



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

INTERNAL AUDIT REPORT

FOR

F. Y. 2018-19

GROUP 1

NAWADA MUNICIPAL
COUNCIL

BY

A. P. SANZGIRI & CO.
CHARTERED ACCOUNTANTS

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A. P. SANZGIRI & CO.

CHARTERED ACCOUNTANTS

DOCUMENT HISTORY
INTERNAL AUDIT FOR FY 2018-19

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 Nawada Nagar Parishad
Reporting Entity	A P SANZGIRI & Co., Chartered Accountants
Reporting for	Nawada Nagar Parishad
Report Prepared by	Internal Audit Team of A P SANZGIRI & Co., Chartered Accountants
Date of Submission	18 th November 2019



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 Nawada Nagar Parishad for the Financial Year 2018-19

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

Respected Sir,

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

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

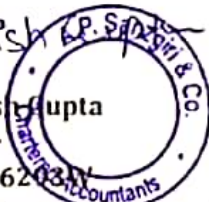
We hereby confirm that, this report has been prepared in accordance with the Terms of Reference of RFP issued by the department.

Hope you will find the same in compliance.

Thanking You,

Yours faithfully,

On Behalf of
A P Sanzgiri & Co,
Chartered Accountants

Satish

CA Satish Gupta
Partner
FRN: 11620344

UDIN: 20101134AAAAHK3077

Date - 07-07-2020

Membership No - 101134

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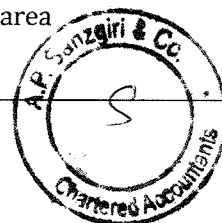
EXECUTIVE SUMMARY

1. INTRODUCTION:

Name of the Municipality	-	Nawada Nagar Parishad
Period covered under Current Audit	-	01 st April 2018 to 31 st March 2019
Name of Mayor/Chairman	-	Smt. Punam Kumari
Name of Executive Officer	-	Shri Krishna Murari

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. . Utilization certificate for FY 2018-19 has been prepared5. Fixed assets register was prepared by a CA firm as on 01/04/2014 and it was updated till 2015-166. Bank Reconciliation Statement has been prepared
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. No physical verification of store is exercised by ULB.4. No Physical verification of cash is exercised by ULB.5. 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.6. (IDBI- 1250104000051457,1250104000031329) (PNB- 2711000100317247) Bank Reconciliation Statement has not been prepared7. Fixed assets register is not maintained by ULB8. Compliance report of AG audit is prepared by the ULB and also report is not provided to us for inspection for FY 2016-17.Hence, we are unable to comment on the same.9. Statutory compliance of the ULBs is not deposited timely and hence it incurs penalty and other charges.10. Certain Statutory Registers and Books are not maintained. <p>11. Non Levy of Taxes:</p> <ul style="list-style-type: none">- Tax on advertisements, other than advertisements published in newspapers- Surcharge on electricity consumption within the municipal area- Tax on congregations.



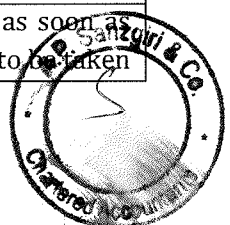
	<ul style="list-style-type: none"> ✓ Tax on pilgrims and tourists. ✓ User Charges for Solid Waste Management. ✓ User Charges for Garbage Clearance. ✓ Collection of fees for sanction of building plans and issue of completion certificates. ✓ Collection of Development Charges. <p>12. During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 01 to 71 days.</p> <p>13. ULB is not preparing monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.</p> <p>14. 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>15. Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.</p> <p>16. Non Compliance of Rule 130 of BMAR in some of the cases.</p> <p>17. ULB is not maintaining the accounts as well as not preparing the financial statements.</p> <p>18. ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.</p>
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3. OPINIONS:

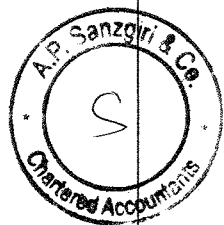
The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel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

4. AUDIT RECOMMENDATION:

Observed Weaknesses	Audit Recommendations
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 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.
Fixed assets register is not maintained at ULB	Fixed assets register should be maintained and updated properly.
Compliance report of AG audit is not prepared by the ULB and also report is not provided to us	Compliance report should be prepared as soon as the report is received by ULB and steps to be taken



for inspection for FY 2014-15 to 2015-16. Hence, we are unable to comment on the same.	for recovery of the amount for financial irregularities.
Statutory compliance of the ULB are not properly complied, hence it incurs penalty and other charges.	As ULB is not proper complying with statutory obligations, that cause financial implication on ULB in mode of interest and penalty. So, ULB should ensure statutory compliance on time.
Certain Statutory Registers and Books are not maintained.	Statutory register and books of accounts should be maintained as per guidelines and BMAR.
Non Levy of Taxes: <ul style="list-style-type: none"> - 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 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 collection of tax and deposit of tax around 02 to 102 days.	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.
ULB is not prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	As per BMAR Rule No. - 121, ULB should prepare of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the executive officer.
ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	Currently ULB is sending on yearly basis and the same need to be complied on quarterly basis.
Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.	As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB. <ol style="list-style-type: none"> 1. Municipal General Fund 2. Basic service for urban poor 3. Water supply & sewerage fund 4. Solid Waste Management Fund 5. Road Development & Maintenance 6. Enterprise Fund
Non Compliance of Rule 130 of BMAR in some of the cases.	ULB should ensure compliance related to Rule 130 of BMAR on regular basis.
ULB is not maintaining the accounts as well as not preparing the financial statements.	ULB is required to maintain the accounts as well as prepare the financial statements at the end of the year.
ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.	ULB should prepare financial statements for each year and get it approved from municipal account committee. As per BMAR, audited financial



	statements are required to submit to auditor for audit.
In-consistencies in assessment of property tax	Checked on random basis and found variation between demand raised by ULB or actual demand.

5. COMMENTS FROM MANAGEMENT

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

6. ACKNOWLEDGEMENT

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

On Behalf of

A P Sanzgiri & Co.,
Chartered Accountants

Satish Gupta

CA Satish Gupta
Partner

FRN: 116293W

UDIN: 20161134AAAFAHK3077

DATE: 07-07-2020

Membership No: 101134



DETAILED AUDIT REPORT

1. INTRODUCTION:

Name Of ULB	Period-covered		Audit Team
	From	To	
Nawada Parishad	Nagar	1 st April, 2018	31 st March, 2019
			1. Team Leader: CA Satish Gupta 2. Name of CA: Ayush Agrwal 1. Name of Auditor-1: Raja Ansari 2. Name of Auditor-2: Md. Mahtab Alam

2. ADMINISTRATION:

Sl. No.	Particulars	Details
1	The present body of the ULB has taken charge on	June, 2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Smt. Punam Kumari
2.1.1	Period of Service:	From: 09 th June, 2017 To: Till date
2.2	Name of Executive Officer:	Shri Krishna Murari
2.2.1	Period of Service:	From: 19th August, 2015 To: 10th July, 2018

3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. STATUS OF AUDIT OBSERVATIONS IS AS UNDER:

Particulars of audit and date of report	Total No. of audit Para's	Improvement /corrective measures required (Nos. of Para's)	Recovery of cash is proposed (Nos. of Para's)	Recovery has been made (Nos. of Para's)	Total amount of Recovery	No action has been taken	No. & date of compliance report
Audit report submitted by AG for the F.Y. 2014-15 & 2015-16	14	14	6	0	0	14	Not Prepared (Refer Discussion Note)

3.2. DE TAILS OF TOTAL NUMBER OF AUDIT PARA'S :

Para No.	Heading of the audit para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
1	Non-deposit of collection by tax collector.	1.02 Lac	Yes	No	No
	Less-deposit of collection by tax collector.	0.25 Lac	Yes	No	No
	Non-deposit of amount by the cashier.	3.44 Lac	Yes	No	No
2	Loss of revenue due non-inclusion of development permit fees in map approval.	2.05 Lac	Yes	No	No



3	Non-collection of mobile towers unauthorised installation and renewal/registration fees.	27.10 Lac	Yes	No	No
4	Non-collection of labour cess on map approval.	19.00 Lac	No	No	No
5	Non-deduction of Performance securities and Vat.	0.00	No	No	No
6	Non-endowment of SAIRAT for collection of vehicle Registration fees.	0.12 Lac	Yes	No	No
7	Irregularities in payment due to non-availabilities of Form N & M.	1.95 Lac	No	No	No
8	Idle fund Grant amount against Construction of Urban Government Building.	135.41 Lac	No	No	No
	Loss of Interest due to amount in Current Account.	4.38 Lac	Yes	No	No
9	Un-approved expenditure against Daily Wages.	132.75 Lac	No	No	No
10	Non-collection of outstanding shop rent & service tax.	18.48 Lac	Yes	No	No
11	Non-maintenance of Government Grant Register.	0.00	No	No	No
12	Payment made without quality test against schemes.	0.00	No	No	No
13	Non-maintenance of Assets Register.	0.00	No	No	No
14	Non-presentation of Miscellaneous & H Receipt Book.	0.00	No	No	No



4. FINANCE

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

Year	Year- 2016-17	Year- 2017-18	Year- 2018-19
Final/Revised Budget Data	409,526,000.00	53,74,22,673.00	452,665,000.00
Actual Expenditure Data	30,22,57,680.00	148,113,493.00	74,699,345.00
Savings(+)/Excess(-)	10,72,68,320.00	389,309,180.00	377,965,655.00

Auditor's Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16 to 2019-20 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures. Before 2016-17 budget has not been prepared. From 2016-17 preparation of budget is prepared. Hence we are unable to comments on remaining parts above.

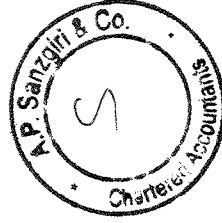
II. VOLUME OF TRANSACTIONS:

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	326,144,324.00	260,920,076.31	27,62,56,071.36	326,144,324.00	326,144,324.00
Receipts	128,154,090.00	213,337,741.00	28,69,21,785.00	48,268,621.00	48,268,621.00
Total	454,298,414.00	47,42,57,817.31	563,177,856.36	374,412,945.00	374,412,945.00
Net expenditure	452,665,000.00	148,113,493.00	30,22,57,680.00	74,699,345.00	74,699,345.00
Closing balance	16,33,414.00	32,61,44,324.31	260,920,176.36	299,713,600.00	299,713,600.00

Auditor's Comment:

The above figures have been taken from the Budget Statement of the ULB for the 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2015-16 to 2019-20 have not been produced before us for verification. Hence, we could not validate the above-mentioned figures. Before 2016-17 budget has not been prepared. Actual figure in respect of F.Y. 2018-19 has been taken up to December 2018.

(Refer Discussion Note)



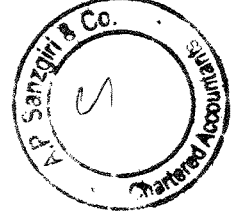
III. BANK RECONCILIATION POSITION AS ON REPORTING DATE:

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	11136925283	Town Hall	2,32,279.53	2,32,279.53	-	Yes
2	State Bank of India	32696046354	Revenue	1,88,218.00	1,88,218.00	-	Yes
3	State Bank of India	32696047596	13 th finance	2,27,005.00	2,27,005.00	-	Yes
4	IDBI	1250104000051457	Nali Gali	2,52,659.00	3,14,345.00	61686.00	No
5	IDBI	1250104000031329	SBM	32,206.00	2,16,706.00	184500.00	No
6	IDBI	1250104000051448	Sahari Payjal	2,52,14,588.00	2,52,14,588.00	-	Yes
7	IDBI	1250104000011617	E-Governance	4,919.00	4,919.00	-	Yes
8	IDBI	1250104000037156	14 th finance	40.00	40.00	-	Yes
9	IDBI	1250104000011608	SLUM	3,02,25,146.00	3,02,25,146.00	-	Yes
10	PNB	2711000100317247	NULM	2,66,622.53	8,66,515.83	599893.30	No
11	ICICI	133201000314	SBM	24,44,290.00	24,44,290.00	-	Yes
12	PNB	2711000100317247	HFA	1,19,519.60	1,19,519.60	-	Yes
	Treasury	PLA	Yojna	16,43,91,527.43	16,43,91,527.43	-	

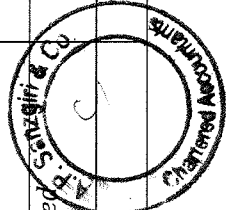
Management Comment:

1. Separate BRS will be prepared as per suggestion given by Internal Auditor.
2. IDBI & PNB related to SBM & NULM fund will be reconcile latter as soon as possible.



IV. RECEIPT DETAILS:

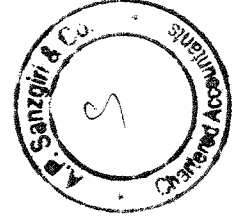
Income Details (Amounts to be provided in Rupees)							
S.N	Details	2017-18		2018-19		2019-20	
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (Actual)	2019-20 (Actual)	2018-19 (Actual)
	Total Receipts (A+B)	21,33,37,742.00	28,69,21,685.00	4,82,68,621.00	21,33,37,742.00	N/A	4,82,68,621.00
A	Revenue Receipts (1+2+3)	6,29,51,914.00	7,91,20,240.00	2,59,09,968.00	6,29,51,914.00	N/A	2,59,09,968.00
1	Own Revenue Receipts (a+b)	4,89,57,404.00	5,89,23,401.00	2,01,85,099.00	4,89,57,404.00	N/A	2,01,85,099.00
a)	Tax Revenue (levied and collected by municipal body)	4,64,98,686.00	5,64,53,333.00	1,90,14,829.00	4,64,98,686.00	N/A	1,90,14,829.00
i)	Property tax	72,03,600.00	88,57,849.00	57,07,777.00	72,03,600.00	N/A	57,07,777.00
ii)	Other tax (levied and collected by municipal body)	3,92,95,086.00	4,75,95,484.00	1,33,07,052.00	3,92,95,086.00	N/A	1,33,07,052.00
b)	Non-tax revenue (levied and collected by municipal body)	24,58,718.00	24,70,068.00	11,70,270.00	24,58,718.00	N/A	11,70,270.00
i)	Fees & fines	20,35,825.00	18,24,596.00	8,92,810.00	20,35,825.00	N/A	8,92,810.00
ii)	User Charges	4,22,893.00	6,45,472.00	2,77,460.00	4,22,893.00	N/A	2,77,460.00
iii)	Other non-tax revenue (levied and collected by municipal body)	0	0	0	0	N/A	0
2	Other Revenue Receipts	32,93,057.00	34,47,662.00	19,79,209.00	32,93,057.00	N/A	19,79,209.00
a)	Income from interest/investments	32,92,062.00	34,46,432.00	19,26,269.00	32,92,062.00	N/A	19,26,269.00
b)	Other Revenue income	995.00	1,230.00	52,940.00	995.00	N/A	52,940.00
3	Transfers/Grants/Assigned Revenues	1,07,01,453.00	1,67,49,177.00	37,45,660.00	1,07,01,453.00	N/A	37,45,660.00
a)	State Assigned Revenue	1,07,01,453.00	1,67,49,177.00	37,45,660.00	1,07,01,453.00	N/A	37,45,660.00



