

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

INTERNAL Audit Report

for

F. Y. 2018-19

Group 1

NAGAR PARISHAD

DAUDNAGAR

BY

A. P. SANZGIRI & CO.

Chartered Accountants

Plot No. 22, House No. 174, Anand Nagar Lane, Behind
Vakola Police Station, Santacruz (East), Mumbai
400055. INDIA

Mob No.: +91-98333 44727 Fax: +91-22-26691233

Email Id.: caayush.aps@gmail.com



A. P. SANZGIRI & CO.

CHARTERED ACCOUNTANTS

Document History

Internal Audit

Project Title	Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar (Tender No. IA-140ULBs/2017-18/2018-19/2019-20) Group - 1 covering 19 ULBs"
Report Title	Internal Audit for FY 2018-19 of Nagar Parishad Daudnagar
Reporting Entity	A P SANZGIRI & Co., Chartered Accountants
Reporting for	Nagar Parishad Daudnagar
Report Prepared by	Internal Audit Team of A P SANZGIRI & Co., Chartered Accountants
Date of Submission	<u>29th November 2019</u>



Abbreviation and Acronyms

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

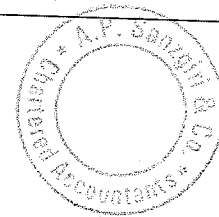
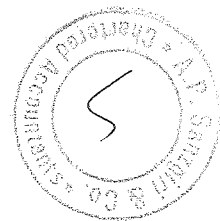


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A. P. SANZGIRI & CO.
CHARTERED ACCOUNTANTS

Date: 13th July, 2020

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

Sub: Submission of Internal Audit Report of Nagar Parishad Daudnagar for the financial year 2018-19

Ref No.: Letter No. 7/l. AK. 23/2018 - 82

Dated: 16.01.2019

Respected Sir,

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

As per the terms and conditions of RFP Document, we have successfully conducted the Internal Audit of Nagar Parishad Daudnagar for the Financial Year 2018-19 and submitting the report of the same as per our deliverables.

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

Hope you will find the same in compliance. Assuring you of our best services & cooperation always.

Thanking You,

Yours faithfully,

On Behalf of
A P Sanzgiri & Co,
Chartered Accountants

Satish
CA Satish Gupta
Partner
FRN: 116293W



UDIN: 20101134AAAAJH6493

Date - 07-07-2020

Membership No - 101134

Executive Summary

1. INTRODUCTION:

Name of the Municipality	-	Nagar Parishad Daudnagar
Period covered under Current Audit	-	01 st April 2018 to 31 st March 2019
Name of Mayor	-	Shri Permanand Prasad
Name of Executive Officer	-	Shri Bipin Bihari Singh

2. OBSERVATIONS AND FINDINGS:

Strengths	<ol style="list-style-type: none"> 1. In the existing system as prevailing in the ULB, day to day working is in progressive manner in respect of collection of revenue and execution of the projects. 2. There is sufficient co-operation from the management during the course of our audit. 3. General Cash book is properly up-to-dated. 4. List of Outstanding dues is available. 5. Bank reconciliation has been reconciled except some.
Weaknesses	<ol style="list-style-type: none"> 1. The collection of rental income is not satisfactory. 2. The shopkeeper/tenants have not been paying rent and have huge outstanding debts. 3. Budget is not prepared properly, there is huge difference in opening balance of each year in continuous nature. 4. No physical verification of store is exercised by ULB. 5. No Physical verification of cash is exercised by ULB. 6. Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied. 7. Utilization certificate for FY 2018-19 has not been prepared. 8. Fixed assets register is not maintained by ULB 9. Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection, however we have taken from UD & HD website. 10. Statutory compliance of the ULB are not deposited timely and hence it incurs penalty and other charges. 11. Certain Statutory Registers and Books are not maintained. <p>12. Non Levy of Taxes:</p> <ul style="list-style-type: none"> • Water Tax. • Tax on advertisements, other than advertisements published in newspapers • Surcharge on electricity consumption within the municipal area • Tax on congregations.

	<ul style="list-style-type: none"> • Tax on pilgrims and tourists. • User Charges for Solid Waste Management • User Charges for Parking Facility • User Charges for Garbage Clearance • Collection of fees for sanction of building plans and issue of completion certificates, • Collection of Development Charges <p>13. During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 30 to 45 days.</p> <p>14. ULB is not prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.</p> <p>15. ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter</p> <p>16. Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.</p> <p>17. Non Compliance of Rule 130 of BMAR in some of the cases.</p> <p>18. ULB is not maintaining the accounts as well as not preparing the financial statements.</p> <p>19. ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.</p> <p>20. Accounts committee has not been formed till date i.e. 29.11.2019</p> <p>21. Notice fee has not been collected by ULB.</p> <p>22. ULB paid some dues on or after due date as a results incur losses in form of penalty for example electricity bill.</p>
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3. **OPINION:**

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

4. **AUDIT RECOMMENDATION:**

Observed Weaknesses	Audit Recommendations
The collection of rental income is not satisfactory. The shopkeeper/ tenants have not been paying rent and have huge outstanding debts.	To implement/take action to boost collection of arrear revenue to increase their own source revenue.
Budget is not prepared properly, there is huge difference in opening balance of each year in continuous nature.	ULB have to take strict action against the same and need to rectify it in retrospective effect.

No physical verification of store is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of the stock and process.
No Physical verification of cash is exercised by ULB.	Physical verification to be carried out by ULB on a reasonable interval basis for proper monitoring of cash.
Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.	Internal Audit wing should be created by employing the Municipal Internal Auditor on the Board.
Utilization certificate for FY 2018-19 has not been prepared.	Utilization Certificate should be prepared timely by the ULB and submit the same to Department on regular basis.
Fixed assets register is not maintained by ULB	Fixed assets register should be maintained and updated properly with the assistance of DEAS team.
Compliance report of AG audit is not prepared by the ULB. Further ULB has not provided to us report of AG, however we have taken report for UD & HD website.	Compliance report should be prepared as soon as the report is received by ULB and steps to be taken for recovery of the amount for financial irregularities.
Statutory compliance of the ULB are not deposited timely and hence it incurs penalty and other charges.	As ULB is not proper in statutory compliances, that cause financial implication on ULB in mode of interest and penalty. So, ULB should ensure statutory compliance on time.
Certain Statutory Registers and Books are not maintained.	Statutory register and books of accounts should be maintained as per guidelines and BMAR.
Cash Book and Pass book for Bank of Baroda (A/c No. 00100200007052) under BRGF is not under the custody of ULB.	It is recommended to take strict action/ judiciary procedure to recover it.
Non Levy of Taxes: <ul style="list-style-type: none"> • Water Tax • Tax on advertisements, other than advertisements published in newspapers • Surcharge on electricity consumption within the municipal area • Tax on congregations. • Tax on pilgrims and tourists. • User Charges for Solid Waste Management • User Charges for Parking Facility • User Charges for Garbage Clearance • Collection of fees for sanction of building plans and issue of completion certificates, • Collection of Development Charges 	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. ULB should take steps to implement required taxes to boost their revenue
During verification of receipts book and deposit slips, we have noticed that there is gap in	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the

collection of tax and deposit of tax around 30 to 45 days.	Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.
ULB is not prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	As per BMAR Rule No. - 121, ULB should prepare of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.
ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	Currently ULB is sending on yearly basis and the same need to be complied on quarterly basis.
Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.	As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB. 1. Municipal General Fund 2. Basic service for urban poor 3. Water supply & sewerage fund 4. Solid Waste Management Fund 5. Road Development & Maintenance 6. Enterprise Fund
Non Compliance of Rule 130 of BMAR in some of the cases.	ULB should ensure compliance related to Rule 130 of BMAR on regular basis.
ULB is not maintaining the accounts as well as not preparing the financial statements.	ULB is required to maintain the accounts as well as prepare the financial statements at the end of the year.
ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.	ULB should prepare financial statements for each year and get it approved from municipal account committee. As per BMAR, audited financial statements are required to submit to auditor for audit.

