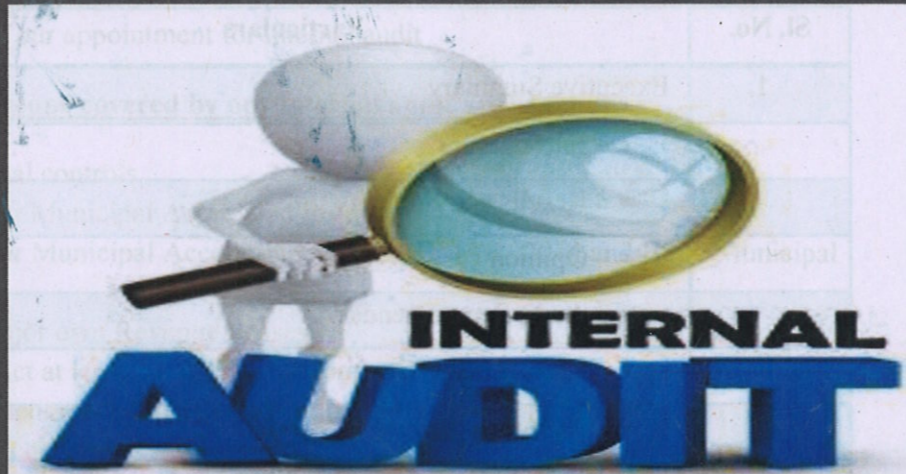


Financial
Year
2017-18



**Internal Audit Report for
FY 2017-2018 of
Forbesganj Nagar Parishad**

INTERNAL AUDIT CONDUCTED BY:

M/s Tibrewal Chand & Co., Chartered Accountants

From 01-04-2017 to 31-03-2018

Flat No. 501, 5th floor Meridian, SS Bihar

Apartment near Karbighiya Station, Patna, Mob

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INTERNAL AUDIT REPORT
Submitted On: 9th November, 2019



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Internal Audit Report- Nagar Parishad – Forbesganj

Urban Development and Housing Department in order to implement the best practices of the internal audit of 140 ULBs through NIT No. IA-140 ULBs/2017-18 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.

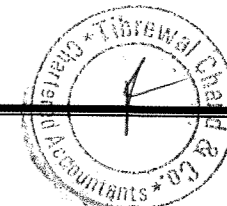
We started with an overview of activities through a study on various documents generated by the ULB. We than identified Evaluated and tested adequacy, effectiveness and efficiency of internal controls including standard policies and procedure laid down by the management for each of the areas included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



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

- ❖ Records related to revenue
- ❖ Vouchers along with supporting documents.
- ❖ Others related records and registers.

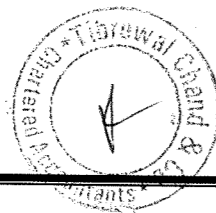
For Tibrewal Chand & Company
Chartered Accountants



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

UJIN - 20518422AAAAACM9736

Dated :- 24-08-2020

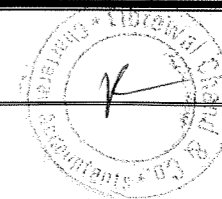


Internal Audit Report for the year ended 31st March of F.Y. 2017-18

Executive Summary

1. **Introduction:** Forbesganj is a Nagar Parishad city in district of Araria, Bihar. The Forbesganj city is divided into 25 wards for which elections are held every 5 years. The Forbesganj Nagar Parishad has population of more than 50,000 as per report released by Census India 2011. There are more than 10,000 households. Smt. Sunita Jain is Chairman holding post from 09-06-2017 to till the date of Audit. Mr. Deepak 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. General Cash book has been prepared for the audited period 2. Cashier cash book has been prepared for the audited period 3. Few Revenue related records were prepared by the Parishad 4. Financial Statements for the period 2017-18 were prepared by the Parishad
<p>Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement</p>	<ol style="list-style-type: none"> 1. Non preparation of bank reconciliation statements. 2. Non deduction of TDS in various cases such as Vehicle hire Charges, Repair & Maintenance to building, vehicles etc., resulting in violation of tax provisions and attraction of interest and penalty. 3. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes. 4. Non deduction of TDS in salary cases checked on random basis.



5. Non deposition of statutory dues on time such as labor cess, TDS, VAT, ESI/PF to the authorities after deduction from bills, resulting in huge penalties and interest.

6. During the audit various records and registers not provided to us related:

- i. Sairat
- ii. Tower Tax
- iii. Shop Rents
- iv. Trade Licenses

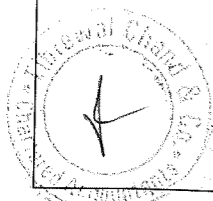
Upon discussing the same with Executive Officer, he told that the records related to above are maintained in computer only and concerned person is on medical leave so we are unable to provide the same.

7. Non-Performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.

8. Non-Maintenance of assets registers in complete manner resulting in chances of mis-utilization of assets.

9. No proper survey of properties has been conducted by the ULB to ascertain the property tax receivables from holdings.

10. Delay in deposition of revenue collected.

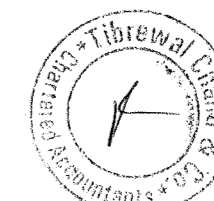


11. Proper log book & fuel distribution register was not prepared resulting in weakness in control over books of account.

12. Daily wages register was not prepared resulting in weakness in control over books of account.

13. Advance was not adjusted within reasonable time resulting in weakness in control over internal control.

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.



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

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

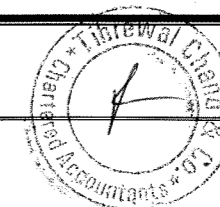
1. Books of accounts should be prepared on real time basis under double entry system and accrual basis should be followed.
2. Employees of all departments are required to be trained and monitored for updating of day to day transactions on regular basis in respective records and registers.
3. Stringent follow up and actions are necessary for recovering arrear relating to property tax, tower tax, rental income and other sources of income.
4. 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.
5. 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.
6. Stock/store register should be updated as per the formats provided in BMAR
7. Statutory compliances such as deduction and deposition with authorities should be complied strictly to avoid penalty and interests.
8. 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.
9. Revenue records should be maintained properly including demand and collection details.
10. Advance should be adjusted within reasonable time.



