission (SFC) Grants/Devolution	14,08,01,933.00	163,106,245.00	163,106,245.00	163,106,245.00
c)	Octroi Compensation	-	-	-	-
d)	Other State Government transfers	-	-	-	-
e)	Central Finance Commission (CFC) Grants	-	-	-	-
f)	Other Central Government transfers	-	-	-	-
g)	Others	-	-	-	-



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B	Capital Receipts (1+2+3+4+5)	37,387.00	212,803,825.00	212,803,825.00	212,803,825.00
1	Sale of Municipal Land	-	-	-	-
2	Loan (From state Govt. or Banks etc.)	-	-	-	-
3	State Capital Account Grant (Under state Scheme etc.)	-	141,674,312.00	141,674,312.00	141,674,312.00
4	Central Capital Account Grant (Under central Scheme etc.)	-	71,129,513.00	71,129,513.00	71,129,513.00
5	Other Capital Receipts	37,387.00	-	-	-

(Note: All figures taken from books of accounts.)

v. Revenue & Capital Expenditure Information :-

Expenditure Details

Sl. No.	Details	2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	Total Expenditure (1+2)	36,32,06,992.00	198,583,382.00	198,583,382.00	266,067,678.00
1	Revenue Expenditure	18,25,77,655.00	178,337,534.00	178,337,534.00	214,732,149.00
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	6,54,06,434.00	21,846,357.00	21,846,357.00	54,516,185.00
1.2	Operation & Maintenance (O & M)	11,66,07,672.00	156,491,177.00	156,491,177.00	160,215,964.00
1.3	Loan Repayment (Interest Payments)	-	-	-	-
1.4	Others (any other revenue Expenditure which is not salaries, O&M & or interest payment)	5,63,549.00	-	-	-
2	Capital Expenditure	18,06,29,337.00	20,245,848.00	20,245,848.00	51,335,529.00
2.1	All developmental works under central/state specific schemes	18,05,82,784.00	20,245,848.00	20,245,848.00	51,335,529.00



Internal Audit Report for the year ended 31st March of F.Y. 2018-19

2.2	Loan Repayments	-	-	-	-
2.3	Other capital expenditure	46,553.00	-	-	-

(Note: All figures taken from books of accounts.)

vi. Status of implementation of double entry accounting system: DEAS has been implemented by M/s A P Sanzgiri & Co. at Samastipur Nagar Parishad till F.Y 2017-18 but for the period of 2018-19 no real time double entry system has started till the date of audit.

Particular	Completed
PTR	2017-18
AFS	2017-18
FAR	2017-18

(Note: Refer point no. 19 of discussion note)

vii. Status of Municipal Accounts Committee if meeting is held: As per section 98 of Bihar Municipal Act, 2007 it is necessary for the Municipality to constitute accounts committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto but no municipal accounts committee meeting has been held till the date of our audit.

(Note: Refer point no. 18 of discussion note)



Internal Audit Report for the year ended 31st March of F.Y. 2018-19

5. Audit Observations: -

I. Part-A

- 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.**

Holding and property tax not deposit on timely basis

Audit Objective: Assessment of property tax as per Bihar Municipal Act and all collection deposited with treasury.

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

Condition: Delay Deposit of Property Tax Collected by tax collector to Nazir. Daily collection register has not been provided for verification, in such a situation we cannot ascertain the actual delay of deposits this could be a huge loss to Nagar Parishad.

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

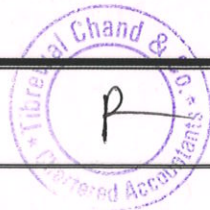
Cause: This happens due to non-follow up and monitoring of activities of Tax Collector by the concerned officer on regular interval.

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

(Note: Refer point no. 23 of discussion note)

Tower tax

Audit Objective: Assessment of Tower tax as per Bihar Communication Tower and related structure rules, 2012 and all collection deposited with treasury.



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Criteria – Tower Tax is taxes on Communication Tower & related structure as defined in Bihar Communication Tower and related structure rules, 2012 as per the rule Tax Collected has to be deposited on same day or latest before noon on the following working day.

Condition: As per notification of Bihar Government, the Governor of Bihar made the rules for the mobile tower under the Act. The mobile operator has to install tower only after obtaining necessary approvals and paying a Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10,000/- per year, while checking the files and other relevant records company wise outstanding was not maintained properly and o/s detail of Rs. 40,73,210 lakhs was found. In absence of proper demand and collection register it was difficult to find the exact demand.

S. N.	Name of tower	No. of tower	Registration fee	Renewal Fee	Collection Amount	Total due
1	Reliance Infocom Ltd.	2	80,000.00	635,410.00	0.00	715,410.00
2	Vion Network Ltd. (Tata)	4	1,60,000.00	773,600.00	0.00	933,600.00
3	Bharti infratel ltd.	7	2,80,000.00	1,353,800.00	0.00	1,633,800.00
4	Vodafone ishar special ltd.	6	2,40,000.00	550,200.00	0.00	790,200.00
Total			7,60,000.00	3,313,010.00	0.00	4,073,010.00

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

Cause: We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has no proper mechanisms for supervision and monitoring of the Tower Rent due to which result in revenue leakage.

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

(Note: Refer point no. 01 of discussion note)

Non Collection of Advertisement Tax:

Criteria: Advertisement Taxes, in case auctioned to external agencies, shall be recognized as per the terms of agreement. In all other cases, when permission for advertisement is granted for the first time, the Advertisement Tax shall be accrued at the point when Tax is paid and



Internal Audit Report for the year ended 31st March of F.Y. 2018-19

permission is granted. After the first year, Advertisement Tax shall be accrued when renewal is due.

Condition: Nagar Parishad is not collecting any advertisement tax.

Consequence/Effect/Impact: Due to non collection of advertisement tax there is a huge revenue loss to the Nagar Parishad.

Cause: This happens due to failure of designated staff and non-monitoring of authorized officials on timely basis.

Corrective Action/ Recommendation: There should be proper collection and monitoring mechanism for advertisement tax.

Stamp duty

Audit Objective: As per Point no-5 of TOR.

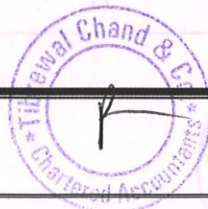
Criteria: As per Bihar Municipal Act.

Condition: *Case 1:* During the audit of Sairat files it was observed that stamp duty @ 3% of Sairat amount was not recovered from successful bidders at the time of agreement.