5. COMMENTS FROM MANAGEMENT

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

6. ACKNOWLEDGEMENT

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

On Behalf of
A P Sanzgiri & Co.
Chartered Accountants
Satish Gupta
CA Satish Gupta
Partner
FRN: 116293W
UDIN: 20101134AAA A7H6493
DATE: 07-07-2020
Membership No: 101134

DETAILED AUDIT REPORT

1. INTRODUCTION:

S.N.	Name Of ULB	Period-covered		Audit Team
		From	To	
1	Daudnagar Parishad	01-04-2018	31-03-2019	1.Name of Team Leader: Satish Gupta 2.Name of CA: Ayush Agarwal 2. Name of Auditor: Vivek Singh 3. Name of Auditor: Raja Ansari

2. ADMINISTRATION:

SIN o	Particulars	Details
1	The present body of the ULB has taken charge on	2017
2	The incumbency in the key Administrative and Executive positions was as under:	
2.1	Name of Mayor:	Parmanand Prasad
2.1.1	Period of Service:	From: June 2017 To: 09-06-2018
2.2	Name of Commissioner/Executive Officer:	Bipin Bihari Singh
2.2.1	Period of Service:	From: September 2015 To: June 2018

3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. STATUS OF AUDIT OBSERVATIONS IS AS UNDER:

S.N	Particulars of audit and date of report	Total No. of audit paras	Total No. of audit paras where necessary improvement/corrective measures required	Total No. of audit paras where recovery of cash is proposed	Total No. of audit paras where recovery has been made	Total amount of Recovery	Total no. of O/s para where no action has been taken	No. & date of compliance report
1	Audit report submitted by AG for the F.Y. 2010-11 to 2014 -15	25	25	8	Nil	-	25	Not Prepared (Refer Discussion Note)

3.2. DETAILS OF TOTAL NUMBER OF AUDIT PARAS:

Period of AG Audit Report : 2010-11 to 2014-15

Compliance Report Date & Number : Not Prepared

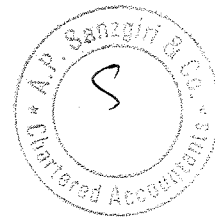


Audit Para Number	Heading of the Audit Para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
1	Solar Light	18.16 Lakh	18.16 Lakh	NO	NO
2	Cleaning Goods (under 13 th F.C.)	31.94 Lakh	-	-	NO
3	Cleaning Goods (under 13 th F.C.)	17.00 Lakh	-	-	NO
4	Self Cheque - Withdrawal	31.59 Lakh	-	-	NO
5	Advance Payment (Power supply)	4.81 Lakh	-	-	NO
6	Shop Rent - Non recovery of Service tax	0.91 Lakh	0.91 Lakh	NO	NO
7	Shop Rent - Outstanding	3.01 Lakh	3.01 Lakh	NO	NO
8	Mobile tower tax- outstanding	6.12 Lakh	6.12 Lakh	NO	NO
9	Holding Tax- outstanding	16.44 Lakh	16.44 Lakh	NO	NO
10	Trade licence	6.76 Lakh	-	-	NO
11	Market rent - outstanding	0.94 Lakh	0.94 Lakh	NO	NO
12	See note-				NO
13	Daily Wages-	7.92 Lakh	-	-	NO
14	Not presented Abhiswan	36.95 Lakh	-	-	NO
15	Misc. Receipt	0.85 Lakh	0.85 Lakh	NO	NO
16	Bank Statement	NA	-	-	NO
17	See note below	0.32 Lakh	0.32 Lakh	NO	NO
18	Advance Register	19.00 Lakh	-	-	NO

Note-1: ULB did not provide AG report there after have taken from UD & HD website. Para-12 of Part-II(B) and Para 1-7 of Part-III of downloaded report is not readable.

Note-2: Further Compliance Report has not been prepared by managements.

Management Comment: We are preparing Compliance Report for above said period of AG Report, Once it is completed thereafter said Report will be provided. (Refer Discussion Note-1)



4. FINANCE**I. BUDGETARY PROVISIONS AND EXPENDITURE FOR THE LAST THREE YEARS**

Year	Year- 2016-17	Year- 2017-18	Year- 2018-19
Final/Revised Budget Data	31,75,14,300	49,93,13,942	56,76,81,100
Actual Expenditure Data	7,86,36,278	9,80,74,673	6,92,92,965
Savings(+)/Excess(-)	23,88,78,022	40,12,39,269	49,83,88,135

Auditor Comment:

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

II. VOLUME OF TRANSACTIONS

Period	Budgeted for F.Y. 2018-19	Actual for the F.Y. 2017-18	Actual for the F.Y. 2016-17	Actual for the F.Y. 2018-19	Cumulative for the Current Period
Opening balance	19,40,09,755	19,02,66,803	13,20,02,516	19,40,09,755	19,40,09,755
Receipts	40,45,99,809	10,18,17,625	13,69,00,565	4,23,49,693	4,23,49,693
Total	59,86,09,564	29,20,84,428	26,89,03,081	23,63,59,448	23,63,59,448
Net expenditure	56,76,81,100	9,80,74,673	78,636,278	6,92,92,965	6,92,92,965
Closing balance	3,09,28,464	19,40,09,755	19,02,66,803	16,70,66,483	16,70,66,483

Auditor Comment:

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



December 2018. (Refer Discussion Note for above differences i.e. Closing Balance of 2016-17 of Rs. 190266803 has been taken as Opening Balance of 2017-18 Rs. 190166803 & Closing Balance of 2015-16 Rs. 119240781 has been taken as Opening Balance of 2016-17 as 132002516).

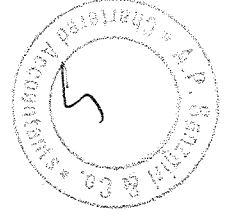
III. BANK RECONCILIATION POSITION AS ON REPORTING DATE

BANK RECONCILIATION POSITION AS ON 31-03-2019

S.N	Name of Bank	Bank A/C No.	Purpose of Bank Account	Balance as per Cash Book	Balance as per Bank Statement	Differences	Reconciled (Yes/No)
1	State Bank of India	11436537040	Internal Resource	-	3737690.61	-	
2	PNB	386100210006942	SBM	620043.00	621913.66	1870.66	NO
3	Bank of Baroda	00100200007052	BRGF	Not in our custody	Not in our custody		
4	PNB	3861002100007251	AWASHIYE YOJNA	4204688.10	4254688.10	50000	YES
5	MGB	71012100000268	Dindayal Antoday	88569.10	88569.10	-	YES
6	Treasury			228300060			

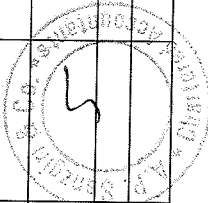
Management Comment:

1. In respect of BRGF a/c it is in custody of BRGF Audit team.
2. PNB- Will reconcile latter as soon as possible.
3. All remaining account, which is show in earlier report, has been closed. (Refer Discussion Note)
4. In respect of SBI It will be reconcile as soon as possible.
5. For Treasury - Copy attached.



IV. RECEIPT DETAILS:

		INCOME DETAILS (Amounts in INR)						
		2017-18		2018-19		2019-20		2019-20
SN	Details	2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (Actual)	2019-20 (Actual)	2018-19 (Actual)	
A	Total Receipts (A+B)	101,817,625.00	136,900,565.00	42,349,693.00	101,817,625.00		42,349,693.00	
	Revenue Receipts (1+2+3)							
1	Own Revenue Receipts (a+b)	5,747,552.00	3,795,430.00	2,494,306.00	5,747,552.00		2,494,306.00	
a)	Tax Revenue (Collected by ULB)	5,407,643.00	3,709,271.00	2,494,306.00	5,407,643.00		2,494,306.00	
i)	Property Tax	4,089,973.00	3,082,457.00	2,377,696.00	4,089,973.00		2,377,696.00	
ii)	Other tax (Collected by ULB)	1,023,992.00	674,933.00	1,084,597.00	1,023,992.00		1,084,597.00	
b)	Non-tax revenue (Collected by ULB)	3,065,981.00	2,407,524.00	1,293,099.00	3,065,981.00		1,293,099.00	
iii)	Other non-tax revenue	1,317,670.00	626,814.00	116,610.00	1,317,670.00		116,610.00	
2	Other Revenue Receipts	1,126,215.00	114,680.00	72,390.00	1,126,215.00		72,390.00	
a)	Income from interest/investments	339909.00	41,744.00	0	339909.00		0	
b)	Other Revenue income	309,909.00	0	0	309,909.00		0	
3	Transfers/Grants/Assigned Revenues	30000.00	41,744.00	0	30000.00		0	
a)	State Assigned Revenue	0	44,415.00	0	0		0	
b)	State Finance Commission (SFC) Grants	0	44,415.00	0	0		0	
c)	Octroi compensation	0	0	0	0		0	
d)	Other State Government Transfers	0	0	0	0		0	
e)	Central Finance Commission (CFC) Grant	0	0	0	0		0	
f)	Other Central Government Transfers	0	0	0	0		0	
B	Capital Receipts	96,070,073.00	133,105,135.00	39,855,387.00	96,070,073.00		39,855,387.00	
1	Sale of Municipal Land	0	0	0	0		0	
2	Loans (from State Govt. of Banks etc.)	0	0	0	0		0	
3	State Capital Account Grant	96,070,073.00	133,105,135.00	39,855,387.00	96,070,073.00		39,855,387.00	
4	Central Capital Account Grant	0	0	0	0		0	



Other Capital Receipts	0	0	0	0	0
Auditor's Comment:					

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

V.REVENUE AND CAPITAL EXPENDITURE INFORMATION.