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

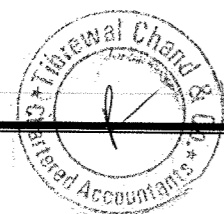
5. Comments from Management:-

S/N	Observations	Management comments	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.33,70,000.00 is due towards Tower Company for financial year 2017-18. <i>(Details given in report Part A)</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	There is a long outstanding list of property tax collection	All tax collector cashier, cashier and tax daroga is directed to make necessary attempt in this regard.	Daily collection register for property tax should be maintained year wise and appropriate action should be taken.
3	During the course of Audit, we observed that Nagar Parishad has conducted Internal audit for the year 2016-17 but the compliance report for the same has not been prepared. <i>(Details provided in report)</i>	Necessary action will be taken.	It should be prepared as soon as possible.
4	(i) Improper maintenance of records related to revenue collection. (ii) During the audit it was observed that mobile tower 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.
5	Delay Deposit of Property Tax Collected by tax collector to Nazir.	Tax collectors are directed to deposit the tax.	Direction shall be issued to the concerned TC to deposit collected tax immediately to Nazir.
6	Report on Findings of the field survey	ULB staff is directed to	Physical survey can't be



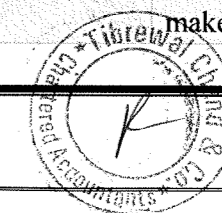
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

	of property tax of minimum 20 high value properties. (Refer detailed audit report)	cooperate with auditors and to provide all the necessary documents for audit.	conducted due to Non availability of ULB staff for conducting physical verification.
7	PF deducted from all permanent staff salary but not deposited in his PF account.	Will consider it in next financial year.	PF should be deposited immediately.
8	During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Parishad. Further it was observed that return was also not filled for TDS & VAT.	Will consider it in next financial year.	All statutory compliances related to deduction, deposition and return filling should be complied.
9	The municipality is not in practice to prepare BRS on regular or periodical basis. (Details given in audit report Part A)	Will consider it in next financial year.	BRS should be maintained month wise.
10	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.	ULB staff is directed to comply with BMA-2007	As per requirement of BMA-2007, Chapter-XII, ULB should hold a meeting of municipal accounts committee each year. During our audit no 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.
11	Collection of internal resources is very poor. (Refer details audit report)	Nagar Parishad will take steps to improve the collection from internal resources.	It should be timely collected.
12	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



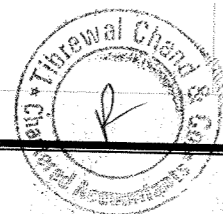
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

			BMAR-2014.
13	Daily wages register were not produced to us for audit.	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Daily wages register should be made available to auditors.
14	Non maintenance of Sairat register and other details	Will be considered in next financial year	It is in practice to compile the same in computerized form and not in manual form and since the IT Supervisor; Mr. Raja Singh was in Agra for his Kidney operation so we are unable to produce the same in the Audit Report.
15	Shop Agreement: As per municipal act, the ULB and Shop keeper of Municipal Shop have to enter in agreement for renewal of Lease, but it was found that instead of renewal signed stamp paper was collected from concerned Shop keeper.	Will be considered in next financial year	Necessary direction will be issued to the concerned personnel for compliance of the same and will ensure non-occurrence in future of the said matter.
16	Demand, collection related records, registers and other data of mobile tower tax and other	Will be considered in next financial year	It is in practice to compile the same in computerized form and not in Manual form and since the IT Supervisor Mr. Raja Singh is in Agra for his Kidney operation so we are unable to produce the same before Audit Team. In future we will compile the same in Manual form also.
17	Less collection from trade license fees	Nagar Parishad ensure that this will be taken care from now onwards.	ULB is suffering from insufficiency of manpower and due to which we are unable to make proper survey work



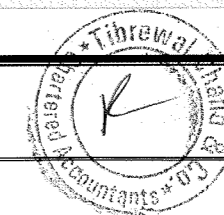
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

			relating to Trade licence and that resulting in less collection of revenue from the same head. Further after Audit objection we will issue proper direction for survey and proper collection of revenue from the same head to the available staff.
18	During the course of audit we observed that during the year various items were procured but procurement norms were not followed, as per Bihar financial rules, 2017 (Amended) procurement of value above Rs. 50,000 is required to be made by GeM portal, but the same was made by normal bidding	Nagar Parishad ensure that this will be taken care from now onwards.	Procurement norms of Bihar financial rules should be followed for all procurements.
19	Non-Adjusted Advance: There are a number of Advances which were given during Year 2017-18 but till date were not adjusted.	Necessary action for recovery of such will be taken.	Proper direction will be issued to the concerned personnel for adjustment of the same and will ensure non-occurrence of such type of cases.
20	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) Required books of Accounts as per BMAM, was not maintained (v) Statutory compliance reconciliation was not maintained. (vi) Bank reconciliation of any bank account was not prepared.	Nagar Parishad ensure that this will be taken care from now onwards.	We observed that there is no internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling, and statutory compliances: We suggest that: (i) MIS system should be implemented over daily collection and deposit. (ii) Need to identify a person to comply with the statutory compliance. In case of any failure to comply with statutory compliances he should also be penalized. The management has to take



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

			serious effort in implementation of internal control mechanism for getting a better result from ULB working.
21	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.
22	Non preparation of stores register	Will consider it in next financial year.	The ULB should maintain a store ledger including price of inward goods.
23	Bank account Current in nature.	Will consider it in next financial year.	2 A/Cs is current in nature resulting in revenue loss of interest for the ULB. Therefore, it should be converted into Savings A/C to avoid losses.
24	Non-providing of Utilization certificate for the reporting audit period	UC details given to auditors. Staff will initiate working on this matter in next financial year.	Grant is blood of ULB. Therefore, for getting grant and running the ULB working smoothly it is requirement of grant. Further timely submission of utilization certificate helps the grant realizing authority to send the money for fulfill the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.
25	Non implementation of Double Entry Accounting system (DEAS): We found the detail that double accounting system is implemented at Forbesganj Nagar Parishad, however we did not get any data for verification of 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 referred in schedule-1 shall maintain its books of account using the double entry system". Since



Forbesganj Nagar Parishad is covered under schedule-1 therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule.

Signed Discussion Note is enclosed with the report

6. Acknowledgement:-

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



Detailed Audit Report

1. Introduction: Forbesganj is a Nagar Parishad city in district of Araria, Bihar. The Forbesganj city is divided into 25 wards for which elections are held every 5 years. The Forbesganj Nagar Parishad has population of more than 50,000 as per report released by Census India 2011. There are more than 10,000 households. Smt. Sunita Jain is Chairman holding post from 09-06-2017 to till the date of Audit. Mr. Deepak Kumar is Executive officer holding post from 21-01-2019 to till the date of Audit.

Name of ULB	Period Covered	Team Deployed
Forbesganj Nagar Parishad	1 st April 2017- 31 st March 2018	1) Name of MAE: CA Amit Ranjan 2) TL: Neerav Bhanushali 3) Auditor: Sawan Kumar

1. Administration:

The present body of the ULB has taken charge on 2017. The incumbency in the key Administration and executive was as under:

Smt. Sunita Jain, Chairman, from 09th June 2017 to as on date.

Mr. Deepak Kumar Executive Officer from 21st January 2019 to as on date.