Sl. No.	Name of Sairat	Amount	Remarks	Observation
1	Karpuri Bus Padaav	19,151,550.00	Stamp Duty not collected	-
2	Gudri Market	477,376.00	Stamp Duty not collected	-
3	Hoarding (Advertisement related board, banner. Etc.)	544,708.00	Stamp Duty not collected	Agreement not available
4	Kil Khana	10,829.00	Stamp Duty not collected	Agreement not available
5	Magardahi ghat durga puja mela	2,589.00	Stamp Duty not collected	Agreement not available

Case 2: During the audit of Sairat files it was observed that a bidder named Uma Shankar Gupta's stamp paper is blank i.e., no agreement was made and still he was allotted the work of Parking Asthal. **Photo copy of stamp paper is attached in Annexure 2.**

Consequence / Effect / Impact: Due to non-Collection of stamp duty there is a revenue loss to ULB.



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Cause: This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the stamp duty which results in revenue leakage.

Corrective Action / Recommendation: There should be proper monitoring and further steps are required to be taken for collection of stamp duty by concerned ULB.

(Note: Refer point no. 06 of discussion note)

Outstanding Property Tax

Audit Objective: Assessment of property tax as per Bihar Municipal Act and all collection deposited with treasury.

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

Condition: Property tax is not being collected efficiently by the Nagar Parishad due to which Nagar Parishad is losing revenue. Some cases given below:-

SI No.	Holding No.	Ward No.	Property Tax Amount (Rs.)
1	127	10	379,411.20
2	105	24	174,359.36
3	126	18	129,452.28
4	234	18	128,226.24
5	109	10	102,391.00
6	127	18	83,080.08
7	242	12	71,869.71
8	129	10	69,180.29
9	113	13	58,320.00
10	231	04	57,369.60
11	257	18	55,070.28
12	256	17	54,705.00

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13	333	08	51,536.88
14	113	24	50,022.56
15	83	24	48,024.99
16	115	24	47,707.68
17	170	4	44,928.00
18	104	23	43,419.30
19	116	24	42,801.60
20	44	05	41,917.50
Total			16,76,423.95

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

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

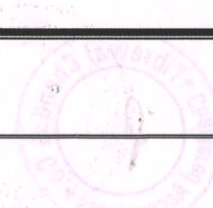
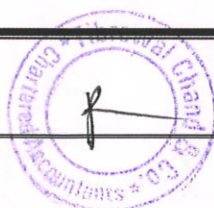
Corrective Action/Recommendations: There should be day to day monitoring on Collection of Taxes by Tax Inspector/Collectors and deposit of collection into Bank either on same day or latest before noon on the following working day.

(Note: Refer point no. 22 of discussion note)

b. Excess payment made against the bill, lack of prudence in payment against vouchers, inefficiency in control resulting loss to ULB:

While checking the file of rent agreements it was observed that Rent Agreements are expired in few cases and renewal or fresh agreement was not made till the date of audit.

Sl. No.	Particular of shop	No. of shop	Period (in year)	Rent agreement expiry date or agreement made or not
1	Riyaj Ahmad	34	10	28/12/2000
2	Santosh Kumar Choudhary	4	10	26/12/2000



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3	Anil Kumar Ishwar	23	10	09/018/2001
4	Ramesh Kumar Choudhary	22	03	21/12/1993
5	Raj Narayan Singh	58	10	25/07/2009
6	Dhruv Sah	38	-	Agreement missing
7	Sanjay Kumar Singh	35	-	Agreement missing
8	Vishwanath Giri	57	5.5	31/05/2015
9	Vishwanath Giri	58	5.5	31/05/2015
10	Heera Kumara	07	10	15/02/2001
11	Abdul Mannan	14	-	Agreement missing
12	Amresh Kumar	16	10	17/11/2009
13	Arun Kumar Pandey	40	10	08/11/2009
14	Ranjan Kumar	15	10	16/01/2001
15	Dilip Kumar Varma	13	10	14/12/2000
16	Ravindra Kumar	21	10	20/12/2000
17	Shasank Kumar	20	-	Agreement missing
18	Shambhu Sah	61A	10	07/01/2009
19	Bimlesh Kumar Vimal	39	10	15/11/2009
20	Anil Kumar Mishra	06	10	21/12/2000
21	Kundan Kumar	32	10	28/12/2001
22	Ashok Kumar Singh	71A	10	14/12/2000
23	Suresh Prasad Singh	26	10	17/11/2009
24	Suresh Prasad Singh	37	10	17/11/2009
25	Krishna Kumar Singh	27	-	Agreement missing
26	Md. Nashim	31	10	09/09/2009
27	Bimlendu Kumar	08	03	04/01/2002
28	Urmila Choudhary	02	-	Agreement missing
29	Sanjay Kumar Singh	28	-	Agreement missing
30	Kamlesh Kumar Kamal	44	10	20/12/2000



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31	Shailendra Singh	19	-	Agreement missing
32	Praveen Kumar	10	-	Agreement missing
33	Hari Narayan Singh	17	-	Agreement missing
34	Vinay kumar Singh	09	-	Agreement missing
35	Devendra Pathak	25	10	27/12/1999
36	Ramcharan Sah	61	10	10/10/2005
37	Mahendra Prasad Pandey	33	10	30/11/2001
38	Md Mustakim	55	10	22/01/2009
39	Md Mustakim	68	10	22/01/2009
40	Sanjeet Kumar	47	10	24/12/2000
41	Sanjeet Kumar	48	10	24/12/2000
42	Sharvan Sah	49	10	22/01/2009
43	Sharvan Sah	62	10	22/01/2009
44	Umesh Kumar	60	-	Agreement missing
45	Md Asgar	11	-	Agreement missing
46	Santosh Kumar	18	-	Agreement missing
47	Vidayapati Katariya	24	-	Agreement missing
48	Kumar Nilesh	42	10	10/07/2001
49	Arjun Sahni	12	10	19/12/2000
50	Krishna Murari Yadav	45	10	09/04/2009
51	Ram Prasad Sah	36	-	Agreement missing
52	Manoj Kumar Singh	43	10	12/10/2005
53	Md Akbar	02	4.8	26/11/2006
54	Vijay Yadav	13	4.8	31/03/1997
55	Pramila Devi	08	-	Agreement missing
56	Ramdeo Sahni and Surendra Sahni	24 and 21	4	31/03/2000
57	Pandey Bhupendra Kumar	10	4.3	31/03/1997
58	Ranjan Kumar Rai	16	4.8	31/03/1997