S.N	Details	EXPENDITURE DETAILS (Amounts In Rupees)					
		2017-18		2018-19		2019-20	
		2017-18 Actual	2016-17 Actual	2018-19 (Actual)	2017-18 Actual	2019-20 (Actual)	2018-19 (Actual)
	Total Expenditure (1+2)	98,074,673.00	78,636,278.00	69,292,965.00	98,074,673.00		69,292,965.00
1	Revenue Expenditure	42,407,372.00	33,952,348.00	28,935,328.00	42,407,372.00		28,935,328.00
1.1	<i>Administrative Expenses, Establishment and Salaries (All Departments-Regular and contract)</i>	23,865,387.00	13,587,226.00	11,412,492.00	23,865,387.00		11,412,492.00
1.2	<i>Operation and Maintenance</i>	809,802.00	4,254,968.00	7,146,331.00	809,802.00		7,146,331.00
1.3	<i>Loan repayment (Interest payments)</i>	7,891.00	0	1,523.00	7,891.00		1,523.00
1.4	<i>Others(any other revenue expenditure)</i>	1,77,24,292.00	1,61,10,154.00	10,374,982.00	1,77,24,292.00		10,374,982.00
2	Capital Expenditure	55,667,301.00	44,683,930.00	40,357,637.00	55,667,301.00		40,357,637.00
2.1	<i>All developmental works under Central/ State schemes</i>	55,667,301.00	44,683,930.00	40,357,637.00	55,667,301.00		40,357,637.00
2.2	<i>Loan Repayments(Principal Amount)</i>	0	0	0	0		0
2.3	<i>Other Capital expenditure</i>	0	0	0	0		0

Auditor's Comments

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



VI. STATUS OF IMPLEMENTATION OF DOUBLE ENTRY ACCOUNTING SYSTEM:

Currently there is no agency working for implementation of double entry accounting system. (Refer Discussion Note)

Name of agency	DEAS (implemented till date)	Remark
M/s Sahani Bansal & Associates	Till F.Y 2015-16	There is no back up data available with ULB.
M/s Sankar Gurumurthy & Associates	Not implemented after 2015-16	Till now no work has been started.

VII. STATUS OF MEETING OF MUNICIPAL ACCOUNTS COMMITTEE

Municipal Accounts Committee has not been formed till date, however management replied it will be formed very soon. (Refer Discussion Note)



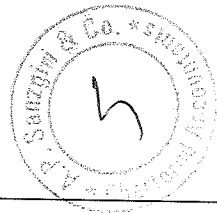
5. AUDIT OBSERVATION:

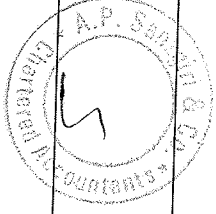
PART-A: ALL AUDIT OBJECTIONS/IRREGULARITIES WHICH HAS MONETARY IMPLICATIONS

(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.

OBSERVATION-1: TAXES/CHARGES WHICH ARE NOT IMPLEMENTED BY ULB ACCORDING TO THE BIHAR MUNICIPAL ACT, 2007

SN	Head	Comments																		
1	Objective	The main objective of audit of taxes is to check whether all taxes which are covered under Bihar Municipal Act, 2007, is levied and collected by the ULB. Further to check whether taxes are levied and collected according to applicable provisions and rules.																		
2	Criteria	We have checked list of all the taxes which to be levied and collected by the ULB as per Act. Further we have checked Syah Register, Receipt book, cashier cash book and accountant cash book etc.																		
3	Condition	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. In case of Nagar Parishad Daudinagar , The following mentioned tax/charges are not implemented that leads to loss of revenue to corporation:																		
		<table border="1"> <thead> <tr> <th>S.N</th> <th>Particulars</th> <th>Implemented by ULB or Not</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Property tax on lands and buildings.</td> <td>YES</td> </tr> <tr> <td>2</td> <td>Surcharge on transfer of lands and buildings</td> <td>YES</td> </tr> <tr> <td>3</td> <td>Fire tax.</td> <td>NO</td> </tr> <tr> <td>4</td> <td>Tax on advertisements, other than advertisements published in newspapers</td> <td>NO</td> </tr> <tr> <td>5</td> <td>Surcharge on electricity consumption within the municipal area</td> <td>NO</td> </tr> </tbody> </table>	S.N	Particulars	Implemented by ULB or Not	1	Property tax on lands and buildings.	YES	2	Surcharge on transfer of lands and buildings	YES	3	Fire tax.	NO	4	Tax on advertisements, other than advertisements published in newspapers	NO	5	Surcharge on electricity consumption within the municipal area	NO
S.N	Particulars	Implemented by ULB or Not																		
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2	Surcharge on transfer of lands and buildings	YES																		
3	Fire tax.	NO																		
4	Tax on advertisements, other than advertisements published in newspapers	NO																		
5	Surcharge on electricity consumption within the municipal area	NO																		



		6	Tax on congregations.	NO
		7	Tax on pilgrims and tourists.	NO
		8	Tax on profession.	NO
		9	Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, passenger motor vehicles.	NO
		10	User Charges for provision of water-supply, drainage and sewerage	YES
		11	User Charges for Solid Waste Management	NO
		12	User Charges for Parking Facility	NO
		13	User Charges for Garbage Clearance	NO
		14	Collection of fees for sanction of building plans and issue of completion certificates,	NO
		15	Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,	YES
		16	Collection of Fees for issue of birth and death certificates.	YES
		17	Collection of Development Charges	No
4	Consequences/Effect	No levy of taxes will be resulted in to revenue loss to ULB.		
5	Cause	There is lack of standard policies and instructions from department. In some cases policies are prepared by it is not followed by the ULBs.		
6	Corrective Action/ Recommendation	It is recommended that department should prepare uniform policies for levy and collection of taxes in proper manner and on due time. Further capacity building programmes should be held for ULBs staff and awareness about these taxes should be done.		
7	Management Comments	<p style="text-align: center;">Kindly refer discussion note attached with the report.</p> 		

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

SN	Head	Comments
1	Objective	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 the amount of tax collected by the Tax collector is required to be handed over to cashier and deposited into bank on the same day on which collection is made. To check compliance of these provisions, we have carried audit of such type of cases.
2	Criteria	We have checked respective books in order to carry the audit and some cases were checked on random basis.
3	Condition	During verification of receipts book and deposit slips, we have noticed that there is gap period in collection of tax and deposit of tax around 30 to 45 days. Details of such cases are given in Annexure-1 .
4	Consequences/Effect	In respect of above in most of the cases property tax has not been deposited on same day of collection which resulted in interest loss to ULB.
5	Cause	It is explained by concern person that due to non-availability of human resources the same issues arises.
6	Corrective Action/ Recommendation	It is recommended that tax collector/cashier should deposit the collected money into bank on same day itself and if he fails to do the same, necessary action should be taken by the ULB management in such cases.
7	Management Comments	Kindly refer discussion note attached with the report.



OBSERVATION-3: NON COLLECTION OF NOTICE FEE

SN	Head	Comments
1	Objective	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore.
2	Condition	ULB has not provided any information regarding charging and collection of notice fees.
3	Consequences/Effect	It is non-compliance of Bihar Municipal Act, 2007 which resulted in loss of revenue to the ULB.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendatio	Notice fees should be collected as per applicable provisions and rules.
7	Management Comments	Kindly refer discussion note attached with the report.

OBSERVATION-4: RECOVERY OF OUTSTANDING TAXES/RENTAL INCOME

1. RECOVERY OF OUTSTANDING PROPERTY TAX

SN	Head	Comments
1	Objective	ULB is authorized to collect holding tax from households situated in the municipal area and Property tax have major role in the internal revenue of ULB.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that property tax of Rs. 21,00,131 was outstanding as on 31/03/2019;

3	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.