2. 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 recovery 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 (2013-14 to 2015-16)	39	37	10	3	3,71,590	34	Letter No. 357 dated- 28/02/2019



				(Please refer to Annexure I)
				Compliance not prepared by ULB
2	Internal Audit 2016-17			

(Note: Refer point No. 3 of discussion note)

3. **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	2017-18	2016-17	2015-16
Final/Revised Budget	10,23,39,478	13,10,15,431	31,54,95,000
Actual Expenditure	10,51,32,543	11,40,29,147	7,56,61,522
Savings(+)/Excess(-)	(27,93,065)	1,69,86,284	23,98,33,478

Note: All figures are taken from the books of accounts.

ii. **Volume of Transactions :-**

Period	Budgeted (2017-18)	Previous year(16-17)	Current period	Cumulative for the current period
Opening Balance	9,72,25,711	12,93,40,221	25,18,74,280	25,18,74,280
Receipts	8,40,73,137	23,65,63,206	8,15,91,858	8,15,91,858
Total	18,12,98,848	36,59,03,427	33,34,66,138	33,34,66,138
Net expenditure	10,23,39,478	11,40,29,147	10,51,32,543	10,51,32,543
Closing Balance	7,89,59,370	25,18,74,280	22,83,33,595	22,83,33,595

Note: All figures are taken from the books of accounts.

iii. **Bank Reconciliation:** Un-reconciled balance between bank book and bank statement as on 31-03-2018 has been shown below:

Name of Scheme	Name of Bank	A/C type	Balance as per Cash Book	Balance as per Bank	Difference	Status
General	HDFC Bank - 17	Savings	-	4,417.00	4,417.00	Not Reconciled
General	Bank of India - 00301	Savings	-	54,775.00	54,775.00	Not Reconciled
Revenue Collection	Central Bank of India - 00616	Current	28,21,552.88	7,50,961.48	2,070,591.40	Not Reconciled
BRGF	Bank of Baroda - 14485	Savings	4,00,000.13	33,46,847.13	2,946,847.00	Not Reconciled
HFA	Union Bank - 09372	Savings	1,16,63,552.00	1,70,75,596.00	5,412,044.00	Not Reconciled
Revenue Collection	Punjab National Bank - 32570	Savings	13,14,961.00	16,12,637.00	297,676.00	Not Reconciled
HSDP House	Bank of Baroda - 29901	Savings	2,03,05,380.00	3,66,98,569.00	16,393,189.00	Not Reconciled
HSDP nfra	Union Bank - 01097	Savings	71,53,644.00	71,53,644.00	0.00	Reconciled
Kabir Antyesthi	Bank of India - 00042	Current	3,96,830.40	5,25,830.00	129,000.00	Not Reconciled
Revenue Collection	State Bank of India - 38663	Savings	2,63,772.61	2,51,143.61	12,629.00	Not Reconciled
SBM	Bank of Baroda - 29902	Savings	26,48,047.00	1,38,24,255.00	11,176,208.00	Not Reconciled
SJSRY	Bank of Baroda - 12042	Savings	3,29,529.00	3,23,372.00	0.00	Reconciled
13 th /14 th Finance	Bank of Baroda - 23179	Savings	42,65,876.00	64,65,661.00	2,199,785.00	Not Reconciled



			86,157.00	86,157.00	0.00	Reconciled
Balika Samridhi	Punjab National Bank - 14750	Savings				
DFID	Bank of Baroda - 23719	Savings	1,79,99,498.13	1,89,92,732.12	993,233.99	Not Reconciled
Nali Gali	Canara Bank - 03086	Savings	89,52,039.00	1,20,39,816.00	30,87,777.00	Not Reconciled
Nal Jal	Canara Bank - 02948	Savings	4,68,41,314.00	4,68,41,314.00	0.00	Reconciled
Sahari Vikash	Canara Bank - 03245	Savings	1,65,25,743.00	1,65,25,473.00	0.00	Reconciled
NULM	Canara Bank - 03520	Savings	3,27,839.00	-	3,27,839.00	Not Reconciled

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

Recommendation: ULB should prepare bank reconciliation on a monthly basis and the two A/Cs that are current in nature shall be converted to Savings to avoid interest loss.

Note: Refer Discussion Note point no.9.

iv. Revenue and Capital Receipts

Sl. No.	Details	2017-18	
		2017-18	2016-17
	Total Receipts (A+B)	8,15,91,858	23,65,63,206
A	Revenue Receipts (1+2+3)	3,94,93,175	13,32,17,528
1	Own Revenue Receipts	1,77,24,175	1,38,54,395
a)	Tax Revenue (Levied & Collected By municipal Body) (i+ii)	47,65,280	35,72,758
i)	Property Tax	45,28,409	32,54,058
ii)	Other Tax (Levied & Collected By municipal Body)	2,36,871	3,18,700
b)	Non Tax Revenue (Levied & Collected By municipal Body) (i+ii+iii)	53,00,191	37,48,195
i)	Fess & Fines	40,35,389	6,31,048

ii)	User Charges	2,55,000	2,96,048
iii)	Other Non-Tax Revenue (Levied & Collected By municipal Body)	10,09,802	28,21,099
2	Other Revenue Receipts	76,58,704	66,44,961
a)	Income from interest/Investments	65,30,228	38,34,923
b)	Other Revenue Income	11,28,476	26,10,038
3	Transfers/grants/Assigned Revenues	2,17,69,000	11,93,63,133
a)	State Assigned Revenues	16,89,410	1,59,53,151
b)	State Finance Commission (SFC) Grants/Devolution	-	10,34,09,982
c)	Octroi Compensation	-	-
d)	Other State Government transfers	-	-
e)	Central Finance Commission (CFC) Grants	-	-
f)	Other Central Government transfers	-	-
g)	Others	2,00,79,590	-
B	Capital Receipts (1+2+3+4+5)	4,20,98,683	10,33,45,678
1	Sale of Municipal Land	-	-
2	Loan (From state Govt. or Banks etc.)	-	-
3	State Capital Account Grant (Under state Scheme etc.)		8,73,91,795
4	Central Capital Account Grant (Under central Scheme etc.)	4,20,98,683	1,59,53,883
5	Other Capital Receipts		-

Note: All figures are taken from the books of accounts.

V. Revenue and Capital Expenditure

Sl. No.	Details	2017-18	
		2017-18	2016-17
	Total Expenditure (1+2)	10,51,32,543	11,40,29,147
1	Revenue Expenditure	8,15,76,695	6,29,93,618



1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	3,26,64,736	5,45,16,185
1.2	Operation & Maintenance (O & M)	37,14,922	81,77,433
1.3	Loan Repayment (interest Payments)	15,612	-
1.4	Others (any other revenue Expenditure which is not salaries, O&M & or interest payment)	4,51,81,425	-
2	Capital Expenditure	2,35,55,848	5,13,35,529
2.1	All developmental works under central/state specific schemes	1,92,69,199	5,13,35,529
2.2	Loan Repayments	-	-
2.3	Other capital expenditure	42,86,649	-

Note:

All figures are taken from the books of accounts.

- i. **Status of implementation of double entry accountingsystem:** The ULB has implemented real time double entry accounting system.
- **Company Name:** Borkar & Mazumdar.
 - **PTR:** PTR for the year 2017-18 is completed.
 - **FAR:** FAR for the year 2017-18 is completed.
 - **AFS:** AFS for the year 2017-18 is completed.

Note: Refer Discussion Note point no.22

- ii. **Status of Municipal Accounts Committee: if meeting is held:** Meeting of Municipal Accounts Committee has not been held during the year 2017-18.

Note: Refer Discussion Note point no.10



5. Audit Observations: -

I. Part-A

- i) **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.**

a) Holding and Property tax not deposited:

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 taxcollector 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.

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.

b) Tower tax not deposited:

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

Criteria: Tower Tax is taxes on Communication Tower & related structure as defined in Bihar Communication Tower and related structure rules, 2012 as per



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

the rule Tax Collected has to be deposited on same day or latest before noon on the following working day.