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59	Majbun Khatun	17	-	All document missing
60	Surendra Rajak	09	4.8	31/03/1997
61	Rajesh Kumar	21	4.8	31/03/1997
62	Kiashor Paswan	22	-	Agreement missing
63	Shivnath Prasad	25	3	31/03/2000
64	Mahesh Prasad Singh	26	10	02/01/2002
65	Najmun Nisha	17	-	Agreement missing
66	Harish Kumar	07	-	Agreement missing
67	Sunil Kumar Pandey	08	-	Agreement missing
68	Pandey Bhupendra Kumar	24	4.8	31/03/1997
Homeopathic Ayoudhalay				
69	Ramkrishna Mahto	01	-	File missing
70	Neelam Devi	02	-	File missing
71	Ganesh Pandey	03	-	File missing
72	Sunil Kumar	04	-	File missing
73	Pradeep Kumar Sah	05	-	File missing
74	Ram Vinay Mahto	06	-	File missing
75	Anil Kumar Rai	07	-	File missing
76	Ranjeet Kumar Singh	08	-	File missing
77	Shankar Prasad Sah	09	-	File missing
78	Jai narayan Sah	10	-	File missing

(Note: Refer point no. 24 of discussion note)

c. Report on Findings of the field survey of property tax of minimum 20 high value properties is given here: -

Our team on the basis of information available asked the SAF, demand collection detail of below mentioned properties:

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SAF forms of below few properties were provided but no arrangements were made for physical verification due to staff scarcity. So, SAF forms can't be verified. Further demand collection register which was produced to us was in complete and not having required information.

Details of 20 high value properties provided by the ULB are as below.

SI No.	Holding No.	Ward No.	H. No.	Types	Property Tax
1	Shashi bhushan Singh	18	203	Residential	11,766.00
2	Kaushlya Devi	14	166	Residential	1,49,017.00
3	Rajesh Kumar Singh	18	200	Residential	16,332.00
4	Shiv Kumar Khemka	18	200B	Residential	91,801.00
5	Maheshawar Poddar	18	200	Residential	16,999.00
6	Gopal Sah	18	195	Residential	32,911.00
7	Kapil Mahato	18	82	Residential	11,751.00
8	Gopal Sah	18	89	Residential	15,427.00
9	Shiv Kumar Khemka	18	131	Residential	91,825.00
10	Mahant Deep Narayan Das	18	200	Residential	23,749.00
11	Mahant Deep Narayan Das	18	196	Residential	8,933.00
12	Mahant Deep Narayan Das	18	198	Residential	3,174.00
13	Harijan Residential School	01	210A	Commercial	4,66,449.00
14	Mahant Deep Narayan Das	06	50	Residential	23,939.00
15	Vyapar Manadal Rosera	06	122A	Commercial	59,563.00
16	PHED Office	06	194	Commercial	1,33,269.00
17	Kaushal Sahani	10	195	Residential	15,189.00
18	Ram Pukar Mahato	10	110	Residential	11,304.00
19	Parvati Devi	10	187	Residential	22,571.00
20	Ram Avatar Purvey	13	206	Residential	71,012.00

(Note: Refer point no. 2 of discussion note)

(Note: Variance did not find)



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Part B

a. **Non-maintenance of books of accounts, subsidiary registers:** During the audit we observed that following registers which are given below has not been maintained by the ULBs.

- Subsidiary register
- Stock register
- Cheque issue registers.
- Assets register.
- Contra, journal, Receipt Voucher.
- Records and revision of taxes and rent.
- Main Cash Book.
- UC Grant & Allotment Register.

In addition to the above following records were also not maintained by the ULB:

- Memorandum of collection (GEN 21)
- Summary of daily collection register
- Register for bills payment
- Cheque issue register
- Register for Advances
- Deposits register
- Summary statement of deposit adjustment
- Summary statement of bills raised
- Register of refunds, remissions and write offs
- Statement of outstanding expenses liability
- Document control register
- Register of immovable property
- Register of movable property
- Register of land
- Register of assets replacement
- Register of public lighting system.

(Note: Refer point no. 20 of discussion note)

b. **Irregularity in procurement process:** Procurement Register has not maintained by ULB so it is difficult to trace all Procurement above Rs. 15000 from various cash book.

(Note: Refer point no. 25 of discussion note)



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c. Non Compliance of directives of UD&HD: We observed several non-compliance of the directions of the UDHD which includes-

- Non Implementation of GeM procurement mechanism
- Non collection of various taxes required to be collected.
- Non maintenance of prescribed books of accounts.
- Non maintenance of prescribed DEAS.
- None maintenance of DCR.
- Non preparation of budget as per budget manual.
- Closing of daily cash book and bank book.
- Physical verification of cash balance with daily collection register and bank balances.

d. Non Compliances of the Acts and Rules: During the audit we observed below mentioned non compliances:

- Non formation of Municipal Accounts Committee
- Non maintenance of books of accounts as per BMAR
- Non preparation of budget as per Bihar Municipal Budget Manual
- Property tax rate should be increased in every 5 years but not increased since a long period

(Note: Refer Discussion Note 17 of discussion note)

e. Lack of Internal Control Measures:

- (i) Voucher file was not maintained
- (ii) No internal mechanism for statutory compliance
- (iii) No MIS was prepared for tracking of payments
- (iv) Books of Accounts as per BMAM was not maintained
- (v) Statutory compliance reconciliation was not maintained

(Note: Refer Discussion Note 16 of discussion note)

f. Non- Compliance of TDS, VAT, and other relevant statute: During the audit it was observed that there is very serious issues in statutory compliances taxes are often deducted/ but not deposited on time resulting in heavy interest and penalty. Few cases are-

- i. Royalty:** It was observed that no Royalty was deducted from April 2018 to March 2019 by the ULB.
- ii. Labor Cess:** It was observed that Labor Cess of Rs 161,380/- was deducted from April 2018 to March 2019, but no amount was deposited by the ULB.



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iii. **TDS:** Also there are few cases where TDS was not deducted from employee's salaries:

Name of Employee	Basic	DA	HRA	Medical	TDS
Ashok Kumar	24,380.00	34,620.00	2,438.00	200.00	TDS not deducted
Prem Shankar Kumar	17,420.00	24,736.00	1,742.00	200.00	TDS not deducted
Anjani Kumar	24,380.00	34,620.00	2,438.00	200.00	TDS not deducted
Arvind Kumar	24,380.00	34,620.00	2,438.00	200.00	TDS not deducted
Dr. Suresh Rai	17,420.00	24,736.00	1,742.00	200.00	TDS not deducted
Supendra Kumar Singh	17,420.00	24,736.00	1,742.00	200.00	TDS not deducted

(Note: Refer point no. 04 of discussion note)

g. **Deficiency in pay roll system:** During the audit it was observed that no bio metric attendance was used for making attendance. Further there was very poor internal control on leave tracking of the employees.