b)	State Finance Commission (SFC) Grants/Devolution	00.00	00.00	00.00	00.00	00.00	00.00	N/A	00.00
c)	Octroi compensation	00.00	00.00	00.00	00.00	00.00	00.00	N/A	00.00
d)	Other State Transfers	00.00	00.00	00.00	00.00	00.00	00.00	N/A	00.00
e)	Central Commission (CFC) Grant	00.00	00.00	00.00	00.00	00.00	00.00	N/A	00.00
f)	Other Central Transfers	00.00	00.00	00.00	00.00	00.00	00.00	N/A	00.00
g)	Others	00.00	00.00	00.00	00.00	00.00	00.00	N/A	00.00
B	Capital Receipts	15,03,85,828.00	20,78,01,445.00	2,23,58,653.00	15,03,85,828.00	2,23,58,653.00	15,03,85,828.00	N/A	2,23,58,653.00
1	Sale of Municipal Land	00.00	00.00	00.00	00.00	00.00	00.00	N/A	00.00
2	Loans (from State Banks etc.)	00.00	00.00	00.00	00.00	00.00	00.00	N/A	00.00
3	State Capital Grant	15,03,85,828.00	20,78,01,445.00	2,23,58,653.00	15,03,85,828.00	2,23,58,653.00	15,03,85,828.00	N/A	2,23,58,653.00
4	Central Grant (under Schemes etc.)	0.00	00.00	00.00	00.00	00.00	00.00	N/A	00.00
5	Other Capital Receipts	00.00	00.00	00.00	00.00	00.00	00.00	N/A	00.00

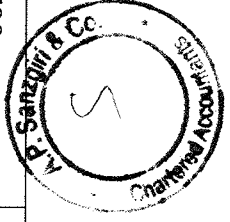
Auditor's Comment:

The above figures have been taken from the Budgeted Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. 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 for F.Y. 2018-19 has been taken up to December 2018 from budget of F.Y. 2019-20.



V. EXPENDITURE INFORMATION:

Expenditure Details (Amounts to be provided in Rupees)							
S.N	Details	2017-18		2018-19		2019-20	
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (Actual)	2019-20 (Actual)	2018-19 (Actual)
	Total Expenditure (1+2)	14,81,13,494.00	30,22,57,680.00	7,46,99,344.00	14,81,13,494.00	N/A	7,46,99,344.00
1	Revenue Expenditure	4,41,52,428.00	4,38,56,038.00	30565185.00	4,41,52,428.00	N/A	3,05,65,185.00
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and	3,12,18,469.00	2,47,97,692.00	1,70,54,247.00	3,12,18,469.00	N/A	1,70,54,247.00
1.2	Operation and Maintenance	80,18,376.00	71,74,802.00	1,13,74,274.00	80,18,376.00	N/A	1,13,74,274.00
1.3	Loan repayment (Interest payments)	00.00	649.00	00.00	00.00	N/A	00.00
1.4	Others (any other revenue expenditure which is not salaries,	49,15,583.00	1,18,82,895.00	21,36,664.00	49,15,583.00	N/A	21,36,664.00
2	Capital Expenditure	10,39,61,066.00	25,84,01,642.00	4,41,34,159.00	10,39,61,066.00	N/A	4,41,34,159.00
2.1	All developmental works under Central/State specific schemes	10,39,61,066.00	25,84,01,642.00	4,41,34,159.00	10,39,61,066.00	N/A	4,41,34,159.00
2.2	Loan Repayments (Principal Amount)	00.00	00.00	00.00	00.00	N/A	00.00
2.3	Other Capital expenditure	00.00	00.00	00.00	00.00	N/A	00.00



AUDITOR'S COMMENT:

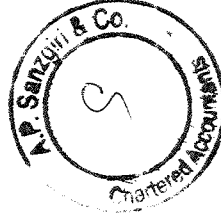
The above figures have been taken from the Budgeted Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2016-17, 2017-18, 2018-19 have not been produced before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

VI. STATUS OF IMPLEMENTATION OF DOUBLE ENTRY SYSTEM:

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 Tibrewal Chand & Co.	From F.Y. 2012-13 to 2019-20	Tally Serial No.- 736803585 Tally ID: nawada.ulb@gmail.com

VII. MUNICIPAL ACCOUNTS COMMITTEE:

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



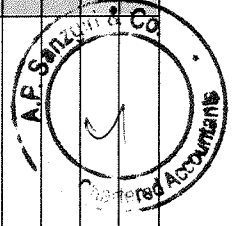
5. AUDIT OBSERVATION:

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

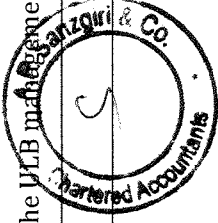
SN	Head	Comments																																										
1	Objective	The main objective of audit of taxes is to check whether all taxes which are covered under Bihar Municipal Act, 2007, is levied and collected by the ULB. Further to check whether taxes are levied and collected according to applicable 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 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. <i>In case of Nawada Nagar panchayat</i> The following mentioned tax/charges are not implemented that leads to loss of revenue to ULB:																																										
		<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>NO</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> <tr> <td>6</td> <td>Tax on congregations.</td> <td>NO</td> </tr> <tr> <td>7</td> <td>Tax on pilgrims and tourists.</td> <td>NO</td> </tr> <tr> <td>8</td> <td>Tax on profession.</td> <td>NO</td> </tr> <tr> <td>9</td> <td>Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, passenger motor vehicles.</td> <td>NO</td> </tr> <tr> <td>10</td> <td>User Charges for provision of water-supply, drainage and sewerage</td> <td>NO</td> </tr> <tr> <td>11</td> <td>User Charges for Solid Waste Management</td> <td>NO</td> </tr> <tr> <td>12</td> <td>User Charges for Parking Facility</td> <td>NO</td> </tr> <tr> <td>13</td> <td>User Charges for Garbage Clearance</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	NO	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	NO	11	User Charges for Solid Waste Management	NO	12	User Charges for Parking Facility	NO	13	User Charges for Garbage Clearance	NO
S. N	Particulars	Implemented by ULB or Not																																										
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		14	Collection of fees for sanction of building plans and issue of completion certificates,	YES
		15	Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,	YES
		16	Collection of Fees for issue of birth and death certificates.	YES
		17	Collection of Development Charges	YES
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	Kindly refer discussion note attached with the report.		