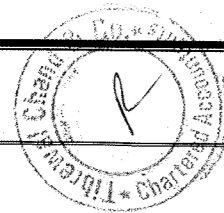
Condition: It was observed that Tower Tax is not collected. The outstanding details are given below:

Sl. No.	Name of tower	No. of tower	Registration fee	Renewal Fee	Collection Amount	Total due
1	Tower Vision India Ltd.	3	1,20,000	2,90,000	-	4,10,000
2	Airtel	4	1,60,000	3,00,000	-	4,60,000
3	Aircel	6	2,40,000	6,20,000	-	8,60,000
4	Asar Telephone Ltd.	3	1,20,000	2,60,000	-	3,80,000
5	Vodafone	4	1,60,000	3,80,000	60,000	4,80,000
6	Wireless TT Info. Ltd	1	40,000	1,00,000	-	1,40,000
7	Reliance	1	40,000	1,60,000	-	2,00,000
8	BSNL	2	80,000	2,60,000	-	3,40,000
9	MTS	1	40,000	60,000	-	1,00,000
TOTAL			10,00,000	24,30,000	60,000	33,70,000

Consequence/Effect/ Impact: Due to non-deposition of Tower Rent with the stipulated time line, ULB incurred heavy revenue loss.

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. While checking the files and other relevant records company wise outstanding was not maintained properly and o/s detail of Rs. 10 Lakhs was found. In absence of proper demand and collection register it was difficult to find the exact demand and outstanding.

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



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c) A lot of sairat was not held at municipal council

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

Criteria: As per Bihar Municipal Act.

Condition: During the audit period it was observed that ULB does not have any Sairat.

Consequences/ Effect/ Impact: Revenue Loss.

Cause: Revenue Loss.

Recommendation: ULB should collect Sairat at proper intervals which would help them in generating income.

d) Records and Registers not provided

Audit Objective: TOR.

Criteria: As per Bihar Municipal Act.

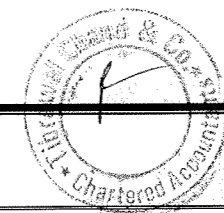
Condition: During the audit various records and registers not provided to us related:

- Sairat
- Tower Tax
- Shop Rents
- Trade Licenses

Consequences/ Effect/ Impact: Revenue Loss.

Cause: Upon discussing the same with Executive Officer, he told that the records related to above are maintained in computer only and concerned person is on medical leave so we are unable to provide the same.

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



e) **Trade License Registration:**

Audit Objective: As per TOR.

Criteria: As per Bihar Municipal Act.

Condition: During the audit it was observed that only 28 Trade License was issued during the year 2017-18 and revenue from the same was only Rs. 56,000. It was less collection of revenue from the same head as comparing to area and market which persist under Jurisdiction of ULB Forbesganj. However, detailed records were not provided for verification.

Consequences/ Effect/ Impact: Revenue Loss.

Cause: Lack of proper follow up and monitoring of activities.

Recommendation: There should be proper monitoring by the ULB.

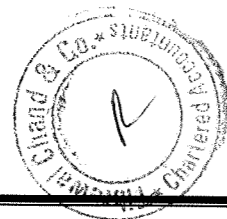
ii) **Excess payment made against the bill, lack of prudence in payment against vouchers, inefficiency in control resulting loss to ULB:**

No observation found in this regard.

iii) **Report on Findings of the field survey of property tax of minimum 20 high value properties is given here:**

Comments: As no support was provided during field survey by ULB staff therefore we are unable to comment on this matter.

(Note: Refer point no.6 in discussion note)



II. **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.

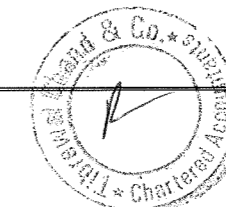
In addition to the above following records were also not maintained by the ULB:

- 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. 12 of discussion note)

b. **Irregularity in procurement process:** During the course of audit we observed that during the year various items were procured but procurement norms were not followed, as per Bihar financial rules, 2017 (Amended) procurement of value above Rs. 50,000 is required to be made by GeM portal, but the same was made by normal bidding. Details are as below:

Date of Payment	Item	Supplier	Amount
03.05.17	Computers	Balaji Computers	58,500.00
19.05.17	Computers	Balaji Computers	65,100.00



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30.06.17	Furniture	Office Furniture	3,89,731.00
28.08.17	LED TV	Dalimiya Distributors	51,700.00
28.08.17	LED TV	Dalimiya Distributors	55,900.00
30.01.18	Laptop	Balaji Computers	34,500.00
23.02.18	Computers and Printers	Balaji Computers	69,030.00
Total			7,24,461.00

Note: Refer Discussion Note point no. 18.

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 compliances of the pending AG Audit Paras
- 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.

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

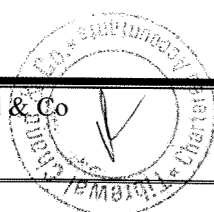
(Note: Refer point no. 21 of discussion note)

e. Lack of Internal Control Measures: During the audit it was observed that there is serious lack of internal control over revenue collection.

- Revenue records are not maintained properly. Further, collection books after finishing should be kept in safe custody in ULB only.
- There is no cash vault in the cash department for safety measures.

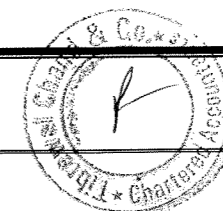
f. Non Compliance of TDS, VAT, and other relevant Statute: During the audit it was observed that there is very serious issues in statutory compliances taxes are often deducted/ but not deposited on time resulting in heavy interest and penalty. Few cases are-

- i. **TDS:** Various cases were observed where TDS was deducted but not deposited within stipulated time, causing imposition of interest @ 1.5%. Few of such cases are as below:



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Sl. No.	Yojna	TDS Amount	Date of Deduction	Date of Deposit
1	DFID	3606	21-11-2017	18-07-2018
2	Professional Tax	2505	22-12-2017	18-07-2018
3	Mukhyamantri Nali Gali	2148	14-10-2017	22-12-2017
4	Mukhyamantri Nali Gali	3790	14-10-2017	22-12-2017
5	Mukhyamantri Nali Gali	5234	18-10-2017	22-12-2017
6	Mukhyamantri Nali Gali	2493	07-11-2017	22-12-2017
7	Mukhyamantri Nali Gali	1059	07-11-2017	22-12-2017
8	Mukhyamantri Nali Gali	3592	21-07-2017	13-10-2017
9	Mukhyamantri Nali Gali	5318	21-07-2017	13-10-2017
10	Mukhyamantri Nali Gali	4380	21-07-2017	13-10-2017
11	Mukhyamantri Nali Gali	3090	22-07-2017	13-10-2017
12	Mukhyamantri Nali Gali	2387	08-08-2017	13-10-2017
13	Mukhyamantri Nali Gali	4502	08-08-2017	13-10-2017
14	Mukhyamantri Nali Gali	4625	08-08-2017	13-10-2017
15	Mukhyamantri Nali Gali	2128	08-08-2017	13-10-2017
16	Mukhyamantri Nali Gali	4303	08-08-2017	13-10-2017
17	Mukhyamantri Nali Gali	4990	08-08-2017	13-10-2017
18	Mukhyamantri Nali Gali	4642	12-09-2017	13-10-2017
19	Mukhyamantri Nali Gali	3348	20-09-2017	13-10-2017
20	Mukhyamantri Nali Gali	1273	20-09-2017	13-10-2017
21	Mukhyamantri Nali Gali	2056	20-09-2017	13-10-2017
22	Mukhyamantri Nali Gali	4460	20-09-2017	13-10-2017
23	Mukhyamantri Nali Gali	4473	25-09-2017	13-10-2017
24	Professional Tax	3097	21-07-2017	13-10-2017
25	4th Finance	8163	21-07-2017	13-10-2017
26	4th Finance	14168	21-07-2017	13-10-2017
27	4th Finance	3027	08-08-2017	13-10-2017
28	13th Finance	2615	21-07-2017	13-10-2017
29	13th Finance	4019	22-07-2017	13-10-2017
30	13th Finance	3976	08-08-2017	13-10-2017
31	13th Finance	1595	08-08-2017	13-10-2017
32	14th Finance	3066	08-08-2017	13-10-2017
33	Municipal Fund	963	12-07-2017	13-10-2017
34	Municipal Fund	490	14-07-2017	13-10-2017
35	Municipal Fund	1066	10-06-2016	06-07-2017
36	Municipal Fund	1868	10-06-2016	06-07-2017
37	Municipal Fund	1225	23-11-2016	06-07-2017
38	Municipal Fund	1560	23-11-2016	06-07-2017
39	Municipal Fund	2646	23-11-2016	06-07-2017
40	4th State Finance	23590	17-12-2016	06-07-2017
41	4th State Finance	4868	17-12-2016	06-07-2017
42	4th State Finance	3450	17-12-2016	06-07-2017



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During the audit of contractors files various cases it was observed that no TDS was deducted or short TDS was deducted. Few cases are as below:

Sl. No.	Date	Particulars	Amount	Observations
1	06-05-2017	Construction of Prasashnik Bhawan upri manjil	3,03,671.00	No TDS Deducted
2	09-05-2017	Construction of culvert vide Yojna no 1/15-16	65,704.00	No TDS Deducted
3	03-06-2017	Construction of RCC drain ward no 17	3,85,000.00	No TDS Deducted
4	03-06-2017	Construction of community building vide yojana no 14/15-16	5,00,000.00	No TDS Deducted
5	10-06-2017	Construction of RCC drain ward no 09 letter no 07/17-18	10,000.00	No TDS Deducted
6	16-06-2017	Construction of nala ward no 15 letter no 11/16-17	3,23,330.00	No TDS Deducted
7	16-06-2017	Construction of PCC road and RCC drain letter no 62/16-17.	2,20,000.00	No TDS Deducted
8	30-06-2017	Construction of PCC drain letter no 01/17-18 wide voucher no 106 dated 30-6-17.	1,50,000.00	No TDS Deducted
9	10-07-2017	Construction of culvert yojana no 2/17-18 vide voucher no 127	2,00,000.00	No TDS Deducted
10	14-07-2017	Construction of pcc road wards no 05 letter no 03/08-09 wide voucher no 168 dated 14-7-17.	19,526.00	No TDS Deducted
11	21-07-2017	Construction of pcc road and rcc drain	3,16,395.00	No TDS Deducted
12	21-07-2017	Construction of rcc nala ward no 15	65,575.00	No TDS Deducted
13	21-07-2017	Construction of culvert ward no 15	60,050.00	No TDS Deducted
14	21-07-2017	Construction of rcc nala ward no 09	1,00,000.00	No TDS Deducted
15	28-07-2017	Repair of road vide yojana no 2/15-16	51,705.00	No TDS Deducted

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16	02-08-2017	Construction of pcc road	2,00,000.00	No TDS Deducted
17	09-08-2017	Construction of Culvert	10,000.00	No TDS Deducted
18	21-08-2017	Construction of culvert wide letter no 3/17-18 ward no 22	30,000.00	No TDS Deducted
19	19-09-2017	Construction letter no 04/17-18	10,000.00	No TDS Deducted
20	19-09-2017	Construction letter no 04/17-18	40,000.00	No TDS Deducted
21	19-09-2017	Construction letter no 05/17-18 ward no 02	10,000.00	No TDS Deducted
22	20-09-2017	Repairing of road in Durga puja	75,000.00	No TDS Deducted
23	20-09-2017	Construction letter no 05/17-18 ward no 02	25,000.00	No TDS Deducted
24	14-10-2017	Construction of RCC nala and ward no 09	68,957.00	No TDS Deducted
25	16-10-2017	Construction of PCC road and RCC nala vide letter no 55/16-17 ward no 22	4,38,236.00	No TDS Deducted
26	02-11-2017	Construction vide letter no 2/17-18	2,00,000.00	No TDS Deducted
27	12-12-2017	Construction of RCC drain ward no 14	5,13,987.00	No TDS Deducted

ii. **Delay in Return Submission:** During the audit it was observed that TDS return was not filed for below mentioned quarters:

Sl. No.	Quarter	Due date	Date of Filing
1	Quarter 1	31st July	No Filing
2	Quarter 2	31st October	27th October
3	Quarter 3	31st January	27th October
4	Quarter 4	15th May	No Filing

iii. **Royalty:** Case in which royalty is not deducted is as below:

Date	Yojna	Bill Amount	Remarks
14.11.2017	Construction of administrative building	1,06,459	Royalty not deducted

iv. **Short deposition of Amount Collected:** During the audit it was observed cases related to short deductions of TDS other than civil works are as below:

Date	Details of Bills	Paid to	Amount
15-04-2017	Vehicle Hire Charges	Chandan Singh	1,32,658.00

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26-05-2017	Social Programs	Nukkar Natak	2,38,000.00
03-06-2017	Store water Drain (Repair & Maintenance)	Chandranath Chandan	1,00,000.00
16-10-2017	Cleaning	Tax Daroga	1,00,000.00
02-11-2017	Cleaning	Tax Daroga	1,00,000.00

g. Deficiency in pay roll system: During the audit it was observed that no bio metric attendance were 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.

Further, during the audit of salary vouchers it was observed that TDS was not deducted in few cases mentioned as below:

Name	Basic	DA	HRA	Medical	TDS
Suman Kumar	19,850.00	26,996.00	1,489.00	200.00	TDS not Deducted
Suman Kumar	20,450.00	27,812.00	1,534.00	200.00	TDS not Deducted

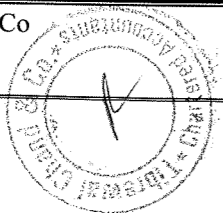
h. Utilization certificate report on grants allotted during the year: Details of UCs related to FY: 2017 – 18 are annexed with report.

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

i. Physical Verification of the inventories and stores: Stores registers has not been prepared by the ULB. During the year 2017-18 no physical verification was carries out of the stores.