2. RECOVERY OF ADVERTISEMENT TAX

SN	Head	Comments
1	Objective	ULB authorized to charge advertisement tax/fee in municipal are as per act/rule.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted there was no outstanding dues as on 31/03/2019.
3	Consequences/Effect	Delay in collection or outstanding dues results in revenue loss to ULB.
5	Cause	Not Applicable
6	Corrective Action/ Recommendation	Not Applicable
7	Management Comments	Not Applicable

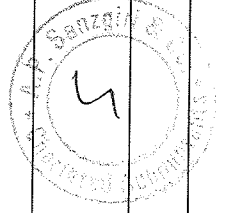


3. RENT INCOME

SN	Head	Comments
1	Objective	ULB authorized to charge rent from municipal properties.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that rent income of Rs. 5,53,364 was outstanding as on 31/03/2019.
3	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.

4. MOBILE TOWER TAX

SN	Head	Comments
1	Objective	ULB is authorized to collect tax from telecom companies for mobile towers installed in the municipal area.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted there was no outstanding as per record provided to us as on 31/03/2019:
3	Consequences/Effect	Not Applicable
5	Cause	Not Applicable
6	Corrective Action/ Recommendation	Not Applicable
7	Management Comments	Not Applicable



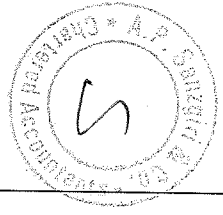
5. OTHER TAX

SN	Head	Comments
1	Objective	ULB is authorized to collect other various types of taxes/fee.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that other tax of Rs. 84,537 was outstanding as on 31/03/2019:
3	Consequences/Effect	Delay in collection of revenue leads in loss to ULB.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.

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

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

SN	Head	Comments																														
1	Objective	Checking of payment made by ULBs to find out irregularities made during payment																														
2	Criteria	Payment were checked on random basis																														
3	Condition	<p>1. Penalty Levied By Electricity Department:</p> <table border="1"> <thead> <tr> <th>S.N</th> <th>Name of Utility</th> <th>Bill Amount</th> <th>Due date for Payment</th> <th>Actual date for payment</th> <th>Penalty/Late Fees Charged</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>SBPDCL(100398394)</td> <td>18396</td> <td>12.04.2019</td> <td>24.09.2019</td> <td>15933.65</td> </tr> <tr> <td>2</td> <td>SBPDCL(100398395)</td> <td>484532</td> <td>25.02.2019</td> <td>24.09.2019</td> <td>285288.58</td> </tr> <tr> <td>3</td> <td>SBPDCL(100398396)</td> <td>43453</td> <td>12.04.2019</td> <td>24.09.2019</td> <td>3201.01</td> </tr> <tr> <td colspan="5">Total Penalty/DPS</td> <td>3,04,423.23/-</td> </tr> </tbody> </table>	S.N	Name of Utility	Bill Amount	Due date for Payment	Actual date for payment	Penalty/Late Fees Charged	1	SBPDCL(100398394)	18396	12.04.2019	24.09.2019	15933.65	2	SBPDCL(100398395)	484532	25.02.2019	24.09.2019	285288.58	3	SBPDCL(100398396)	43453	12.04.2019	24.09.2019	3201.01	Total Penalty/DPS					3,04,423.23/-
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3	SBPDCL(100398396)	43453	12.04.2019	24.09.2019	3201.01																											
Total Penalty/DPS					3,04,423.23/-																											



2. We have checked following payment related to FY 2018-19 during audit:

S.N	Name of Party	Payment Head	Invoice Amount	Approved Amount	Audit Observations
1	RAVINDRA KUMAR	Contractor	626800	626800	No such Irregularity was found
2	Chirinjivi Ram	Contractor	173247	173247	No such Irregularity was found
3	Kumar Narendra Dev	Contractor	29013	29013	No such Irregularity was found
4	Ajay kumar	Contractor	63516	63516	No such Irregularity was found
5	Ramprevesh Ram	Contractor	56875	56875	No such Irregularity was found

4 **Consequences/Effect**

Irregularities in payment lead to excess payment, wrong deductions, non-compliance with agreement and statutory compliances.

5 **Cause**

No such cases were identified during audit.

6 **Corrective Action/Recommendation**

Management can implement standard checklist for each payment so that irregularities in payments can be avoided.

7 **Management Comments**

Kindly Refer Discussion Note



(C) REPORT ON SURVEY ON 20 HIGH VALUE PROPERTIES

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

SN	Head	Comments
1	Objective	Field survey and report of 20 high value properties of ULB and report on the basis of area of building, rate of property tax etc of the same. Comparison with the data of same property provided by the ULB and report on variance between them if available.
2	Criteria	Survey was done for 20 High value properties.
3	Condition	We have checked twenty high value assessed property and found variances related to FY 2018-19 during audit. Details of such cases are given in <i>Annexure-2</i>
4	Consequences/Effect	Irregularities in this area may cause short recovery of revenue receipt and it will result in loss to the ULB.
5	Cause	There are some cases found in which variance arise due to assessment of area of property on lower side.
6	Corrective Action/Recommendation	Management need to carry survey of properties on regular interval.
7	Management Comments	Kindly refer discussion note attached with the report.



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

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

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

S.N	Name of Register	Maintained/ Not Maintained	Last date of Updation
1	Cash Book-Cashier	Maintained	31.03.2019
2	Cash Book-Accountant	Maintained	31.03.2019
3	Collection Register	Maintained	31.03.2019
4	Cheque issue Register	Maintained	31.03.2019
5	Register of Advance	Not Maintained	
6	Register of Permanent Advance	Not Maintained	
7	Deposit received register	Not Maintained	
8	Summary statement of deposit adjusted	Not Maintained	
9	Demand Register	Not Maintained	
10	Summary Statement of Bills Raised	Not maintained	
11	Register of Notice Fees, Warrant Fees, Other Fees	Not maintained	
12	Summary Statement of Notice Fees, Warrant Fees, Other Fees	Not maintained	
13	Register of Refunds, Remissions and Write off	Not maintained	
14	Summary statement of Refunds and Remissions	Maintained in Yojna Panji	
15	Summary Statement of Write-offs	Not maintained	
16	Statement of outstanding Liability for Expenses	Not maintained	
17	Document Control Register/Stock Account Receipts/Cheque Book	Not maintained	
18	Fixed Assets Register	Maintained	31.03.2019
19	Summary Statement of Demand Raised on assessment	Not Maintained	
20	Summary Statement of Head wise Collection of Other Income	Not Maintained	
21	Summary Statement of Refunds	Maintained in DCR	31.03.2019
22	Summary Statement of Write off	Maintained in Yojna Panji	31.03.2019
19	Summary Statement of Demand Raised on assessment	Not Maintained	
20	Summary Statement of Head wise Collection of Other Income	Not Maintained	
21	Summary Statement of Refunds	Maintained in DCR	31.03.2019
22	Summary Statement of Write off	Maintained in Yojna Panji	

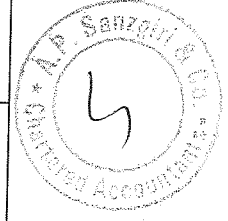
23	Grant Register	Maintained	31.03.2019
24	Summary Statement of status of Capital Work in Progress	Not Maintained	
25	Work Sheet	Not Maintained	
26	Deposit Works Register	Not Maintained	
27	Material Receipt Note	Maintained	31.03.2019
28	Store Ledger	Maintained	31.03.2019
29	Statement of Closing Stock	Not Maintained	
30	Statement of Material Issued	Maintained	31.03.2019
31	BRS of all bank accounts (including dormant accounts)	Maintained	31.03.2019
32	Final Accounts for the F.Y. 2012-13 to 2017-18	Not maintained	
33	Audited Balance Sheet	Not maintained	
34	Audited Income & Expenditure Account	Not maintained	
35	Audited Receipts & Payment Account	Not maintained	

(b) IRREGULARITY IN PROCUREMENT PROCESS:

1. COMPLIANCE REGARDING TENDER ISSUED BY THE ULBS:

A. During audit, we have checked following procurements :

Tender Issue Date & Number	Mode of Tender (Quotation/ Open Tender/ Selective Tender/ Limited Tender)	Is Minimum Party applied for tender	Is comparative chart attached in tender file.	Is Original EMD/PG/Security deposit submitted by participants as per requirement of tender	Whether all the security deposit and earnest money tender/agreement process have been deposited in the bank immediately.	Similarly refunds of these security deposit and earnest money have been made on time.	Is work order issued to selected party on time?	Is Financial Bid of all participants attached
No.- 02/17-18 Dated: 03.12.2018	E- Tendering	YES	YES	YES	YES	YES	YES	YES



2. **DETAILS OF LOG BOOK MAINTAINED:** All vehicle and other assets, **except Scorpio**, in respect of which log book can be maintained has been given on hire to tariquee NGO, with whom contract has been entered for cleaning within municipality area, and hire charges has been deducted from bill amount charges by tariquee NGO. Further there is no contract deed in respect of vehicle and machinery in respect of rate, maintenance and major destruction happened like accident.