PF and ESI: During the audit it was observed that PF and ESI deducted from employees salary not deposited with authorities causing loss to the savings of the employees but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.

(Note: Refer point no. 07 of discussion note)

h. **Utilization certificate report on grants allotted during the year:** Details of UCs related to FY: 2018 – 2019 are given as annexure.

i. **Physical Verification of the inventories and stores:** Stores registers has not been prepared by the ULB. During the year 2018-19 no physical verification was carried out.

(Note: Refer point no. 07 of discussion note)

j. **Advances:** Advance register was not provided to us therefore we are unable to comment on this regards.

(Note: Refer point no. 21 of discussion note)

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Part C

Sl. No	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Chapter xi, rule 84 (Budget has not been sanction by Empowered standing committee) & Chapter xii, rule 86 (Prepare and maintain accounts of receipts and expenditure), 87 (Preparation of Municipal Accounting Manual), 88 (Financial Statement.) 89 (Balance sheet.), 90 (Submission of financial statement and balance sheet to auditor.) and 98 (Municipal accounts committee.) are not follow by the ULB.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment procedures to check any in-consistencies in assessment. at least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not).	Refer audit report.
3	Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR Rule 22: All moneys to be brought to account Rule: 27: Collections to be deposited into Bank on the same day Rule 69: Grant Related Compliance Rule 120-121: Monthly Receipt & Payment Account and Trial Balance Rule 130: Audit to be completed & reported within 6 month	Rule 22: we have found that all money has been brought to account but delayed. Rule 27: we have observed that the collected money has not to be deposited into Bank Account on same day. Rule 69: Grant related compliance has been done properly. Rule 120-121: Monthly Receipt & Payment Account and Trial Balance are not being prepared. Rule 130 is not being followed.
4	Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, GoB have been complied.	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.



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5	If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sai rat etc. have incurred then quantify the same.	It has been discussed in discussion notes and audit report under part A.
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	Discussed in audit report Part A.
7	Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Refer detailed audit report.
8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Refer audit report.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	It has been provided in discussion notes as well as in audit report under part A.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	It has been provided in discussion notes as well as in audit report under part A.
11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No fixed deposit made during the F.Y. 2018-19. All funds held by ULB are maintained at Nationalized Banks and rate of interest is per banking norms.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses	It has been provided in discussion notes as well as in audit report under part A.



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	have been identified then prepare a statement of loss for revenue losses.	<u>Annexure "A"</u>
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	It has been provided in discussion notes as well as in audit report under part A.
14	Whether C&AG and Internal audit paras has been complied, if not assistance has been provided in this regard.	Discussed in details audit report and also annexure attached.



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Annexure "1"

कार्यालय
नगर परिषद, समस्तीपुर

पत्रांक- १०६ दिनांक- 17.11.14

प्रेषक- नगर कार्यपालक पदाधिकारी,
नगर परिषद, समस्तीपुर।

सेवा में,
वरीय लेखा परीक्षा अधिकारी,
शहरी स्थानीय निकाय,
सोशल सेक्टर-1,
बिहार, पटना।

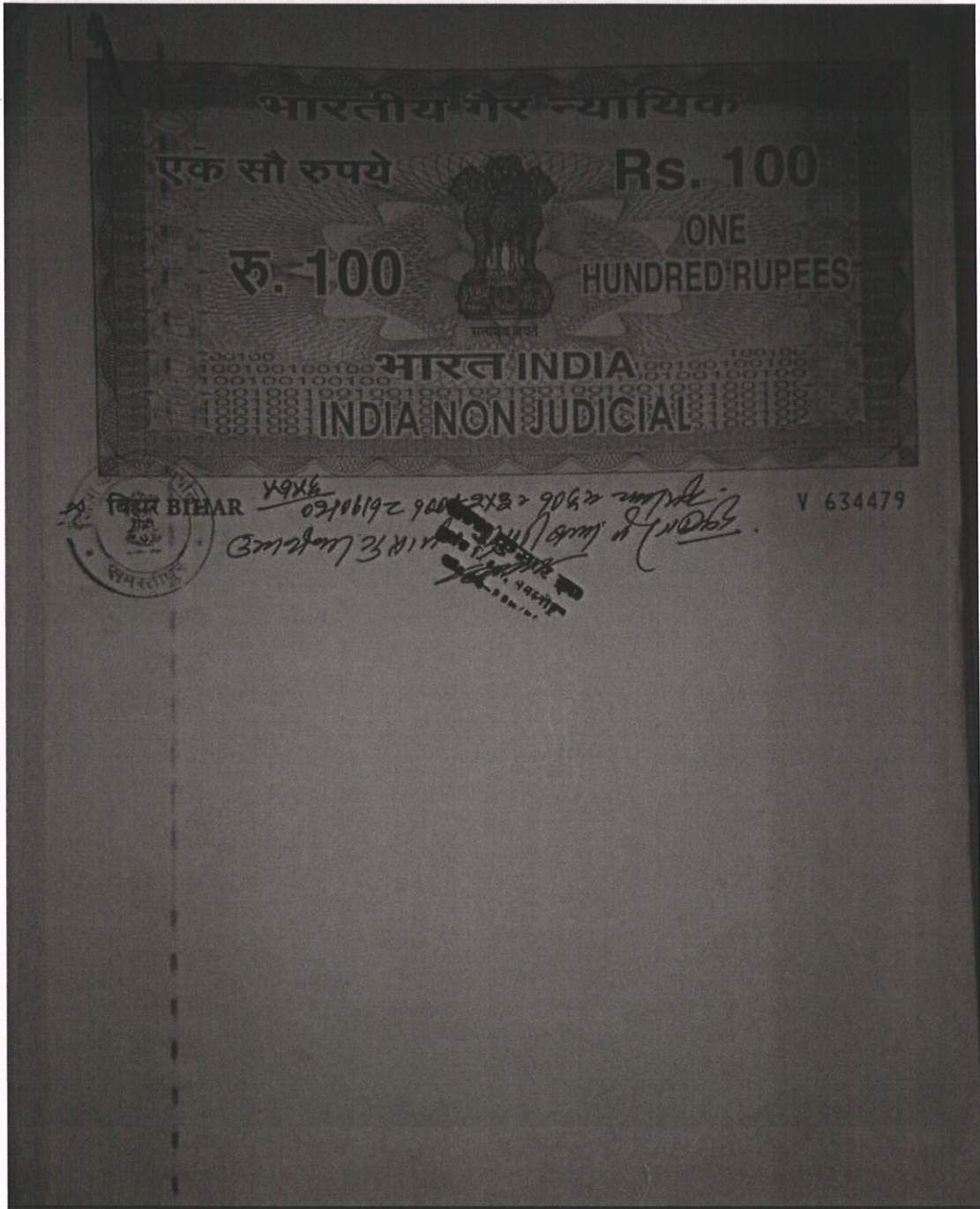
विषय :- अंकेक्षण निरीक्षण प्रतिवेदन सं०-10/2012-13 (2009-10 से 2010-11) प्रतिवेदन के अनुपालन के संबंध में।