Note: Refer Discussion Note point no.22.

j. Advances: During the audit it was observed that the following advances were given to the employees but not adjusted till date, further no separate records were maintained for adjustment of advances. Details of advances is as mentioned below:

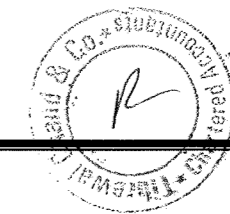


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Unadjusted Advance Details 2017-18

Sl. No.	Work	Deputed Employee	Date of Advance	Voucher No.	Amount
1	Dashara and Muharam	Chandranath Chandan	25-09-2017	377	2,00,000.00
2	Dashara and Muharam	Chandranath Chandan	20-09-2017	360	3,00,000.00
3	Deepawali	Chandranath Chandan	16-10-2017	418	1,00,000.00
4	Chat Parv	Chandranath Chandan	23-10-2017	426	4,00,000.00
5	15 th August	Chandranath Chandan	08-10-2017	301	60,000.00
6	Mahavari Jhanda	Chandranath Chandan	24-08-2017	306	1,50,000.00
Grant Total					12,10,000.00

Note: Refer Discussion Note point no.19.



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III. Part C

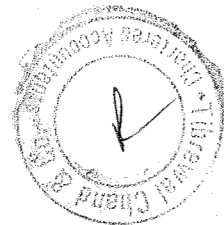
Sl. No	Particulars	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Chapter xi, rule 84 (Budget has not been sanctioned by empowered standing committee) & Chapter 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 SAF is received or not).	It has been discussed in audit report under part A.
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 has been complied.	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob has 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, Sairat etc. have incurred then quantify the same.	It has been discussed in 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.	Refer audit report Part B.
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/-	<ul style="list-style-type: none"> It has been discussed in discussion note and audit report under part A. Also refer Annexure 2.
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.	We advised management to prepare pending UC of expenditure already incurred. We will provide all support in this regard. (Note: Refer point no. 24 of discussion note)
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. 2017-18. 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 have been identified then prepare a statement of loss for revenue losses.	It has been provided in discussion notes as well as in audit report under part A.

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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 have been complied, if not assistance has been provided in this regard.	Refer annexure I and also detailed audit report.



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Annexure '1': Compliance Letter

कार्यालय नगर परिषद फारबिसगंज

पत्रांक.....

प्रेषक : कार्यपालक पदाधिकारी
नगर परिषद, फारबिसगंज।

सेवा में,
महालेखाकार (लेखापरीक्षा), बिहार
स्थानीय लेखा परीक्षा, शाखा
समाजिक प्रक्षेत्र -1
वीरचन्द्र पटेल मार्ग
पटना- 01

फारबिसगंज, दिनांक.....

विषय: - अंकेक्षण, प्रतिवेदन सं० 1001/2016-17 का अनुपालन प्रतिवेदन।

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08.5.3.19
507
5.3

महाशय,
उपर्युक्त विषय के प्रसंग में कहना है कि फारबिसगंज नगरपरिषद के लेखा वर्ष 2013-14 से 2015-16 तक का किया गया अंकेक्षण का अंकेक्षण प्रतिवेदन संख्या 1001/16-17 का अनुपालन प्रतिवेदन संलग्न कर भेजा जाता है।
कृपया प्रतिवेदन स्वीकार किया जाय।

श्री-प्रकाश
28/5/18

विश्वासमाजन

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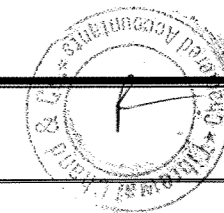
कार्यपालक पदाधिकारी
नगर परिषद, फारबिसगंज

1439
05.03.19

ज्ञापक... 357 दिनांक... 28.2.19

प्रतिलिपि - सरकार के विशेष सचिव, नगर विकास एवं आवास विभाग, बिहार, पटना की सेवा में सूचनार्थ एवं आवश्यक कार्रवाई हेतु प्रेषित।

28/02/19
कार्यपालक पदाधिकारी
नगर परिषद, फारबिसगंज



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

Annexure: Details of UC's of Financial Year 2017-2018

S/N	Year of allotment	Name of Scheme	Date of Allotment	Amount allotted In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2017-18	Ward Parsad Allowance	15/06/2017	6.30	6.30	NIL	UC not Submitted
2	2017-18	14th state finance	02/08/2017	87.31	NIL	87.31	Un-Utilized Rs. 87.31 Transferred to PL A/C
3	2017-18	Mukhmantri Shahari Nali Gali	11/08/2017	35.00	35.00	NIL	UC not Submitted
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10	2017-18	city manager salary	31/05/2017	1.97	1.97	NIL	UC not Submitted
11	2017-18	city manager salary	23/03/2018	1.97	1.97	NIL	UC not Submitted
Grand Total				531.35	205.86	325.49	

Observations

Management comments

Recommendation

- 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.33,70,000.00 is due towards Tower Company for financial year 2017-18. **(Details given in report Part A)**

There is a long outstanding list of property tax collection

All tax collector cashier, cashier and tax daroga is directed to make necessary attempt in this regard.

Daily collection register for property tax should be maintained year wise and appropriate action should be taken.
- During the course of Audit, we observed that Nagar Parishad has conducted Internal audit for the year 2016-17 but the compliance report for the same has not been prepared. **(Details provided in report)**

Necessary action will be taken.

It should be prepared as soon as possible.
- (i) Improper maintenance of records related to revenue collection. (ii) During the audit it was observed that mobile tower 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.
- Delay Deposit of Property Tax Collected by tax collector to Nazir.

Tax collectors are directed to deposit the tax.

Direction shall be issued to the concerned TC to deposit collected tax immediately to Nazir.
- Report on Findings of the field survey of property tax of minimum 20 high value properties. **(Refer detailed audit**

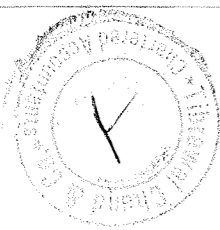
ULB staff is directed to cooperate with auditors and to provide all the necessary

Physical survey can't be conducted due to Non availability of ULB staff for

Discussion Note

Forbesganj Nagar Parishad

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| | report) | documents for audit. | conducting physical verification. |
| 7 | PF deducted from all permanent staff salary but not deposited in his PF account. | Will consider it in next financial year. | PF should be deposited immediately. |
| 8 | During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Parishad. Further it was observed that return was also not filled for TDS & VAT. | Will consider it in next financial year. | All statutory compliances related to deduction, deposition and return filling should be complied. |
| 9 | The municipality is not in practice to prepare BRS on regular or periodical basis. | Will consider it in next financial year. | BRS should be maintained month wise. |
| <i>(Details given in audit report Part A)</i> | | | |
| 10 | No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18. | ULB staff is directed to comply with BMA-2007 | As per requirement of BMA-2007, Chapter-XII, ULB should hold a meeting of municipal accounts committee each year. During our audit no 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. |
| 11 | Collection of internal resources is very poor. <i>(Refer details audit report)</i> | Nagar Parishad will take steps to improve the collection from internal resources. | It should be timely collected. |
| 12 | 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. |
| 13 | Daily wages register were not produced | ULB staff is directed to | Daily wages register should be |



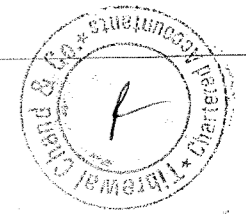
कार्यालय के निदेशकारी
नगर परिषद, फारबिसगंज
20/06/2016