Management comment: Because of right to operation and maintenance has been transfer and in lieu of that ULB received consideration. So that ULB did not maintain log book in respect of vehicle. **(Refer discussion note)**

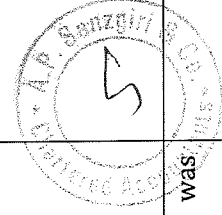
S.N	Name of Vehicle	Whether vehicle log book is maintained or not	Whether log book is properly updated or not	Whether vehicle is insured or not	Whether Rate of Diesel/Petrol properly mentioned in log book
1	Scorpio	YES	YES	YES	NO

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

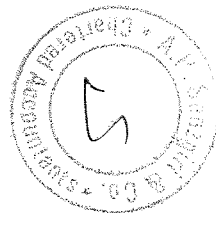
SL No.	Direction issued by UDHD	Particulars of Circulars/Orders/Notice	Complied or Not
1	Gyapank No.- 6628; Dated- 26.12.2018	<u>Mukhyamantri Nal Jai Yojna:-</u> "Whether Para No. 1- 28 have been complied of this circulars".	Complied
2	Gyapank No.- 3234; Dated- 12.06.2018	Purchase of Material or Receive of Service from "GeM Portal" w.e.f. 01.07.2018	Complied
3	Gyapank No.- 3453; Dated- 29.06.2018	<u>Outsourcing of Services and there respective Standard:-</u> "Whether Standard or Measurement criteria mentioned in this circular in respect to their respective 'Type of Services' have been complied".	Complied
4	Amendment in Oath Number-3557, Dated 20.11.2014; Dated of Amendment- 04.05.2018	<u>Related to Departmental Work:-</u> "Whether Para '1- 4' of this order have been complied in respect to 14 th F.C. or 5 th F.C Departmental work carried on, which is mentioned in this order,".	Complied
5	Gyapank No.- 5124; Dated- 28.09.2018	<u>Deduction of TDS on GST:-</u> w.e.f. 01.10.2018 TDS on GST shall be deducted as per Section 51 of BGST act, 2017	Complied

4. NON COMPLIANCE OF ACTS & RULES:

S.N	Requirement	Criteria	Auditors Comment	Management Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made	BMAR Rule No.-22	Refer point: Part-A (a) (2) On an Average 30 to 45 days delayed in hand of Tax Collector.	(Refer Discussion Note)
2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	BMAR Rule No.- 27	Yes, Tax collector and other municipal employees are entrusted to collect municipal revenue within municipality area;	
3	Whether the collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	BMAR Rule No.- 27	Yes ,Tax Collector kept receipt book in his personal custody;	
4	Whether bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated stall of the Municipality	BMAR Rule No.- 27	Yes, Daily Collection Register is verified by designated Officer of Council;	
5	Whether every bill collector invariably remit his collections (in cash and/or cheques) to Cashier daily before 4.30 PM and take the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	Refer point: Part-A (a) (2) The same rule did not follow by Tax Collector and on an average 30 to 45 days delayed found in hand of Tax Collector;	(Refer Discussion Note)
6	Whether Grant Register as prescribed in BMAR Form 28 was maintained by the Municipality to record receipts and utilization of grants sanctioned by the Government.	BMAR Rule No.- 69	Yes, Grant Register has been maintained by ULB.	
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the responsibility of the Chief Municipal Officer that the conditions attached to the grant are complied with without exception.	BMAR Rule No.- 69	Yes complied;	
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No irregularities in this regard was observed.	

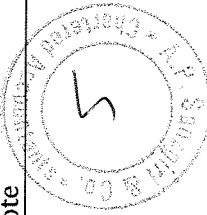


9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	Refer PART-B (10) Yes, but complete UC has not been prepared;	(Refer Discussion Note)
10	Whether Municipality has returned unutilized grant for more than three years from date of receipt to the source from where such grant was received	BMAR Rule No.- 69		
11	Whether The Chief Municipal Officer prepare a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.	BMAR Rule No.- 120	Currently Receipt and Payment A/c has not been prepared by ULB;	Currently it is not prepare, however we will proceeds further. Refer Discussion Note;
12	Whether ULB prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	BMAR Rule No.- 121	Trial Balance has not been prepared;	ULB not in a practice to prepared Trail Balance, Income and Expenditure and Balance Sheet. It will be prepare after implementation of double entry Accounting System.
13	Whether ULB sent the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	BMAR Rule No.- 121	The ULB was not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter;	(Refer Discussion Note)
14	The Chief Municipal Officer shall, Within three months after the end of each financial year be prepared financial statements for the preceding year in respect of the accounts of the Municipality. The Financial Statements shall comprise of a. Receipts and Payments Account for the year (BMAR Form No.71) b. Income & Expenditure Statement for the year (BMAR Form No.73) c. Balance Sheet as on 31st March of the year (BMAR Form No.74) d. Significant accounting policies adopted by the Municipality in presentation of the financial statements. e. Notes to Accounts, which shall disclose Contingent liabilities, and such other information as, may be useful in understanding the financial statements clearly. f. Comparative amounts shall be entered on the	BMAR Rule No.- 122	Financial Statement has not been prepared by municipality;	ULB not in a practice to prepare Trial Balance, Income and Expenditure and Balance Sheet. It will be prepare after implementation of double entry Accounting System.

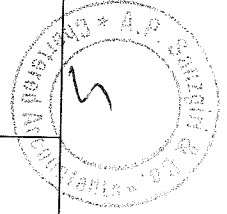


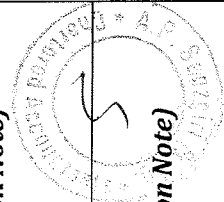
	financial statements for the preceding financial year except. In the case of the first year to which those rules apply				
15	Whether the municipality is regular in depositing statutory dues including tax deducted at source, GST, TDS on GST, service tax, VAT, works contract tax, cess payable to the government etc. and if not, the nature and cause of such delay and the amount not deposited: (BMAR Rule No.-130)	BMAR No.-130	Rule	Refer PART-B (6) Amount of statutory dues has not been deposited on due date. Whole deduction amount for entire F.Y. 2018-19 has been deposited on 11.03.2019;	(Refer Discussion Note)
16	Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation; (BMAR Rule No.-130)	BMAR No.-130	Rule	Refer PART-B (6) Yes deposited on time except April, June, July, August, October and November and March for F.Y. 2018-19;	(Refer Discussion Note)
17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	BMAR No.-130	Rule	No trial balance is prepared hence classification of transaction was not done;	(Refer Discussion Note)
18	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted;	BMAR No.-130	Rule	Yes, recorded properly in grant register as well as cash book, but no case of deduction was found;	
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	BMAR No.-130	Rule	No special fund has been created;	(Refer Discussion Note)
20	Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	BMAR No.-130	Rule	There are no FAR, has not maintained; There is no system developed to physically verify the existing assets;	(Refer Discussion Note)
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	BMAR No.-130	Rule	Yes collected, but collection procedure is slow as outstanding amount Rs. 5,53,364 pending in this respect. Only 32.76% of total demand was collected- Refer Part-A(a)(4) of This Report;	Necessary action will be taken to realised outstanding amount. (Refer Discussion Note);

22	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	BMAR No.-130	Rule	Yes Procedure have been followed;	
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality's accounts; if so, the details thereof;	BMAR No.-130	Rule	No such case was found during the period of Audit;	
24	Whether the Bank Reconciliation statements have been properly prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis;	BMAR No.-130	Rule	Refer Point-04 (III) Yes BRS of all existing bank a/cs, except one bank a/c, have been prepared. Remedial Action, rectification of entries have been made in proper order. Reconciliation statement have been prepared in cash book itself except one bank A/c which is mentioned in this report;	(Refer Discussion Note)
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR No.-130	Rule	YES	
26	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and in all cases such as are authorized by Act;	BMAR No.-130	Rule	YES	
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR No.-130	Rule	Refer-PART-A (a)(4) Yes, properly assessed and collected but recovery procedure is slow. Total outstanding amount is Rs. 21,00,131;	(Refer Discussion Note)
28	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act;	BMAR No.-130	Rule	Refer-PART-A (a)(2) Yes, sums due to and received by ULB have been brought to books of accounts. But it takes on an average 30 to 45 days in case of holding tax. This delay was found in hand of tax collector;	(Refer Discussion Note)
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR No.-130	Rule	UC have not been prepared in prescribed format in timely manner	(Refer Discussion Note)