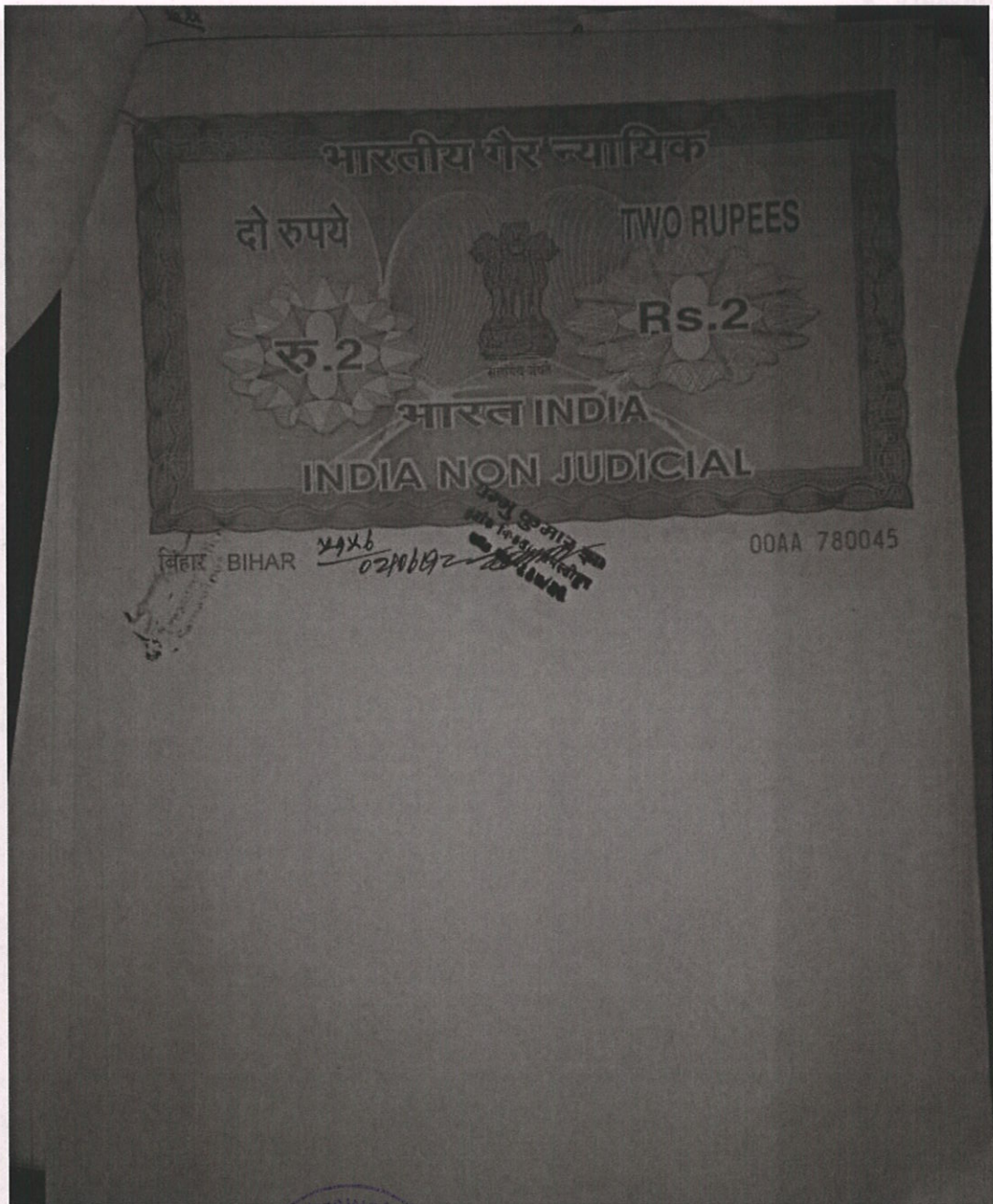
समहाशय,
उपरोक्त विषयक नगर परिषद, समस्तीपुर से संबंधित अंकेक्षण प्रतिवेदन ए० आर० नम्बर 419 ऑफ 07-08 का कडिकावार

क्रमांक	कडिका संख्या	अनुपालन
1	11 अनियमित अनुदान हस्तगतकरण	नगर परिषद के पत्रांक-869 दिनांक-26.11.2009 द्वारा जिला पदाधिकारी सह अध्यक्ष बुझा, समस्तीपुर को चेक नं०-001143/ए 114207 दिनांक-24.11.2009 राशि 50 लाख को हस्तारालि किया गया संबंधित उपयोगिता प्रमाण-पत्र अगले अंकेक्षण दल के समक्ष उपस्थापित किया जायेगा।
2	12 कम/नहीं जमा राशि	मौ०-11114.40 रूपये अंकेक्षण के दौरान जमा करा दिया गया।
3	17 (क) सुरक्षित जमा से कम राशि पर बंदोवस्ती किये जाने के कारण राजस्व हानि (रूपये 8,73,847.00)	वसूली हेतु जिम्मेदारी तय करने की दिशा में कार्रवाही की जा रही है।
4	17 ख.ग बंदोवस्ती की राशि नगर परिषद कोष में नहीं जमा (मौ० 3,48,000.00)	वसूली हेतु बंदोवस्तदार को नोटिस किया गया था। पुनः नोटिस किया जा रहा है अगर उनके द्वारा राशि जमा नहीं की जाती है तो निलाम पत्र दायर करना एव अन्य सुसंगत कार्रवाही की जाएगी।
5	18 बकाया दुकान किराया मौ० 2,58,500.	बकाया दुकान किराया जमा करने हेतु दुकानदारों को नोटिस दिया गया है।
6	25 विलंब से कार्यान्वित योजनाओं में छत्तीपूति राशि की कटौती नहीं मौ० 6.02 लाख	छत्तीपूति राशि वसूली कर नगर परिषद कोष में जमा करने की दिशा में कार्रवाही की जायेगी।
7	27 असमायोजित अधिम मौ० -145.24 लाख	अधिकांश राशि का समायोजन कर लिया गया है शेष का समायोजित हेतु कार्रवाही की जा रही है।