Discussion Note

Forbesganj Nagar Parishad

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|----|--|---|---|
| | to us for audit. | cooperate with auditors and to provide all the necessary documents for audit. | made available to auditors. |
| 14 | Non maintenance of Sairat register and other details | will be considered in next financial year | it is in practice to compile the same in computerized form and not in manual form and since the IT Supervisor, Mr. Raja Singh was in Agra for his Kidney operation so we are unable to produce the same in the Audit Report. |
| 15 | Shop Agreement: As per municipal act, the ULB and Shop keeper of Municipal Shop have to enter in agreement for renewal of Lease, but it was found that instead of renewal signed stamp paper was collected from concerned Shop keeper. | Will be considered in next financial year | Necessary direction will be issued to the concerned personnel for compliance of the same and will ensure non-occurrence in future of the said matter. |
| 16 | Demand, collection related records, registers and other data of mobile tower tax and other | Will be considered in next financial year | It is in practice to compile the same in computerized form and not in Manual form and since the IT Supervisor Mr. Raja Singh is in Agra for his Kidney operation so we are unable to produce the same before Audit Team. In future we will compile the same in Manual form also. |
| 17 | Less collection from trade license fees | Nagar Parishad ensure that this will be taken care from now onwards. | ULB is suffering from insufficiency of manpower and due to which we are unable to make proper survey work relating to Trade licence and that resulting in less collection of revenue from the same head. Further after Audit objection we will issue proper direction for survey and proper collection of revenue from the same head to the available |

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- 18 During the course of audit we observed that during the year various items were procured but procurement norms were not followed, as per Bihar financial rules, 2017 (Amended) procurement of value above Rs. 50,000 is required to be made by GeM portal, but the same was made by normal bidding
- 19 Non-Adjusted Advance: There are a number of Advances which were given during Year 2017-18 but till date were not adjusted.
- 20 **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) Required books of Accounts as per BMAM, was not maintained
 (v) Statutory compliance reconciliation was not maintained.
 (vi) Bank reconciliation of any bank account was not prepared.
- 21 Non-Compliance of Act & Rules
- Nagar Parishad ensure that this will be taken care from now onwards.
- Necessary action for recovery of such will be taken.
- Nagar Parishad ensure that this will be taken care from now onwards.
- ULB staff is directed to ensure compliance of all applicable Act & Rules.
- staff. Procurement norms of Bihar financial rules should be followed for all procurements.
- Proper direction will be issued to the concerned personnel for adjustment of the same and will ensure non-occurrence of such type of cases.
- We observed that there is no internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling, and statutory compliances:
We suggest that:
 (i) MIS system should be implemented over daily collection and deposit.
 (ii) Need to identify a person to comply with the statutory compliance. In case of any failure to comply with statutory compliances he should also be penalized.
 The management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.
- Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules.

- 22 Non preparation of stores register
- 23 Bank account Current in nature.
- 24 Non-providing of Utilization certificate for the reporting audit period
- 25 Non implementation of Double Entry Accounting system (DEAS): We found the detail that double accounting system is implemented at Forbesganj Nagar Parishad, however we did not get any data for verification of the same.
- Will consider it in next financial year.
- Will consider it in next financial year.
- UC details given to auditors. Staff will initiate working on this matter in next financial year.
- Implementation of DEAS is ongoing and ULB staff is directed to cooperate with auditors and to provide all necessary documents for audit.
- ULB should ensure compliance of all applicable Act & Rules. The ULB should maintain a store ledger including price of inward goods.
 2 A/Cs is current in nature resulting in revenue loss of interest for the ULB. Therefore, it should be converted into Savings A/C to avoid losses.
 Grant is blood of ULB. Therefore, for getting grant and running the ULB working smoothly it is requirement of grant. Further timely submission of utilization certificate helps the grant realizing authority to send the money for fulfill the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.
 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 Forbesganj Nagar Parishad is covered under schedule-1, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule.

Details of statutory deduction:-

Discussion Note

Forbesganj Nagar Parishad

- i. **TDS:** Various cases were observed where TDS was deducted but not deposited within stipulated time, causing imposition of interest @ 1.5%. Few of such cases are as below:

Sl. No.	Yojna	TDS Amount	Date of Deduction	Date of Deposit
1	DFID	3606	21-11-2017	18-07-2018
2	Professional Tax	2505	22-12-2017	18-07-2018
3	Mukhyamantri Nali Gali	2148	14-10-2017	22-12-2017
4	Mukhyamantri Nali Gali	3790	14-10-2017	22-12-2017
5	Mukhyamantri Nali Gali	5234	18-10-2017	22-12-2017
6	Mukhyamantri Nali Gali	2493	07-11-2017	22-12-2017
7	Mukhyamantri Nali Gali	1059	07-11-2017	22-12-2017
8	Mukhyamantri Nali Gali	3592	21-07-2017	13-10-2017
9	Mukhyamantri Nali Gali	5318	21-07-2017	13-10-2017
10	Mukhyamantri Nali Gali	4380	21-07-2017	13-10-2017
11	Mukhyamantri Nali Gali	3090	22-07-2017	13-10-2017
12	Mukhyamantri Nali Gali	2387	08-08-2017	13-10-2017
13	Mukhyamantri Nali Gali	4502	08-08-2017	13-10-2017
14	Mukhyamantri Nali Gali	4625	08-08-2017	13-10-2017
15	Mukhyamantri Nali Gali	2128	08-08-2017	13-10-2017
16	Mukhyamantri Nali Gali	4303	08-08-2017	13-10-2017
17	Mukhyamantri Nali Gali	4990	08-08-2017	13-10-2017
18	Mukhyamantri Nali Gali	4642	12-09-2017	13-10-2017
19	Mukhyamantri Nali Gali	3348	20-09-2017	13-10-2017
20	Mukhyamantri Nali Gali	1273	20-09-2017	13-10-2017
21	Mukhyamantri Nali Gali	2056	20-09-2017	13-10-2017
22	Mukhyamantri Nali Gali	4460	20-09-2017	13-10-2017
23	Mukhyamantri Nali Gali	4473	25-09-2017	13-10-2017
24	Professional Tax	3097	21-07-2017	13-10-2017
25	4th Finance	8163	21-07-2017	13-10-2017
26	4th Finance	14168	21-07-2017	13-10-2017
27	4th Finance	3027	08-08-2017	13-10-2017
28	13th Finance	2615	21-07-2017	13-10-2017
29	13th Finance	4019	22-07-2017	13-10-2017
30	13th Finance	3976	08-08-2017	13-10-2017
31	13th Finance	1595	08-08-2017	13-10-2017
32	14th Finance	3066	08-08-2017	13-10-2017
33	Municipal Fund	963	12-07-2017	13-10-2017
34	Municipal Fund	490	14-07-2017	13-10-2017



कार्यवाही अधिकारी
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06/06/2018