30	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as it appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR No.-130	Rule	Refer-PART-B (a) Some Books of accounts has not been prepared;	(Refer Discussion Note)
31	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	BMAR No.-130	Rule	No such practices followed by ULB;	It will be followed by F.Y. 2019-20. Refer Discussion Note;
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR No.-130	Rule	No physical verification is carried out;	It will be consider and follow as per rule;
33	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts;	BMAR No.-130	Rule	ULB not maintained stock register properly and further physical verification is also not carried out;	(Refer Discussion Note)
34	Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR No.-130	Rule	ULB did not follow the practice of valuation of stock.	(Refer Discussion Note)
35	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR No.-130	Rule	No loan given during F.Y.2018-19	ULB does not give loan and advances. Refer Discussion Note
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR No.-130	Rule	No loan given during F.Y.2018-19	ULB does not give advances to its employees. Refer Discussion Note
37	Bihar Municipal Accounting Manual, 2014, every year budget should be prepared for receipts and expenditure in Form 75,77 and 80 Preparing Budgets as per the Rules framed under Bihar Municipal Accounts Rule 2014. Rule 132 regarding Public Participation in Preparation Of Budget. Moreover, as required under provisions of Rule 139, mid-year review of Budget.	BMAR No.-132	Rule	Yes, budget is prepared.	

38	Municipal Fund: Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	Not found;	<i>(Refer Discussion Note)</i>
39	Payment not to be made out of Municipal Fund unless covered by budget grant: Whether any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007: Chapter X	No such case was found during Audit period;	
40	Procedure when money not covered by budget grant is paid. Whether the case is put up with Empowered Standing Committee, in case any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007: Chapter X	Refer Discussion Note	<i>(Refer Discussion Note)</i>
41	Investment of surplus money. Whether municipality has invested surplus fund as per the requirement of the chapter-X of BMA-2007. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation Check whether comparative interest rate is invited from parties before investing surplus funds;		No fund invested by ULB;	ULB does not follow the practices of investing its surplus amount;
42	Preparation of budget estimate of Municipality. Whether The budget estimate stated the rates at which various taxes, surcharges, cesses and fees shall be levied by the Municipality in the year next following,		Yes, the same is levied at rate as specified;	
43	Maintenance of accounts. Whether the Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in such form, and in such manner, as may be prescribed,		Receipt and Expenditure A/c has not been prepared;	<i>(Refer Discussion Note)</i>
44	Financial Statement. Whether The Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality.		Not Prepared;	<i>(Refer Discussion Note)</i>



45	<p>Submission of financial statement and balance sheet to auditor.</p> <p>The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.</p>	Financial Statement has not submitted	(Refer Discussion Note)
46	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007 various tax are applicable on ULBs</p> <p>Section 145, 146 and 147 of the Bihar Municipal Act 2007 chapter XVII provides for Advertisement tax on Advertisement in Urban Areas. Chapter XVII of the Bihar municipal Act, 2007 required license of Advertisement of any holding, etc. As per act Every person who erects, exhibited, fixes or retain upon or over any land, building, wall, boarding, frame, post, kiosk, structure, vehicle, neon-sign or sky sign any advertisement, or display any advertisement to public view in any manner whatsoever (including any advertisement exhibited by means of cinematograph), visible from a public street a public place in any location in a municipal area including airport or a port or a railway station, shall pay or every advertisement, which is so erected, exhibited, fixed or retained or so displayed to public view, a tax calculated at such rate as may be determined regulations. it requires payment of certain fee for advertisement.</p>	Yes	
47	<p>As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality shall, by regulations, provide for issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore,</p>	<p>Refer-PART-A(a)(3) Yes, notice of demand issued but levy of Notice Fee is not followed currently;</p>	<p>(Refer Discussion Note)</p> 
48	<p>As per section 342 of Bihar Municipal Act, 2007 Trade license fee is to be collected from different types of Trader, who are trading in Concerned Municipal area.</p>	<p>Yes, Trade licence have been collected, but collection rate is very slow and 98% of total demand remains outstanding.</p>	<p>(Refer Discussion Note)</p>

5. **LACK OF INTERNAL CONTROL MEASURES:** We have observed the following areas where internal control measures are required by ULBs-
- Tax should be collect & deposit on timely basis as per BMAR Rules – As every tax collector takes 30 to 45 days to deposit the same after collection to cashier;
 - ULB should be followed Books of Account, Trial Balance, FAR, FS, and other records as per BMAR- Neither Trail Balance nor Financial Statement have been prepared by ULB;
 - ULB should be Prepared & Maintained monthly BRS to traced Payment and Receipt- Monthly Bank Reconciliation statement has not been prepared, however year end reconciliation has been prepared;
 - UC should be regularly prepared as per utilization of grant- No utilisation certificate has been prepared in respect of grant used;
 - Scrap laying idle should be disposed off. There is lots of material which have value lays idle in ULB and depreciate day by day.

6. **NON-COMPLIANCE OF TDS, VAT AND OTHER RELEVANT STATUTE**

A. **DETAILS OF DELAY IN DEPOSIT OF TDS ARE MENTIONED BELOW:**

S.N.	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/Challan Number
1	Kamlesh kumar	99981.00	1000.00	07.04.2018	31.03.2019	931565
2	Kamlesh kumar singh	82170.00	822.00	07.04.2018	31.03.2019	931570
3	RAVINDRA KUMAR	626800.00	6268.00	07.05.2018	31.03.2019	931571
4	Chirinjivi Ram	173247.00	1732.00	07.07.2018	31.03.2019	931570
5	Kumar Narendra Dev	29013.00	290.00	07.06.2018	31.03.2019	931567
6	Ajay kumar	63516.00	629.00	07.05.2018	31.03.2019	931567
7	Ramprevesh Ram	56875.00	569.00	07.10.2018	31.03.2019	931570
8	Jiyaur RAHMAN	1104300.00	11043.00	07.09.2018	31.03.2019	931571
9	Jiaur RAHMAN (2nd)	255200.00	2552.00	07.01.2019	31.03.2019	931571
10	MD SUHEL	438000.00	4380.00	07.10.2018	31.03.2019	931571
Total		29,29,102.00	29,285.00			

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

S.N	Name of Party	Invoice Value	Amount of deduction	Date of deduction	Actual Date of deposit	Cheque No./Challan
1	Kamlesh Kumar	82170.00	6574	3.12.18	11.03.2019	A805981
2	Rampravesh Ram	153784.00	12303	25.04.18	11.03.2019	A805981

3	Rampravesh Ram(II)	56875.00	4550	25.09.18	11.03.2019	A805981
4	Chiranjivi Kumar	173241.00	13860	04.06.18	11.03.2019	A805981
5	Kumar Narender Dev	29013.00	1451	18.05.18	11.03.2019	A805982
6	Sachit Indicom	63516.00	4977	25.04.18	11.03.2019	A805982
7	Jiyaur Rahman- First	1104320.00	88346	16.08.18	11.03.2019	A805990
8	Jiyaur Rahman- (Inst-II)	255243.00	20419	03.12.18	11.03.2019	A805990
9	Md Sohail- (Second inst.)	437952.00	35036	15.09.18	11.03.2019	A805990
10	Ravindra Kumar	626754.00	50141	25.04.18	11.03.2019	A805990
11	Ajay	522485.00	41799	25.04.18	11.03.2019	A805981
Total		35,05,353	27,94,56			

C. DETAILS OF DEPOSIT OF ROYALTY ARE MENTIONED BELOW:

S.N.	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
1	Kamlesh Kumar	82170	1748	11.03.2019	A805984
2	Rampravesh Ram	153784	3434	11.03.2019	A805984
3	Rampravesh Ram(second -inst.)	56875	1296	11.03.2019	A805984
4	Chiranjivi Kumar	173241	3890	11.03.2019	A805984
5	Kumar Narender Dev	29013	1451	11.03.2019	A805984
6	Sachit Indicom	63516	2664	11.03.2019	A805985
7	Jiyaur Rahman- First	1104320	18092	11.03.2019	A805991
8	Jiyaur Rahman- Second	255243	2772	11.03.2019	A805991
9	Md Sohail- (Second inst.)	437952	2550	11.03.2019	A805991
10	Ravindra Kumar	626754	9555	11.03.2019	A805991
11	Ajay Kumar	651600	19548	11.03.2019	A805983
12	Ajay	522485	9049	11.03.2019	A805984
Total		41,56,953	76,049		