Tibrewal Chand & Co
Chartered Accountants

Annexure "2"





Annexure "3"

RETAIL INVOICE

SHREE BALA JI AGENCY CHAKKAR CHOWK MUZAFFARPUR		INVOICE NO. R-67/17-18	DATED : 24/12/2018			
		DELIVERY NOTE : <input checked="" type="checkbox"/>	TERMS OF PAYMENT			
BUYER'S DETAILS : To, The Executive Officer, Nagan Parished, Samaastipur.		DESPATCH	DATED :			
		PURCHASE ORDER NO. Telephonic	DATED : 20/12/2018			
		TERMS OF DELIVERY				

SL NO.	DESCRIPTION OF GOODS	QTY	RATE	PER	DISC%	AMOUNT
1.	Casual Tenor NP6-28	1				3500.00
<i>Inclusive of all taxes</i>						
GRAND TOTAL						3500.00

3500/-
24/12/18

AMOUNT IN WORDS RS : *Three thousand five hundred only.* E.&O.E

DECLARATION :
PAYMENT SHOULD BE MADE IN FAVOUR OF
"SHREE BALA JI AGENCY" Muzaffarpur.
300% PAYMENT AGAINST DELIVERY
WE DECLARE THAT THIS INVOICES SHOWS THE
ACTUAL PRICE OF THE GOODS DESCRIBED AND THAT
ALL PARTICULARS ARE TRUE AND CORRECT

FOR SHREE BALA JI AGENCY

OA

AUTHORISED SIGNATORY

Account Delids
Shree Balajee Agency
Bank - ICICI Bank
Branch - Muzaffarpur CIVI Court
Branch
IFS Code - ICIC0001330
A/c No - 12305801020

Power received
lata
24/12/18



RETAIL INVOICE

SHREE BALA JI AGENCY CHAKKAR CHOWK MUZAFFARPUR		INVOICE NO. R-66/17-18	DATED : 24/12/-2018			
		DELIVERY NOTE :	TERMS OF PAYMENT			
		DESPATCH	DATED :			
BUYER'S DETAILS :		PURCHASE ORDER NO.	DATED :			
To, The Executive Officer, Nagan Parishad, Samastipur.		Telephonic	20/12/2018			
		TERMS OF DELIVERY Canon Copier Machine Model-IR-2420L				
SL NO.	DESCRIPTION OF GOODS	QTY	RATE	PER	DISC%	AMOUNT
1.	Drum Set (Drum / Blade / Changing Roll)	1				7000.00
	Repairing Servicing charge					2500.00
	Inclusive of all taxes					9500.00
GRAND TOTAL						9500.00
AMOUNT IN WORDS RS : <i>Nine thousand five hundred only.</i>						E.&O.E
DECLARATION : PAYMENT SHOULD BE MADE IN FAVOUR OF "SHREE BALA JI AGENCY" 100% PAYMENT AGAINST DELIVERY WE DECLARE THAT THIS INVOICES SHOWS THE ACTUAL PRICE O THE GOODS DESCRIBED AND THAT ALL PARTICULARS ARE TRUE AND CORRECT						FOR SHREE BALA JI AGENCY AUTHORISED SIGNATORY

9500
24/12/18

25/12/18



RETAIL INVOICE

SHREE BALA JI AGENCY
CHAKKAR CHOWK
MUZAFFARPUR

INVOICE NO.
R2/17-18

DATED :
19/7/2018

DELIVERY NOTE :

TERMS OF PAYMENT

DESPATCH

DATED :

BUYER'S DETAILS :

The Executive Officer,
Nagar Parishad,
Samastipur.

PURCHASE
ORDER NO.

DATED :

TERMS OF DELIVERY

Telephonic dt. 17/7/2018

SL NO.	DESCRIPTION OF GOODS	QTY	RATE	PER	DISC%	AMOUNT
1.	Canon Copier machine Model- IR 2420L Control Panel Re- Sets.					3500.00
	Repairing Servicing Charge					2500.00
						6000.00
	GRAND TOTAL					6000.00

E.&O.E

AMOUNT IN WORDS RS : Six thousand only.

DECLARATION :

PAYMENT SHOULD BE MADE IN FAVOUR OF
"SHREE BALA JI AGENCY"
100% PAYMENT AGAINST DELIVERY
WE DECLARE THAT THIS INVOICES SHOWS THE
ACTUAL PRICE O THE GOODS DESCRIBED AND THAT
ALL PARTICULARS ARE TRUE AND CORRECT

FOR SHREE BALA JI AGENCY

AUTHORISED SIGNATORY

Handwritten signature and date: 19/7/2018



RETAIL INVOICE

SHREE BALA JI AGENCY CHAKKAR CHOWK MUZAFFARPUR		INVOICE NO. R-46/17-18	DATED : 08/10/2018			
		DELIVERY NOTE :	TERMS OF PAYMENT			
		DESPATCH	DATED :			
BUYER'S DETAILS :		PURCHASE ORDER NO.	DATED : 05/10/2018			
To, The Executive Officer, Nagar Parishad, Samastipur.		TERMS OF DELIVERY				
SL. NO.	DESCRIPTION OF GOODS	QTY	RATE	PER	DISC%	AMOUNT
1.	Canon Toner NPG-28 (Black) Inclusive of all taxes	2	3500.00			7000.00
GRAND TOTAL						7000.00
AMOUNT IN WORDS RS : Seven thousand only.						E.&O.E
DECLARATION : PAYMENT SHOULD BE MADE IN FAVOUR OF "SHREE BALA JI AGENCY" 100% PAYMENT AGAINST DELIVERY WE DECLARE THAT THIS INVOICES SHOWS THE ACTUAL PRICE O THE GOODS DESCRIBED AND THAT ALL PARTICULARS ARE TRUE AND CORRECT						FOR SHREE BALA JI AGENCY AUTHORISED SIGNATORY