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 around 01 to 73 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.



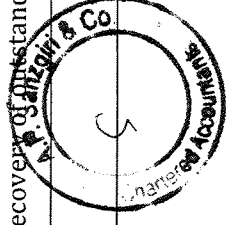
OBSERVATION-3: NON COLLECTION OF NOTICE FEE

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/Recommendation	Notice fees should be collected as per applicable provisions and rules.
7	Management Comments	Kindly refer discussion note attached with the report.

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

1. RECOVERY OF OUTSTANDING PROPERTY TAX:

SN	Head	Comments
1	Objective	ULB is authorized to collect holding tax from households situated in the municipal area and Property tax have major role in the internal revenue of ULB.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that property tax of Rs. 67.47 lacs 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	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.

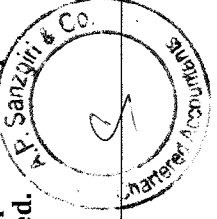


2. RECOVERY OF ADVERTISEMENT TAX:

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 as per information provided it is noted that is not in Practice of Providing and collecting Advertisement.
3	Consequences/Effect	Delay in collection or outstanding dues results in revenue loss to ULB.
5	Cause	Not Applicable
6	Corrective Action/ Recommendation	ULB should Providing & Collecting
7	Management Comments	Not Applicable

3. RENT INCOME:

SN	Head	Comments
1	Objective	ULB authorized to charge rent from municipal properties.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that there was 26.87 Lack rent income outstanding as on 31/03/2019.
3	Consequences/Effect	Not Applicable
5	Cause	Not Applicable
6	Corrective Action/ Recommendation	Not Applicable
7	Management Comments	Recovery procedure are under process, we are establishing camp to boost up collection as well as to recover outstanding dues. A copy of order regarding this attached.

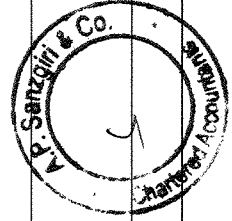


4. MOBILE TOWER TAX:

SN	Head	Comments
1	Objective	ULB is authorized to collect tax from telecom companies for mobile towers installed in the municipal area.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that mobile tower tax of Rs. 20.08 lacs 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	Recovery procedure are under process. we are establishing camp to boost collection as well as to recover outstanding dues. A copy of order regarding this attached.

5 OTHER TAX:

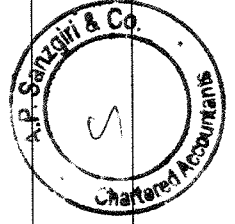
SN	Head	Comments
1	Objective	ULB is authorized to collect other various types of taxes/fee.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that no other tax was outstanding as on 31/03/2019:
3	Consequences/Effect	Not Applicable
5	Cause	Not Applicable
6	Corrective Action/Recommendation	Not Applicable
7	Management Comments	Not Applicable.



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

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

SN	Head	Comments						
1	Objective	Checking of payment made by ULBs to find out irregularities made during payment						
2	Criteria	Payment were checked on random basis						
3	Condition	We have checked following payment related to FY 2018-19 during audit:						
		S.N	Name of Party	Payment Head	Invoice Amount	Approved Amount	Date of Payment	Audit Observations
		1	Prakash Traders	Purchase of dustbin	2102100.00	2102100.00	28.01.2019	
		2	Jagdamba Entrprises	Hand Trolley	715660.00	715660.00	28.01.2019	
		3	AAS Services	Interne Charges	303908.00	303908.00	10.01.2019	No irregularity was found
		4	Hindustan Media Ventures Ltd	Advertisement	68250.00	68250.00	25.08.2018	
		5	Sri Murari Mochi	Contractor	419097.00	419097.00	13.02.2019	
4	Consequences/Effect	Irregularities in payment lead to excess payment, wrong deductions, non-compliance with agreement and statutory compliances.						
5	Cause	Cases were identified during audit and observations given.						
6	Corrective Action	Management can implement standard checklist for each payment so that irregularities in payments can be avoided.						
7	Management Comments	Kindly refer discussion note attached with the report						



(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:

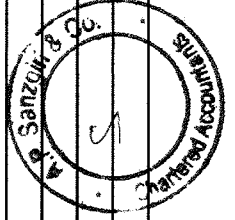
SN	Head	Comments
1	Objective	Field survey and report of 20 high value properties of ULB and report on the basis of area of building, rate of property tax etc of the same. Comparison with the data of same property provided by the ULB and report on variance between them if available.
2	Criteria	Survey 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 Annexure-2
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:

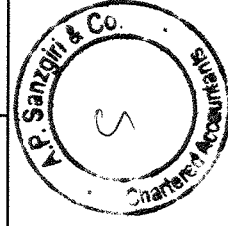
(a) NON MAINTENANCE OF BOOKS OF ACCOUNTS, SUBSIDIARY REGISTERS:

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

S.N	Name of Register	Maintained/ Not Maintained	Last date of Updating
1	Cash Book-Cashier	Not Maintained	31.03.2019
2	Cash Book-Accountant	Maintained	31.03.2019
3	Collection Register	Maintained	31.03.2019
4	Cheque issue Register	Maintained	
5	Register of Advance	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	Maintained	31.3.2019
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	Maintained	
14	Summary statement of Refunds and Remissions	Not maintained	
15	Summary Statement of Write-offs	Not maintained	
16	Statement of outstanding Liability for Expenses	Not maintained	
17	Document Control Register/Stock Account Receipts/Cheque Book	No Maintained	
18	Fixed Assets Register	Not Maintained	
19	Summary Statement of Demand Raised on assessment	Not Maintained	
20	Summary Statement of Head wise Collection of Other Income	Not Maintained	
21	Summary Statement of Refunds	Not Maintained	
22	Summary Statement of Write off	Not Maintained	
23	Grant Register	Not Maintained	
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	Not Maintained	
28	Store Ledger	Not Maintained	
29	Statement of Closing Stock	Not Maintained	
30	Statement of Material Issued	Not Maintained	
31	BRS of all bank accounts (including dormant accounts)	Not Maintained	
32	Final Accounts for the F.Y. 2012-13 to 2017-18	Not maintained	
33	Audited Balance Sheet	Not maintained	
34	Audited Income & Expenditure Account	Not maintained	
35	Audited Receipts & Payment Account	Not maintained	



(b) IRREGULARITY IN PROCUREMENT PROCESS:

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

SN	Name of Party	Invoice Amount	Check all required deductions from bill has made or not	Whether Deductions are with appropriate Rate	Check signature of Commissioner/E O in Payment Order	Whether measurement book & bill signed by the JE of ULB	Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority; (BMAR Rule No.-30)
1	M/s Sudhir Kumar	640000	Yes	Yes	Yes	Yes	Most of supporting documents was missing in the file. It might be kept in some other places or files.