Discussion Note

Forbesganj Nagar Parishad

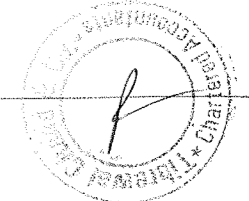
35	Municipal Fund	1066	10-06-2016	06-07-2017
36	Municipal Fund	1868	10-06-2016	06-07-2017
37	Municipal Fund	1225	23-11-2016	06-07-2017
38	Municipal Fund	1560	23-11-2016	06-07-2017
39	Municipal Fund	2646	23-11-2016	06-07-2017
40	4th State Finance	23590	17-12-2016	06-07-2017
41	4th State Finance	4868	17-12-2016	06-07-2017
42	4th State Finance	3450	17-12-2016	06-07-2017

Name	Basic	DA	HRA	Medical	TDS
Suman Kumar	19,850.00	26,996.00	1,489.00	200.00	TDS not Deducted
Suman Kumar	20,450.00	27,812.00	1,534.00	200.00	TDS not Deducted

During the audit of contractors files various cases it was observed that no TDS was deducted or short TDS was deducted. Few cases are as below:

S/N	Date	Particulars	Amount	Observations
1	06-05-2017	Construction of Prasashnik Bhawan upri manjil	3,03,671.00	No TDS Deducted
2	09-05-2017	Construction of culvert vide Yojna no 1/15-16	65,704.00	No TDS Deducted
3	03-06-2017	Construction of RCC drain ward no 17	3,85,000.00	No TDS Deducted
4	03-06-2017	Construction of community building vide yojana no 14/15-16	5,00,000.00	No TDS Deducted
5	10-06-2017	Construction of RCC drain ward no 09 letter no 07/17-18	10,000.00	No TDS Deducted
6	16-06-2017	Construction of nala ward no 15 letter no 11/16-17	3,23,330.00	No TDS Deducted
7	16-06-2017	Construction of PCC road and RCC drain letter no 62/16-17.	2,20,000.00	No TDS Deducted
8	30-06-2017	Construction of PCC drain letter no 01/17-18 wide voucher no 106 dated 30-6-17.	1,50,000.00	No TDS Deducted
9	10-07-2017	Construction of culvert yojana no 2/17-18 vide voucher no 127	2,00,000.00	No TDS Deducted
10	14-07-2017	Construction of pcc road wards no 05 letter no 03/08-09 wide voucher no 168 dated 14-7-17.	19,526.00	No TDS Deducted
11	21-07-2017	Construction of pcc road and rcc drain	3,16,395.00	No TDS Deducted
12	21-07-2017	Construction of rcc nala ward no 15	65,575.00	No TDS Deducted
13	21-07-2017	Construction of culvert ward no 15	60,050.00	No TDS Deducted
14	21-07-2017	Construction of rcc nala ward no 09	1,00,000.00	No TDS Deducted
15	28-07-2017	Repair of road vide yojana no 2/15-16	51,705.00	No TDS Deducted

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16	02-08-2017	Construction of pcc road	2,00,000.00	No TDS Deducted
17	09-08-2017	Construction of Culvert	10,000.00	No TDS Deducted
18	21-08-2017	Construction of culvert wide letter no 3/17-18 ward no 22	30,000.00	No TDS Deducted
19	19-09-2017	Construction letter no 04/17-18	10,000.00	No TDS Deducted
20	19-09-2017	Construction letter no 04/17-18	40,000.00	No TDS Deducted
21	19-09-2017	Construction letter no 05/17-18 ward no 02	40,000.00	No TDS Deducted
22	20-09-2017	Repairing of road in Durga puja	75,000.00	No TDS Deducted
23	20-09-2017	Construction letter no 05/17-18 ward no 02	25,000.00	No TDS Deducted
24	14-10-2017	Construction of RCC nala and ward no 09	68,957.00	No TDS Deducted
25	16-10-2017	Construction of PCC road and RCC nala vide letter no 55/16-17 ward no 22	4,38,236.00	No TDS Deducted
26	02-11-2017	Construction vide letter no 2/17-18	2,00,000.00	No TDS Deducted
27	12-12-2017	Construction of RCC drain ward no 14	5,13,987.00	No TDS Deducted

ii. Delay in Return Submission:

Sl. No.	Quarter	Due date	Date of Filing
1	Quarter 1	31st July	No Filing
2	Quarter 2	31st October	27th October
3	Quarter 3	31st January	27th October
4	Quarter 4	15th May	No Filing

iii. Royalty:

Date	Yojna	Bill Amount	Remarks
14.11.2017	Construction of administrative building	1,06,459	Royalty not deducted

iv. Short deposition of Amount Collected: Short deductions of TDS other than civil works are as below:

Date	Details of Bills	Paid to	Amount
15-04-2017	Vehicle Hire Charges	Chandan Singh	1,32,658.00
26-05-2017	Social Programs	Nukkar Natak	2,38,000.00
03-06-2017	Store water Drain (Repair & Maintenance)	Chandranath Chandan	1,00,000.00

Bank Reconciliation Statement



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Discussion Note

Forbesganj Nagar Parishad

Name of Scheme	Name of Bank	A/C type	Balance as per Cash Book	Balance as per Bank	Difference	Status
General	HDFC Bank - 17	Savings	-	-	-	Reconciled
General	Bank of India - 00301	Savings	-	-	-	Reconciled
Revenue Collection	Central Bank of India - 00616	Current	28,21,553	3,040,364	218,811	Reconciled
BRGF	Bank of Baroda - 14485	Savings	400,000.13	400,000.13	0	Reconciled
HFA	Union Bank - 09372	Savings	11,663,552	11,663,552	0	Reconciled
Revenue Collection	Punjab National Bank - 32570/32572	Savings	1,314,961	1,314,961	0	Reconciled
IHSDP House	Bank of Baroda - 29901	Savings	20,305,380	24,309,780	4,004,400	Reconciled
IHSDP Infra	Union Bank - 01097	Savings	7,153,644	7,153,644	0	Reconciled
Kabir Antyesthi	Bank of India - 00042	Current	396,830.40	396,830.40	0	Reconciled
Revenue Collection	State Bank of India - 38663	Savings	263,772.61	263,772.61	0	Reconciled
SBM	Bank of Baroda - 29902	Savings	2,648,047	2,877,547	229,500	Reconciled
SJSRY	Bank of Baroda - 12042	Savings	329,259	329,259	0	Reconciled
13 th /14 th Finance	Bank of Baroda - 23179	Savings	4,265,876	4,265,876	0	Reconciled
Balika Samridhi	Punjab National Bank - 14750/14752	Savings	86,157	86,157	0	Reconciled
DFID	Bank of Baroda - 23719	Savings	17,999,498.13	17,999,498.13	0	Reconciled
Nali Gali	Canara Bank - 03086	Savings	8,952,039	8,952,039	0	Reconciled
Nal Jal	Canara Bank - 02948	Savings	46,841,314	46,841,314	0	Reconciled
Sahari Vikash	Canara Bank - 03245	Savings	16,525,743	16,525,743	-	Reconciled
NULM	Canara Bank - 03520	Savings	327,839	327,839	0	Reconciled
TREASURY	PLA-140		86,038,677	86,038,677	0	Reconciled

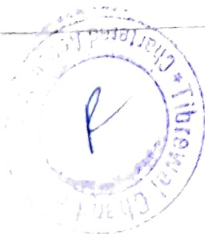
Details of UC's of Financial Year 2017 - 2018

कार्यवाही अधिकारी
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20/08/2018
 Tibrewal Chand & Co.
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