24/12/18



Internal Audit Report for the year ended 31st March of F.Y. 2018-19

Annexure 4: Details of UC's of Financial Year 2018 – 2019

SN	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2018-19	EO SALARY	22/05/2018	7.00	NIL	7.00	Un-utilised amount RS. 7.00 transferred to PL A/C
2	2018-19	City Manager Salary	24/05/2018	1.97	NIL	1.97	Un-utilised amount RS. 1.97 transferred to PL A/C
3	2018-19	5th Fin	03/07/2018	275.70	NIL	275.70	Un-utilised amount RS. 275.70 transferred to PL A/C
4	2018-19	Civic Amenities	31/10/2018	69.70	NIL	69.70	Un-utilised amount RS. 69.70 transferred to PL A/C
5	2018-19	14th Finance	31/10/2018	133.16	NIL	133.16	Un-utilised amount RS. 133.16 transferred to PL A/C
6	2018-19	5th Finance	10/07/2018	281.95	NIL	281.95	Un-utilised amount RS. 281.95 transferred to PL A/C
7	2018-19	5th Finance	20/08/2018	26.73	26.73	NIL	VC Submitted
Grand Total				796.21	26.73	769.48	



Discussion Note F.Y. 2018-19 Samastipur Nagar Parishad

S/N	Observation	Management Comment	Recommendation
1	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10,000/- per year. During the course of audit it was observed that Rs 40,73,010/- is due towards Tower Company for financial year 2018-19. (Details given in report)	This will be strictly taken care by next financial year and Nagar Parishad will take necessary steps to recover or boost revenue from towers.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	Report on Findings of the field survey of property tax of minimum 20 high value properties. (Refer detailed audit report)	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Physical survey can't be conducted due to Non availability of ULB staff for conducting physical verification. Further SAF forms were provided of few properties.
3	PF deducted from all permanent staff salary & deposited but contribution of employer not deposited in his PF account causing loss to the savings of the employees The Samastipur Nagar Parishad is not complying with the provisions of EPF. It may lead to imposition of Penalty by the Authority in this Regards & Also Separate account maintained with bank for such EPF but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.	Will be considered in next financial year.	PF should be deposited immediately on particular PF account.
4	During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in	Will be considered in next financial year.	All statutory compliances related to deduction, deposition and return filling should be complied.



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Discussion Note

Samastipur Nagar Parishad

	stipulated time by the Nagar Parishad. Further it was also observed that return was also not filled for TDS & VAT. <i>(Refer detailed audit report)</i>		
5	The municipality is not in a practice to prepare BRS on regular or periodical basis and few banks did not reconcile. <i>(Refer detailed audit report)</i>	Will be considered in next financial year.	BRS should be maintained month wise.
6	Non collection of outstanding Sairat amount and current stamp duty. <i>(Refer detailed audit report)</i>	Nagar Parishad ensure that this will be taken care from now onwards.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
7	Non preparation of stores register	Will be considered in next financial year.	Due to non – maintenance of stock register, it will become difficult to identify quantity of each class of stock. So, the ULB should maintain a store ledger including price of inward goods.
8	Samastipur Nagar Parishad is not in practice to prepare monthly receipt and payment account and the trial balance.	Will be considered in next financial year.	ULB should prepare receipts and payment account on monthly basis. It helps to find out that how much fund received by the ULB and whether its utilization was made properly or not.
9	Demand Register for collection of Trade License for the financial year 2018-19 is not yet prepared	All tax collector cashier, cashier and tax daroga is directed to make necessary attempt in this regard.	Demand register should be prepared.
10	FAR is not maintained/updated by the ULB	Will be considered in next financial year.	FAR including assets wise identification number should be maintained/ updated by Nagar Parishad.
11	No-collection of notice fees	ULB staff is directed to comply with Bihar Municipal Act 2007	As per the regulation 158(a) of chapter XIX of Bihar Municipal Act 2007,



J. P. Singh
20/05/2022

			Municipality can issue of notice of demand, charging of notice fee, levy of interest for delay payment at a rate as may be specified, and the amount of penalty therefore, but in case of Samastipur Nagar Parishad, corporation has not provided any information regarding charging and collection of notice fees. ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.
12	Expenditures vouchers register not maintain by ULB it was in loose file.	Will be considered in next financial year.	It should be maintain in proper way.
13	No increment in the rent on shop, government building & other building observed during audit.	Will be considered in next financial year.	Rate of rent should be increment at proper interval.
14	During the course of Audit, we observed that Nagar Parishad has conducted Internal audit for the year 2016-17 & 2017-18 but the compliance report for the same has not been prepared. <i>(Details given in report)</i>	Necessary action will be taken.	It should be prepared as soon as possible.
15	Daily wages register were not produced to us for audit.	ULB staff is directed to provide all the necessary documents to auditors.	Daily wages register should be made available to auditors.
16	Lack of internal control measures We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling and statutory compliances: (i) Voucher file was not maintained	Nagar Parishad ensure that this will be taken care from now onwards.	We suggest that (i) MIS system should be implemented over daily collection and deposit. (ii) Reason for non-deposit/Late deposit should be strongly need to ask for minimize delay.



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	(ii)No internal mechanism for statutory compliance (iii)No MIS was prepared for tracking of payments (iv)Required books of Accounts as per BMAM was not maintained (v)Statutory compliance reconciliation was not maintained		(iii)Need to identify a person to comply with the statutory compliance. In case failure to comply with statutory compliances he should also be penalized. Therefore, the management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.
17	Non-Compliance of Act & Rules	ULB staff is directed to ensure compliance of all applicable 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.
18	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.	ULB staff is directed to comply with BMA-2007	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.
19	Non-Implementation of double entry accounting system (DEAS) We found the detail that double accounting system is implemented at Samastipur Nagar Parishad and AFS, FAR & PTR for 2017-18 has been submitted. However we not got any data for 2018-19 verification the same.	Implementation of DEAS is ongoing and ULB staff is directed to cooperate with auditors and to provide all necessary documents for audit.	As per requirement of BMAR-2014, Part-A, Chapter-2 Rule -4, "All ULB refereed in schedule-1 shall maintain its books of account using the double entry system". Since Samastipur Nagar Parishad is covered under schedule -1, therefore they should have to maintain