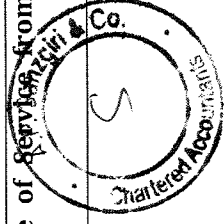
2. DETAILS OF LOG BOOK MAINTAINED:

SN	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 mention in log book
1	ICB (02 nos.)	Yes	No	No	No
2	Tractor	Yes	No	No	No
3	Tipper	Yes	No	No	No
4	Section Machine	Yes	No	No	No

1. As per Rule no 75, disbursement to the daily wage workers is to be witnessed by the chief municipal officer / engineer and he has to sign the disbursement certificate after ensuring that the acknowledgement has been obtained from the workers on the master payroll (BMAR Form - 33)


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

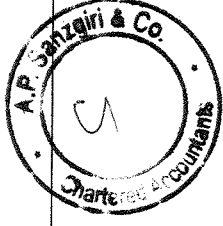
S.N	Directions Issued by UDHD	Particulars of Circulars/Orders/Notices	Complied or Not
1	Gyapank No.- 6628; Dated- 26.12.2018	Mukhyamantri NALJAL Yojna:- "Whether Para No. 1- 28 have been complied of this circulars".	Complied
2	Gyapank No.- 3234; Dated- 12.06.2018	Purchase of Material or Receive of Services from "GeM Portal" w.e.f. 01.07.2018	Complied



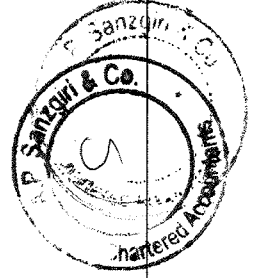
3	Gyapank No.- 3453; Dated- 29.06.2018	Outsourcing of Services and There respective Standard:- "Whether Standard or Measurement criteria mentioned in this circular in respect to their respective 'Type of Services' have been complied".	Complied
4	Amendment in Oath Number-3557, Dated 20.11.2014; Dated of Amendment- 04.05.2018	Related to Departmental Work:- "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	Deduction of TDS on GST:- 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:

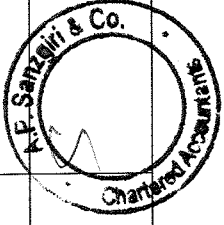
S.N	Requirement	Criteria	Auditors Comment	Management Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.	BMAR Rule No.-22	Refer point: Part-A (a) (2) The same rule did not follow by Tax Collector and on an average 01 to 63 days delayed found in hand of Tax Collector	<i>(Kindly Attached Refer Discussion Note)</i>
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	Only Tax collector 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	BMAR Rule No.- 27	Yes, Daily Collection Register is verified by designated Officer of Council.	

	designated stall of the Municipality.				
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 01 to 63 days delayed found in hand of Tax Collector;		(Kindly Attached 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	No.		(Kindly Attached Refer Discussion Note)
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the responsibility of the Chief Municipal Officer that the conditions attached to the grant are complied with without exception.	BMAR Rule No.- 69	Refer point: Part-B (h)		
8	Whether the grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No such case was found and we have checked through cash book and relevant file under different Yojna/Scheme		
9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the	BMAR Rule No.- 69	Refer PART-B (h) Yes, but complete UC has not		(Kindly Attached Refer Discussion Note)

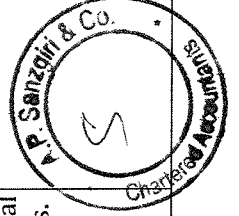
	financial outlays and physical progress reported on BMAR Form No 29.		been prepared;	
10	Whether Municipality has returned unutilized grant for more than three years from date of receipt to the source from where such grant was received.	BMAR Rule No.- 69	No such case found in this ULB.	
11	Whether The 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;	<i>(Kindly Attached Refer Discussion Note)</i>
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;	<i>(Kindly Attached Refer Discussion Note)</i>
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	No	<i>(Kindly Attached Refer Discussion Note)</i>
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. 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 Rule No.- 122	Financial Statement has not been prepared by municipality.	<i>(Kindly Attached Refer Discussion Note)</i>



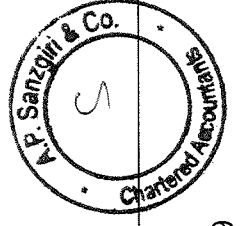
	<p>(BMAR Form No.73)</p> <p>c. Balance Sheet as on 31st March of the year (BMAR Form No.74)</p> <p>d. Significant accounting policies adopted by the Municipality in presentation of the financial statements.</p> <p>e. Notes to Accounts, which shall disclose Contingent liabilities, and such other information as, may be useful in understanding the financial statements clearly.</p> <p>f. Comparative amounts shall be entered on the financial statements for the preceding financial year except. In the case of the first year to which those rules apply.</p>			
15	<p>Whether the municipality is regular in depositing statutory dues including Tax deducted at source, GST, TDS on GST, service tax, VAT, works contract tax, cess payable to the government etc. and If not, the nature and cause of such delay and the amount not deposited: (BMAR Rule No.-130).</p>	<p>BMAR Rule No.-130</p>	<p>Refer PART-B (f) 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;</p>	<p>(Kindly Attached Refer Discussion Note)</p>
16	<p>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).</p>	<p>BMAR Rule No.-130</p>	<p>Refer PART-B (g) Yes deposited on time except April, June, July, August, October and November and March for F.Y. 2018-19;</p> <div data-bbox="1276 828 1500 1052" style="text-align: center;"> </div>	<p>(Kindly Attached Refer Discussion Note)</p>

17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail.	BMAR Rule No.-130	No trial balance is prepared hence classification of transaction was not done;	
18	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted.	BMAR Rule No.-130	Yes recorded properly in grant register as well cash book , but no case of deduction was found;	
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created.	BMAR Rule No.-130	No special fund created;	
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 Rule No.-130	There are no FAR, has not Not maintained; There is no system developed to physically verify the existing assets	<i>(Kindly Attached Refer Discussion Note)</i>
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry.	BMAR Rule No.-130	Part-A(a)(4)	<i>(Kindly Attached Refer Discussion Note)</i>
22	Whether there exists an adequate internal control procedure for the purchase of stores, including	BMAR Rule No.-130	Yes Procedure have been followed.	

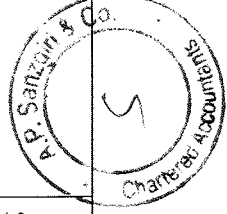
	components, plant and machinery, equipment and other assets?				
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality's accounts; if so, the details thereof.	BMAR Rule No.-130	No such case was found during the period of Audit.		
24	Whether the Bank Reconciliation statements have been properly prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis.	BMAR Rule No.-130	Refer Point-04 (III) 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;		
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules.	BMAR Rule No.-130	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 Rule No.-130	YES.		
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis.	BMAR Rule No.-130	Refer-PART-A (a)(4) Yes, properly assessed and collected but recovery procedure is slow. Total outstanding amount is Rs. 27,38,032;		