D. DETAILS OF DEPOSIT OF LABOUR CESS ARE MENTIONED BELOW:

S.N	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
1	Kamlesh Kumar	82170	822	11.03.2019	A805989
2	Rampravesh Ram	153784	1538	11.03.2019	A805989
3	Rampravesh Ram(second -inst.)	56875	569	11.03.2019	A805989

4	Chiranjivi Kumar	173241	1732	11.03.2019	A805989
5	Kumar Narender Dev	29013	290	11.03.2019	A805989
6	Sachit Indicom	63516	629	11.03.2019	A805989
7	Jiyaur Rahman- First	1104320	11043	11.03.2019	A805992
8	Jiyaur Rahman- Second	255243	2552	11.03.2019	A805992
9	Md Sohail- (Second inst.)	437952	4380	11.03.2019	A805992
10	Ravindra Kumar	626754	6268	11.03.2019	A805992
11	Ajay	522485	5225	11.03.2019	A805989
Total		35,05,353	35,048		

Auditor Comment: While doing audit of deduction made by ULB, the statutory deduction has not been deposited on due date. For F.Y. 2018-19 entire deduction amount has been deposited on 11.03.2019, in stead on due date. For example TDS should be deposited on or before 7th day of next month.

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

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

Management Comments: It will be deposit on or before due date from 2019-20.
(Refer discussion note).

E. DETAILS OF DEPOSIT OF TDS ON GST ARE MENTIONED BELOW:
There is no liability in respect of TDS on GST during F.Y. 2018-19

F. DETAILS OF TDS RETURNS FILLED ARE MENTIONED BELOW:
No data in that respect provided. (Refer discussion note).

7. DEFICIENCY IN PAYROLL SYSTEM:

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



8. DETAILS OF DELAY OF DEPOSIT OF EPF:

1.1.1. Permanent Employee:

As per PF Act, deposit of EPF of Employees should be made 15th of the following month. However, delay has been observed for depositing of PF A/C to EPFO A/C which are as below: -

Month of Deduction	Amount PF Deduction	PF Advance (Loan)	Due date of deposit	Amount Deposit	Actual Date of deposit	Delay In days
April - 18	22709	105169	15.05.2018	127878	04.06.2018	20
May - 18	22709	101492	15.06.2018	124201	04.06.2018	-
June - 18	22523	106877	15.07.2018	129400	25.09.2018	72
July-18	23207	120839	15.08.2018	144046	25.09.2018	41
August-18	23207	115643	15.09.2018	138850	25.09.2018	10
September-18	23399	118519	15.10.2018	141918	12.10.2018	-
October-18	23399	111389	15.11.2018	134788	13.01.2018	59
November-18	23399	115879	15.12.2018	139278	13.01.2018	29
December-18	23399	118249	15.01.2019	141648	13.01.2018	-
January-19	23399	102717	15.02.2019	126116	18.02.2019	3
February-19	23399	124190	15.03.2019	147589	11.03.2019	-
March-19	23399	100499	15.04.2019	123898	Not deposited	-

Management Comments: (Refer discussion note).

9. UTILISATION OF GRANT AND REPORT ON MISSING UTILISATION CERTIFICATES

1. Status of Utilization Certificate

Note:- With the help of Auditor we have prepared the UC details . (Refer discussion note).
(Refer Annexure)

2. Status of use of grant as per default allocation

Management Comment:- Specifically grant allocation details has not been maintained, however it is maintained in grant register. (Refer Discussion Note)



III. PART-C

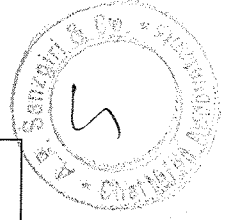
SN	Particulars	Complied or Not
A	Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GoB; Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Complied Refer-PART-B(3)
B	Auditor should Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	Complied Refer-PART-A(c)
C	Auditor should report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR :	Refer-PART-B(4)
	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	
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Complied Refer-PART-B(4)
E	Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc;	Complied Refer-PART-A(a)
F	Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.	Complied Refer-PART-B(b)
G	Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Complied Refer-PART-B(b)
H	Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Complied Refer-PART-B(9)
I	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied Refer-Audit Recommendatio

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



**ANNEX-1 DELAY IN DEPOSIT OF PROPERTY TAX
ULB - DAUDNAGAR NAGAR PANCHAYAT
INTERNAL AUDIT REPORT- 2018-19**

S.N		Amount of tax	Date of Collection as per Receipts Booked	Amount Deposited with Cashier	Date of deposit with cashier	Delay in deposit with cashier	Date of Deposit into Bank as per Deposit Slip	Delay in deposit with Bank
From	To							
11566	11733	19976	04.04.18 to 07.04.18	19976	03.05.2018	1-28	03.05.2018	-
11734	11800	29842	07.04.18 to 12.04.18	29842	28.05.2018	1-52	28.05.2018	-
12001	12050	35319	19.05.18 to 09.06.18	35319	16.07.2018	1-57	16.07.2018	-
12051	12094	30244	09.06.18 to 05.07.18	30244	25.07.2018	1-47	25.07.2018	-
12101	12200	50559	09.07.18 to 31.07.18	50559	07.08.2018	1-29	07.08.2018	-
12401	12563	215513	27.08.18 to 07.09.18	215513	17.09.2018	1-21	17.09.2018	-
12564	12600	20110	07.09.18 to 11.09.18	20110	27.09.2018	1-19	27.09.2018	-
12901	12980	47439	11.09.18 to 24.09.18	47439	03.10.2018	1-22	04.10.2018	1
12981	13171	63211	27.09.18 to 20.10.18	63211	24.10.2018	1-27	24.10.2018	-
13172	13346	34984	22.10.18 to 10.11.18	34984	30.11.2018	1-38	30.11.2018	-
11190	11700	47294	03.04.18 to 26.05.18	47294	28.05.2018	1-55	28.05.2018	-
11916	11965	66158	07.05.18 to 07.06.18	66158	26.06.2018	1-52	26.06.2018	-
12201	12229	22843	19.07.18 to 03.08.18	22843	03.08.2018	1-14	03.08.2018	-
12242	12287	42124	21.08.18 to 31.08.18	42124	19.09.2018	1-28	19.09.2018	-
12288	12845	43705	31.08.18 to 12.09.18	12845	26.09.2018	1-26	26.09.2018	-
12846	00132	66780	12.09.18 to 23.10.18	66780	24.10.2018	1-43	24.10.2018	-
13201	13278	38798	24.10.18 to 30.11.18	44196	30.11.2018	1-36	30.11.2018	-
13626	13684	28502	15.12.18 to 28.01.19	18212	30.01.2019	1-45	30.01.2019	-
13669	13690	2596	03.01.19 to 26.02.19	2596	26.02.2019	1-54	26.02.2019	-
13691	13941	43143	27.02.19 to 27.03.19	43143	29.03.2019	1-30	29.03.2018	-



INTERNAL AUDIT REPORT- 2018-19
ULB - DAUDNAGAR NAGAR PANCHAYAT
ANNEX-2 REPORT ON FINDINGS OF FIELD SURVEY OF PROPERTY TAX OF MINIMUM 20 HIGH VALUE PROPERTIES:

S.N	Holding Name	W.N	H.N.	Type of Use of Property		Area of Property			Tax Amount			Remarks
				As per tax Collector	As per Auditor	As per tax Collector	As per Auditor	Difference	As per tax Collector	As per Auditor	Difference	
1	ArvindYadav	20	327	Residential cum Commercial	Commercial	2400	3780	1380	2916	4593	1677	
2	ArvindYadav	20	328	Commercial	Commercial	2080	3276	1196	2880	4536	1656	-
3	Dr. Krishna Kumar	19	262	Commercial	Commercial	2070	7600	5530	2790	10244	7453	-
4	RajdevPandey	19	271	Commercial	Commercial	1900	3675	1775	2565	4961	2396	-
5	Rajendra Prasad	19	272	Commercial	Commercial	1784	3675	1891	2565	5283	2719	-
6	Sudhir Kumar	20	35	Commercial	Commercial	2640	2640	-	2358	2358	-	-
7	Vijay Kumar	20	13C	Commercial	Commercial	1650	1650	-	2565	2565	-	-
8	RavindarSharma	19	261	Commercial	Commercial	1440	1440	-	1944	1944	-	-
9	Kripal Prasad	20	130	Commercial	Commercial	1390	1390	-	1872	1872	-	-
10	Gangotri Devi	20	22	Residential cum Commercial	Commercial	2495	2495	-	1710	1710	-	-
11	Sonamati Devi	11	93	Residential cum Commercial	Commercial	1500	1500	-	1557	1557	-	-
12	ShivjatanPandey	19	270	Commercial	Commercial	1100	1840	740	1485	2484	999	-
13	Ravindar Sharma	20	326	Commercial	Commercial	984	1550	566	1332	2098	766	-
14	Smt. Rubi Devi	20	29	Commercial	Commercial	720	720	-	1260	1260	-	-



15	Sri Kripal Prasad	20	4	Commercial	Commercial	510	510	-	1170	1170	-	-
16	Sri Sangam Sav	19	4	Commercial	Commercial	840	840	-	1134	1134	-	-
17	Ravi Kumar	19	70	Commercial	Commercial			-	900	900	-	-
18	Shila Devi	19	8	Commercial	Commercial	600	600	-	720	810	90	-
19	Manorma Devi	19	161	Commercial	Commercial	560	560	-	756	756	-	-
20	Laxman Prasad	19	17	Commercial	Commercial	507	792	285	684	1068	385	-



Daudnagar Parishad

Discussion Note

Date: 12.12.2019

Daudnagar Council

with

AP Sangziri & Co.

(Chartered Accountants)

Subject: Regarding confirmation of documents not maintained and management comment in Internal Audit Report for F.Y. 2018-19.


S.N.	Auditor observation	Management comment
1	Non implementation of Double entry system;	Currently there is no agency working for implementation of accrual based double entry accounting system;
2	AG Compliance Report;	It is under process and management will submit it as soon as possible;
3	Difference in opening balance in budget for F.Y. 2015-16,16-17 and 2017-18;	Management is now making effort to find out error and will be rectify accordingly;
4	Non availability of Cash: a. Bank of Baroda	It is under custody of BRGF Audit team;
5	Non maintenance of Advance Register;	ULB did not follow practice of giving advance;
6	No Municipal Accounts committee established;	Under process, and matter will be put before board for constitution of "Municipal Accounts Committee";
7	Notice fee;	Currently not collecting, but it will be consider and collected accordingly;
8	TDS return acknowledgement;	It will be provided;
9	Non levy of Taxes in IAR Para " I Part-A a) (1);	Some of taxes is collected by other department of GoB like professional tax; And there is many taxes mentioned in this Para are not collected by ULB due to not providing services in this respect like fire tax and water taxes. For rest we will discussed in meeting of board and implement accordingly;
10	Late deposit of property Tax;	Show cause notice has been issued to tax collector in this respect and it will be collected as per Act. A copy of show caused attached
11	Late deposit of statutory deduction of TDS;	It will deposit on or before due date from now;
12	Delay in deposit of EPF	Due to implementation of CFMS the same problem arise.
13	Non preparation of Complete UC details	It is under process and will be submit in coming next month;

12/12/19
Executive Officer
Nagar Parishad Daudnagar
Aurangabad (Bihar)



Daudnagar Parishad

14	Non practice of Stock valuation;	It will be follow as per rule and management will decide about reasonable period of valuation i.e. frequency of time for valuation;																								
15	Non maintenance of log book, except Scorpio for EO,;	All running vehicle has been given on hire to Taraqqee NGO, a cleaning contractor appointed by ULB to keep city clean, and ULB collect hire charges in that respect. Hence log book not maintained due right to operate has been transfer.																								
16	Electricity DPS	Due to non furnishing of bill on due date the DPS on electricity arised. A letter will be given to SBPDCL to submit bill on due date and also gives reasons for DPS.																								
17	Maintenance of grant record with bifurcation like amount for Salary, water management, nail gali solid waste management and so on ;	It Will be provided.																								
18	Non maintenance of book refer to Para : II-PART B (a) ;	After reading this para we conclude the following comments 1. S.N. 5 to 8 - no transaction happened; 2. 10 to 11 - amount not collected in this respect; Rest will be maintained upon applicability of concern para.																								
19	Bank A/c which is closed	Following Bank A/c has been closed <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Bank Name</th> <th style="text-align: left;">A/c No.</th> <th style="text-align: left;">Purpose</th> </tr> </thead> <tbody> <tr> <td>1. Bank of Baroda-</td> <td>'00100200006901</td> <td>12th F.C.</td> </tr> <tr> <td>2. PNB</td> <td>3861000109373638</td> <td>BRGF</td> </tr> <tr> <td>3. Bank of Baroda</td> <td>00100100036332</td> <td>14th F.C</td> </tr> <tr> <td>4. PNB</td> <td>3861000109393632'</td> <td>SJSY</td> </tr> <tr> <td>5. PNB</td> <td>3861000109418630</td> <td>13th F.C</td> </tr> <tr> <td>6. Bank of Baroda</td> <td>8448001020001</td> <td>NRV</td> </tr> <tr> <td>7. Bank of Baroda</td> <td>00100100014590</td> <td>GBSY</td> </tr> </tbody> </table>	Bank Name	A/c No.	Purpose	1. Bank of Baroda-	'00100200006901	12 th F.C.	2. PNB	3861000109373638	BRGF	3. Bank of Baroda	00100100036332	14 th F.C	4. PNB	3861000109393632'	SJSY	5. PNB	3861000109418630	13 th F.C	6. Bank of Baroda	8448001020001	NRV	7. Bank of Baroda	00100100014590	GBSY
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20	Difference in Holding Tax Amount as per Physical Measurement: - <ul style="list-style-type: none"> ➤ Auditor found difference in area; as per self assessment form and actual measurement of property area there is difference for some cases selected on sample basis ➤ Valuation method not Revised till 2011 	<ul style="list-style-type: none"> ➤ We will take necessary action and imposed Holding Tax as per actual measurement taken. ➤ The Entire process of valuation need to be changed and the concern matter will be put before Board very soon and after approval of UD & HD (will be send after approval of board) it will be implement accordingly; 																								
21	Non preparation of Receipt and Payment A/c, Trial Balance, Income and Expenditure A/C and Balance Sheet (Financial Statement)	Receipt and Payment A/c, Trial Balance, Income and Expenditure A/C and Balance Sheet will be prepare after implementation of Double Entry Accounting System.																								



 Executive Officer
 Daudnagar Parishad Daudnagar
 (Bihar)

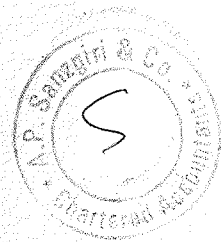


Daudnagar Parishad

22	Non creation Special Fund and Fund Mentioned in Chapter ix of BMA, 2007	The same will be created on applicability of relevant provision of said act;
23	Non Maintenance Fixed Assets register	It will be maintained
24	Outstanding Taxes	We will makes our best effort to realized it by establishing camp in ward;
25	Bank Reconciliation on Monthly Basis	It will be maintained;
26	Any Payment made out of Municipal Fund that is not covered by	Payment made out of budget provision. No such payment made that is not cover by budget;
27	Non implementation of Biometric Devices and Payroll Software	It is under process.

Further we confirm/affirm the management comment given in Internal Audit report for 2018-19 is on behalf of Daudnagar Parishad.


 Executive Officer
 Daudnagar Parishad Daudnagar
 Aurangabad (M.H.)



NAGAR PARISHAD DAUDNAGAR
STATUS OF UTILIZATION CERTIFICATION FOR FY 2018-19

S.No	Head	Approval order and date	Sanctioned Amount	Expenses Incurred	Balance Amount	UC Submitted against Expenses	UC Pending Against Expenses	% of UC Submitted against expenses	% of UC Pending against expenses	Letter No & Date of Submission of UC
1	14th Finance	82/31.10.2018	116.33	-	116.33	-	-	NIL	NIL	Unutilised Amount and transfer to PL A/C
2	5th Finance	15/03.07.2018	193.78	-	193.78	-	-	NIL	NIL	Unutilised Amount and transfer to PL A/C
3	5th Finance	21/10-07-2018	198.17	-	198.17	-	-	NIL	NIL	Unutilised Amount and transfer to PL A/C