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Executive Officer
Municipal Council, Samastipur

			their accounts on double entry accounting system in compliance of such rule.
20	Non-maintenance of required registers as per Rule No.-3 of BMAR-2014	ULB staff is directed to follow and comply the guidelines of BMAR	Details of registers not maintained by ULB is mentioned under Part-A (a). ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.
21	Non adjustment of advances	ULB staff is directed to provide all the necessary documents to auditors.	Advance register should be produced to auditors for verification.
22	There is a long outstanding list of property tax collection	Necessary action will be taken.	Daily collection register for property tax should be maintained year wise and appropriate action should be taken.
23	(i) Improper maintenance of records related to revenue collection. (ii) During the audit it was observed that mobile property tax is not getting collected on a timely basis and even if it is getting collected, the same is not deposited timely.	Nagar Parishad ensure that this will be taken care from now onwards.	1) Daily collection register for property tax should be maintained and appropriate action should be taken. (ii) Collection should be made on a regular basis and deposited on the same day to avoid any irregularity.
24	Most of shop rent agreement is expired but Nagar Parishad is not being taken necessary step to renewal rent agreement.	Will be considered in next financial year.	Management must take necessary step to renewal shop rent agreement as soon as possible.
25	Procurement Register has not maintained by ULB so it is difficult to trace all Procurement above Rs. 15000 from various cash book.	Will be considered in next financial year.	Register must be maintained by ULB.



Discussion Note

Samastipur Nagar Parishad

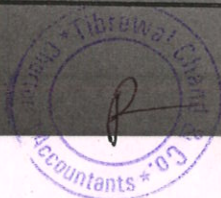
Details of 20 high value properties:-

SI No.	Holding No.	Ward No.	H. No.	Types	Property Tax
1	Shashi bhushan Singh	18	203	Residential	11,766.00
2	Kaushlya Devi	14	166	Residential	1,49,017.00
3	Rajesh Kumar Singh	18	200	Residential	16,332.00
4	Shiv Kumar Khemka	18	200B	Residential	91,801.00
5	Maheshawar Poddar	18	200	Residential	16,999.00
6	Gopal Sah	18	195	Residential	32,911.00
7	Kapil Mahato	18	82	Residential	11,751.00
8	Gopal Sah	18	89	Residential	15,427.00
9	Shiv Kumar Khemka	18	131	Residential	91,825.00
10	Mahant Deep Narayan Das	18	200	Residential	23,749.00
11	Mahant Deep Narayan Das	18	196	Residential	8,933.00
12	Mahant Deep Narayan Das	18	198	Residential	3,174.00
13	Harijan Residential School	01	210A	Commercial	4,66,449.00
14	Mahant Deep Narayan Das	06	50	Residential	23,939.00
15	Vyapar Manadal Rosera	06	122A	Commercial	59,563.00
16	PHED Office	06	194	Commercial	1,33,269.00
17	Kaushal Sahani	10	195	Residential	15,189.00
18	Ram Pukar Mahato	10	110	Residential	11,304.00
19	Parvati Devi	10	187	Residential	22,571.00
20	Ram Avatar Purvey	13	206	Residential	71,012.00

Details of statutory deduction:-

i. TDS:

Name of Employee	Basic	DA	HRA	Medical	TDS
Ashok Kumar	24,380.00	34,620.00	2,438.00	200.00	TDS not deducted
Prem Shankar Kumar	17,420.00	24,736.00	1,742.00	200.00	TDS not deducted
Anjani Kumar	24,380.00	34,620.00	2,438.00	200.00	TDS not deducted
Arvind Kumar	24,380.00	34,620.00	2,438.00	200.00	TDS not deducted
Dr. Suresh Rai	17,420.00	24,736.00	1,742.00	200.00	TDS not deducted
Supendra Kumar Singh	17,420.00	24,736.00	1,742.00	200.00	TDS not deducted



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Discussion Note

Samastipur Nagar Parishad

Bank Reconciliation Statement

Name of Bank	Name of Scheme	Account No.	Passbook Balance	Cash Book Balance	Difference	Status
PNB	4 TH State FC	30305	7,43,710.34	1,00,79,241.00	93,35,530.66	Unreconciled
PNB	13 TH FC	21714	12,650.74	71,72,678.00	71,60,027.26	Unreconciled
PNB	4 TH State FC	21723	0.00	0.00	Nil	Reconciled
PNB	E-Governance	39935	40,204.50	5,25,533.00	4,85,328.50	Unreconciled
PNB	Rajya Yojna	21732	0.00	2,44,75,325.00	2,44,75,325.00	Unreconciled
PNB	BRGF	21769	4,48,951.74	39,01,854.00	34,52,902.26	Unreconciled
PNB	Kabir Antyyoshthi	50947	59,834.00	1,93,000.00	1,33,166.00	Unreconciled
PNB	NULM	37821	27,99,181.70	27,99,181.70	Nil	Reconciled
PNB	SBM	47332	15,42,835.00	15,42,835.00	Nil	Reconciled
PNB	MMHGNJY	55100	9,97,05,972.90	9,97,05,972.90	Nil	Reconciled
PNB	MMSGNPY	55119	4,88,26,466.39	4,88,26,466.39	Nil	Reconciled
SBI	Aantrik	65448	8,50,270.00	8,50,270.00	Nil	Reconciled
-	Treasury PL A/C	URB-001	8,78,54,764.01	8,78,54,764.01	Nil	Reconciled

Details of UC's of Financial Year 2018 – 2019

SN	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2018-19	EO SALARY	22/05/2018	7.00	NIL	7.00	Un-utilised amount RS. 7.00 transferred to PL A/C
2	2018-19	City Manager Salary	24/05/2018	1.97	NIL	1.97	Un-utilised amount RS. 1.97 transferred to PL A/C
3	2018-19	5th Fin	03/07/2018	275.70	NIL	275.70	Un-utilised amount RS. 275.70



Handwritten signature and date: 20/05/2020

Executive Officer
Municipal Council, Samastipur

Discussion Note

Samastipur Nagar Parishad

4	2018-19	Civic Amenities	31/10/2018	69.70	NIL	69.70	transferred to PL A/C Un-utilised amount RS. 69.70 transferred to PL A/C
5	2018-19	14th Finance	31/10/2018	133.16	NIL	133.16	Un-utilised amount RS. 133.16 transferred to PL A/C
6	2018-19	5th Finance	10/07/2018	281.95	NIL	281.95	Un-utilised amount RS. 281.95 transferred to PL A/C
7	2018-19	5th Finance	20/08/2018	26.73	26.73	NIL	UC Submitted
Grand Total				796.21	26.73	769.48	

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20/05/2020