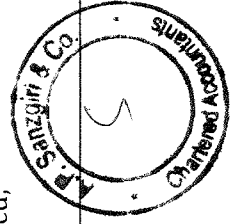
28	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act.	BMAR Rule No.-130	Refer-PART-A (a)(2) Yes, sums due to and received by ULB have been brought to books of accounts. But it takes on an average 01 to 71 days in case of holding tax. This delay was found in hand of tax collector;	(Kindly Attached 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 Rule No.-130	UC have not been prepared in prescribed format in timely manner	(Kindly Attached 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 Rule No.-130	Refer-PART-B (a) Some Books of accounts has not been prepared;	(Kindly Attached Refer Discussion Note)
31	Whether physical verification has been conducted by the ULB at reasonable intervals In respect of stores;	BMAR Rule No.-130	No such practices followed by ULB;	(Kindly Attached Refer Discussion Note)
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No physical verification is carried out.	(Kindly Attached Refer Discussion Note)
33	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and If so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to Identify any unserviceable or damaged stores and whether provision for the loss In this respect, If any, has been made In the accounts;	BMAR Rule No.-130	ULB not maintained stock register properly and further physical verification is also not carried out;	(Kindly Attached 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 Rule No.-130	ULB did not follow the practice of valuation of stock.	<i>(Kindly Attached Refer Discussion Note)</i>
35	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR Rule No.-130	Advance Register has not been maintained	<i>(Kindly Attached Refer Discussion Note)</i>
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.-130	Advance Register has not been maintained	<i>(Kindly Attached Refer Discussion Note)</i>
37	Bihar Municipal Accounting Manual, 2014, every year budget should be prepared for receipts and expenditure in Performa 75,77 and 80 Preparing Budgets as per the Rules framed under Bihar Municipal Accounts Rule 2014. Rule 132 regarding Public Participation in Preparation Of Budget. Moreover, as required under provisions of Rule 139, mid -year review of Budget.	BMAR Rule No.-132	Yes, budget 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	
39	Payment not to be made out of Municipal Fund unless covered by budget grant: Whether any	BMA,2007: Chapter X	No such case was found during Audit period.	



	payment made out of Municipal Fund that is not covered by budget grant.				
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)	(Kindly Attached Refer Discussion Note)	
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 period. Check whether comparative interest rate is invited from parties before investing surplus funds:		No fund has been invested by ULB as investment..	Rectified.	
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 specified rate.		
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;	(Kindly Attached Refer Discussion Note)	



44	<p>Financial Statement.</p> <p>Whether The Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality,</p>		<p><i>(Kindly Attached Refer Discussion Note)</i></p>
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>	<p>Financial Statement has not been submitted.</p>	<p><i>(Kindly Attached Refer Discussion Note)</i></p>
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 par act Every person who erects, exhibited, fixes or retain upon or</p>	<p>YES</p> 	

	<p>over any land, building ,wall, boarding, frame, post, kiosk, structure, vehicle, neon-sign or sky sign any advertisement, or display any advertisement to public view in any manner whatsoever (including any advertisement exhibited by means of cinematograph),visible from a public street a public place in any location in a municipal area including airport or a port or a railway station ,shall pay or every advertisement, which is so erected ,exhibited, fixed or retained or so displayed to public view, a tax calculated at such rate as may be determined regulations. it requires payment of certain fee for advertisement.</p>			
47	<p>As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007.) Municipality shall, by regulations, provide for issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore,</p>	<p>BMA,2007: Chapter XIX</p>	<p>Refer-PART-A(a)(3) Yes, Notice of demand issued but levy of Notice Fee is not followed currently.</p>	<p>(Kindly Attached 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>BMA,2007: Chapter XXXXVII</p>	<p>Yes, trade licence have been collected, but collection rate is very slow</p>	<p>(Kindly Attached 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 collected & deposited on timely basis as per BMAR Rules-As per trend every tax collector takes 01 to 71 days to deposit the same after collection.
- ULB should be followed Books of Account, Trial Balance, FAR, FS, and other records as per BMAR- Neither Trial Balance nor Financial Statement have been prepared by ULB.
- ULB should prepare & Maintain monthly BRS- Monthly Bank Reconciliation statement has not been prepared, however year end reconciliation has been prepared.
- Necessary sub-ledger is not maintained by the ULB. For instance, register of fuel, bleaching powder etc. not maintained separately.
- In respect of budget, realistic approach is not adopted by the ULB in preparation of budget.
- Appropriate staff is not deployed at appropriate place.
- No MIS was prepared for tracking of payments.

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	Shiv Narayan Prasad	14,52,865.00	14,529.00	07.07.2018	29.11.2018	281
2	Sunita Devi	7,86,831.00	15,736.00	07.12.2018	19.02.2019	281
3	Gaurav Prasad	16,89,177.00	33,784.00	07.12.2018	19.02.2019	281
4	Sudhir Kumar	5,75,815.00	5,758.00	07.03.2019	05.04.2019	281
5	Bipin Kmar	1,74,005.00	1,740.00	07.03.2019	05.04.2019	281
6	Md sajid khan	12,55,126.00	12,551.00	07.11.2018	22.11.2018	281
	TOTAL	59,33,819.00	84,098.00			

b. DETAILS OF DELAY IN DEPOSIT OF VAT ARE MENTIONED BELOW:

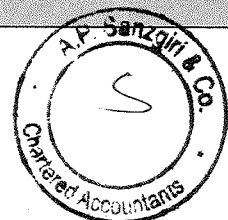
S.N	Name of Party	Invoice Value	Amount of deduction	Date deposit of	Cheque/Challan Number
Not Applicable					

c. DETAILS OF DEPOSIT OF ROYALTY ARE MENTIONED BELOW:

S.N	Name of Party	Invoice Value	Amount of deduction	Date deposit of	Cheque/Challan Number
1	Pratima Kumari	5,64,000.00	11,280.00	Not deposited	
2	Sanjit Kumar	1,41,062.00	2,822.00		
3	Rubi Kumari	59,814.00	1,196.00		
4	Sarita Devi	5,01,576.00	10,032.00		
5	Pappu kumar	5,64,426.00	11,288.00		
6	Sudhir kumar	5,75,815.00	11,516.00		
	TOTAL	24,06,693.00	48,134.00		

Note: - Royalty not deposited by the ULB.

Management comment - (Refer discussion note)



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	Pratima Kumari	5,64,000.00	5,640.00	NOT DEPOSITED	
2	Sanjit Kumar	1,41,062.00	1,411.00		
3	Rubi Kumari	59,814.00	598.00		
4	Sarita Devi	5,01,576.00	5,016.00		
5	Md sajid khan	12,55,126.00	25,103.00		
6	Pappu kumar	5,64,426.00	5,644.00		
	TOTAL	30,86,004.00	43,412.00		

Management Comments: (Refer discussion note).

Auditor Comment: While doing audit of deduction made by ULB, the statutory deduction has not been deposited on due date. For F.Y. 2017-18 deducted amount has been deposited after 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;

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

Management Comments: (Refer discussion note)

7. Details of deposit of TDS on GST are mentioned below:

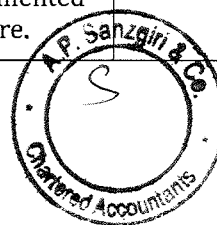
S.N	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
1	Md Sajid Khan	12,55,126.00	25,102.00	20.12.2018	001128
2	Rubi Kumari	5,04,964.00	10,100.00	20.12.2018	001128
3	Pappu Kumar	5,64,426.00	11,288.00	23.01.2019	119571
4	Sarita Devi	5,01,576.00	10,032.00	29.04.2019	119577
5	Bipin kumar	1,74,005.00	3,480.00	29.04.2019	119577
6	Sanjit kumar	1,41,062.00	2,822.00	29.04.2019	119577
7	Sunita devi	7,86,831.00	15,736.00	20.12.2018	119577
8	Pratima kumara	5,64,000.00	11,280.00	20.12.2018	119577
	TOTAL	44,91,990.00	89,840.00		

8. Details of TDS returns filled are mentioned below:

No data in that respect provided. (Re Refer discussion note).

9. DEFICIENCY IN PAYROLL SYSTEM:

SN	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/Daily wages/Contract worker)	Yes Maintained
2	Non availability of Salary payment voucher	Available
3	Matching of voucher number with cash book	Yes 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
7	Whether biometric devices and payroll software is implemented in ULB.If Yes, then is it integrated with accounting software.	Not Implemented



10. DETAILS OF DELAY OF DEPOSIT OF EPF:

Month of Deduction	Amount PF Deduction	PF Advance (Loan)	Due date of deposit	Amount Deposit	Actual Date of deposit	Delay in days
April - 18	32,482.00	-	15.05.2018	32482	01.01.2019	230
May - 18	32,482.00	-	15.06.2018	32482	01.01.2019	200
June - 18	31,794.00	-	15.07.2018	31794	01.01.2019	169
July-18	31,106.00	-	15.08.2018	31106	01.01.2019	139
August-18	75,564.00	-	15.09.2018	75564	24.10.2019	403
September-18	75,941.00	-	15.10.2018	75941	24.10.2019	372
October-18	77,011.00	-	15.11.2018	77011	24.10.2019	342
November-18	76,873.00	-	15.12.2018	76873	24.10.2019	311
December-18	76,922.00	-	15.01.2019	76922	24.10.2019	281
January-19	76,661.00	-	15.02.2019	76661	24.10.2019	253
February-19	75,693.00	-	15.03.2019	75693	24.10.2019	222
March-19	74,503.00	-	15.04.2019	74503	24.10.2019	192

11. UTILISATION OF GRANT AND REPORT ON MISSING UTILISATION CERTIFICATES

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

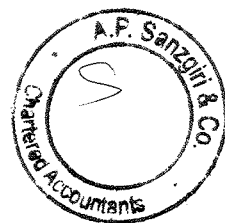


III. PART-C

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, Sairatetc;	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	Complied Refer-Audit



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



INTERNAL AUDIT REPORT FOR F.Y 2018-19
ULB-NAWADA NAGAR PARISHAD
ANNEX-1 REPORT ON LATE DEPOSIT OF PROPERTY TAX

S.N	Serial no		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							
1	71246	71267	69692	31.3.2018 to 10.04.2018	69692	13.04.2018	31 days	14.05.2018	1-31
2	71268	71282	36967	10.04.2018 to 19.04.2018	36967	27.04.2018	17 days	6.06.2018	1-39
3	71284	71300	25779	20.04.2018 to 04.05.2018	25779	05.05.2018	15 days	6.06.2018	1-31
5	72101	72115	19659	04.05.2018 to 05.05.2018	19659	15.05.2018	11 days	12.06.2018	1-27
6	72116	72130	14926	08.05.2018 to 16.05.2018	14926	15.05.2018	7 days	18.06.2018	1-33
7	72131	72145	27013	17.05.2018 to 21.05.2018	27013	25.05.2018	8 days	02.07.2018	1-37
8	72146	72160	31067	22.05.2018 to 28.05.2018	31067	30.05.2018	8 days	02.07.2018	1-32
10	72161	72175	15039	28.05.2018 to 04.06.2018	15039	06.06.2018	8 days	02.07.2018	1-26
11	72176	72190	24062	04.06.2018 to 09.06.2018	24062	12.06.2018	8 days	07.07.2018	1-25
12	72191	72200	14625	09.06.2018 to 14.06.2018	14625	19.06.2018	10 days	07.07.2018	1-16
13	72801	72815	34898	18.06.2018 to 21.06.2018	34898	23.06.2018	5 days	07.07.2018	1-14
14	72816	72830	23083	21.06.2018 to 25.06.2018	23083	27.06.2018	6 days	11.07.2018	1-14
15	72831	72845	31815	25.06.2018 to 29.06.2018	31815	05.07.2018	11 days	11.07.2018	1-02
16	72846	72860	69571	29.06.2018 to 30.06.2018	69571	13.07.2018	14 days	07.08.2018	1-24
17	72861	72875	14513	2.07.2018 to 13.07.2018	14513	25.07.2018	23 days	30.08.2018	1-35
18	72876	72900	16464	14.07.2018 to 25.07.2018	16464	27.07.2018	13 days	30.08.2018	1-33
19	73801	73815	10611	25.07.2018 to 01.08.2018	10611	06.08.2018	11 days	06.09.2018	1-30
20	73816	73830	10369	01.08.2018 to 11.08.2018	10369	13.08.2018	12 days	07.09.2018	1-20
21	73831	73845	10264	11.08.2018 to 18.08.2018	10264	21.08.2018	10 days	20.09.2018	1-29



22	73846	73860	21153	18.08.2018 to 24.08.2018	21153	27.08.2018	9 days	24.09.2018	1-28
23	73861	73875	26572	24.08.2018 to 30.08.2018	26572	31.08.2018	7 days	24.09.2018	1-24
24	73876	73900	37310	30.08.2017 to 10.09.2018	37310	10.09.2018	11 days	11.10.2018	1-31
25	74601	74615	11561	11.09.2018 to 18-09.2018	11561	19.09.2018	8 days	11.10.2018	1-22
26	74616	74630	14641	19.09.2018 to 20.09.2018	14641	26.09.2018	7 days	11.10.2018	1-15
27	74631	74660	47990	18.09.2018 to 20.09.2018	47990	03.10.2018	15 days	06.12.2018	1-63
28	74661	74675	42864	29.09.2018 to 30.09.2018	42864	10.10.2018	11 days	01.01.2019	1-52
29	74676	74690	7710	03.10.2018 to 21.10.2018	7710	5.12.2018	63 days	14.02.2019	1-71
30	74691	74700	11436	22.10.2018 to 29.10.2018	11436	11.12.2018	49 days	14.02.2019	1-65
31	75601	75615	14084	30.10.2018 to 21.11.2018	14084	24.12.2018	54 days	25.02.2019	1-63
32	75616	75630	11708	21.11.2018 to 05.12.2018	11708	07.01.2019	47 days	25.02.2019	1-49
33	75631	75645	14170	05.12.2018 to 22.12.2018	14170	18.01.2019	44 days	07.03.2019	1-48
34	75646	75660	25049	27.12.2018 to 21.01.2019	25049	06.02.2019	40 days	14.03.2019	1-36

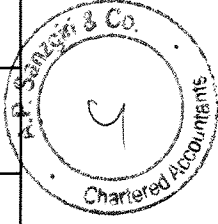


INTERNAL AUDIT REPORT FOR FY 2018-19

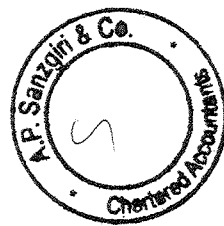
ULB-Nawada Nagar Parishad

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	Suresh Prasad Sinha	12	144	Residential cum Commercial	Residential cum Commercial	18,646.00	18,646.00	-	57,114.00	57,114.00	-	-
2	Mejar Ajay Krishn	12	154	Commercial	Commercial	11,040.00	11,040.00	-	53,655.00	53,655.00	-	-
3	Gopal Bohra	12	156/157	Residential cum Commercial	Residential cum Commercial	10,535.00	10,535.00	-	34,637.00	34,637.00	-	-
4	Md Syed Manohar Mohshin	12	166	Commercial	Commercial	8,840.00	8,840.00	-	37,234.00	37,234.00	-	-
5	Mahant Sukh Ram Das	12	181	Residential cum Commercial	Residential cum Commercial	19,382.00	19,382.00	-	70,392.00	70,392.00	-	-
6	Shail Kumari	11	191	Commercial	Commercial	5,922.00	5,922.00	-	30,026.00	30,026.00	-	-
7	Brij Bhushan Singh	11	161	Residential cum Commercial	Residential cum Commercial	14,788.00	14,788.00	-	32,958.00	32,958.00	-	-
8	Shiv Prasad Bhagat	9	85/86	Commercial	Commercial	16,824.00	16,824.00	-	31,000.00	31,000.00	-	-
9	Ramesh Chandra Singh	11	156	Residential cum Commercial	Residential cum Commercial	12,598.00	12,598.00	-	24,750.00	24,750.00	-	-
10	Manorma Devi	11	152	Residential cum Commercial	Residential cum Commercial	4,224.00	4,224.00	-	9,808.00	9,808.00	-	-



11	Sant Josheph School	26	06	Commercial	Commercial	Commercial	74,678.00	74,678.00	-	1,41,838.00	1,41,838.00	-	-
12	Subodh Pandit	25	111	Commercial	Commercial	Commercial	10,584.00	10,584.00	-	27,435.00	27,435.00	-	-
13	Md Eshhan Ali	28	115/1 93	Commercial	Commercial	Commercial	7,238.00	7,238.00	-	18,761.00	18,761.00	-	-
14	Sarda Devi	25	103	Residential cum Commercial	Residential cum Commercial	Residential cum Commercial	5,861.00	5,861.00	-	17,862.00	17,862.00	-	-
15	Arjun	28	276/1 2	Commercial	Commercial	Commercial	1,871.00	1,870.74.00	-	14,204.00	14,204.00	-	-
16	Ranjana Sharma	9	386/1	Commercial	Commercial	Commercial	11,684.00	11,684.00	-	9,288.00	9,288.00	-	-
17	Kunti Devi	7	254/1	Residential cum Commercial	Residential cum Commercial	Residential cum Commercial	15,323.00	15,323.00	-	40,545.00	40,545.00	-	-
18	Md Shahansha Bokt	24	02	Residential cum Commercial	Residential cum Commercial	Residential cum Commercial	8,405.00	8,405.00	-	21,404.00	21,404.00	-	-
19	Madarsa Islamia Dukan	23	74	Commercial	Commercial	Commercial	3,244.00	3,244.00	-	1,350.00	1,350.00	-	-
20	Md Shahid Ayub Khan	25	163/k	Commercial	Commercial	Commercial	5,546.00	5,546.00	-	9,943.00	9,943.00	-	-



Nawada Municipal Council

Letter No.

Date: 21.12.2019

To

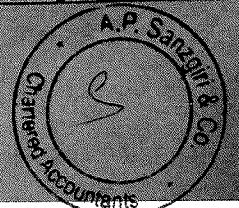
AP Sangziri & Co.

(Chartered Accountants)

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

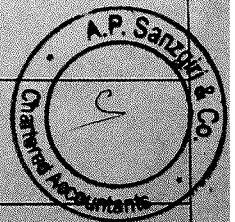
We, Municipal Council Nawada, confirm the following books of accounts/ documents/ file has not been maintained, hence we could not produced it:

S.N.	Auditor observation	Management comment
1	Non implementation of Double entry system;	Currently DEAS work has been started.
2	AG Compliance Report;	It is under process and management will submit it as soon as possible;
3	Non maintenance of Advance Register;	ULB has prepared Advance Register but it is not updated since F.Y. 2016-17. Advance Register also not maintained as per BMAR.
4	No Municipal Accounts committee established;	Under process, and matter will be put before board for constitution of "Municipal Accounts Committee";
5	Notice fee;	Currently not collecting, but it will be consider and collected accordingly;
6	TDS return acknowledgement;	It has been provided;
7	Non levy of Taxes in IAR Para "1 Part-A a) (1);	Some of Taxes is collected by other department of Government 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 taxes. For rest we will discussed in meeting of board and implement accordingly;
8	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
9	Late deposit of statutory deduction of TDS;	It will deposit on or before due date from now;
10	Delay in deposit of BPF	Due to implementation of CFMS the same problem arise.
11	Non preparation of Complete UC details;	It is under process and will be submit in coming next month;



Nawada Municipal Council

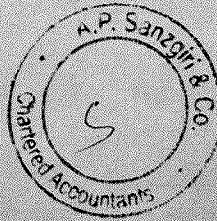
12	Non practice of Stock valuation, Non-preparation of Stock Register.	It will be follow as per rule and management will decide about reasonable period of valuation i.e. frequency of time for valuation;
13	Non maintenance of log book.	ULB has prepared and updated Log book except few vehicle, but not maintained as per BMAR.
14	Maintenance of grant record with bifurcation like amount for Salary, water management, nail gali solid waste management and so on ;	It will be provided.
15	Non maintenance of book refer to Para : II-PART B (a) ;	After reading this para we conclude the following comments: 1. S.N. 6 to 8 - no transaction happened; 2. 10 to 11 - amount not collected in this respect; Rest will be maintained upon applicability of concern para.
16	Difference In Holding Tax Amount as per Physical Measurement: > 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.	> 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;
17	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 DEAS.
18	Non creation Special Fund and Fund Mentioned in Chapter ix of BMAR, 2007	The same will be created on applicability of relevant provision of said act;
19	Non Maintenance of Fixed Assets Register	It will be maintained.
20	Outstanding Taxes	We will makes our best effort to realized it by established camp in ward;



Nawada Municipal Council

21	Bank Reconciliation on Monthly Basis	It will be maintained;
22	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;
23	Non implementation of Biometric Devices and Payroll Software	It is under process;
24	Directive/Circular issued during Q-1 of 2019-20	No such directives or circular issued during said period.

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



[Signature]
Executive Officer
Nagar Parishad, Nawada
21/12/19

NAWADA MUNICIPAL CORPORATION
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	EO SALARY	07/22-05-2018	7.00	7.00	-	7.00	-	100%	NIL	696/15.05.19
2	City Manager Salary	08/24-05-2018	1.97	1.97	-	1.97	-	100%	NIL	696/15.05.19
3	Civil Liberties	10/01-06-2018	110.89	110.89	-	110.89	-	100%	NIL	Not Provided
4	CM Salary	90/29.11.2018	1.97	0.20	1.77	-	0.20	0%	100%	Not Provided & Amount deposit in treasury
5	14th Finance	82/31.10.2018	193.03	-	193.03	-	-	NIL	NIL	Unutilised amount and transfer to PL.A/C
6	5th Finance	15/03.07.2018	399.96	-	399.96	-	-	NIL	NIL	Unutilised amount and transfer to PL.A/C
7	5th Finance	21/10-07-2018	408.73	-	408.73	-	-	NIL	NIL	Unutilised amount and transfer to PL.A/C
8	Administrative Building	31/25.07.02018	77.82	-	77.82	-	-	NIL	NIL	Unutilised amount and transfer to PL.A/C

