

Financial
Year
2017-18



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

INTERNAL AUDIT CONDUCTED BY:
M/s Tibrewal Chand & Co., Chartered Accountants
From 01-04-2017 to 31-03-2018
Flat No. 501, 5th floor Meridian, SS Bihar
Apartment near Karbighiya Station, Patna, Mob
No. +918825110779
Email- tccbihar@gmail.com

Date of Submission :- 19-11-2019

INTERNAL AUDIT REPORT



Index

Sl. No.	Particulars	Page No.
1.	Executive Summary	
	• Introduction	5
	• Results and Findings	5-7
	• Opinion	7
	• Audit Recommendation	8
	• Management Comment	9-13
	• Acknowledgment	13
2.	Detailed Audit Report	14-29
3.	Annexure	30-37



Internal Audit Report- Nagar Parishad - Benipur

Urban Development and Housing Department in order to implement the best practices of the internal audit of 140 ULBs through NIT No. IA 140ULBs/ 2017-18. This Internal audit report has been issued as a part of our appointment for internal audit.

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

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

We have conducted the Internal Audit with the objective:-

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

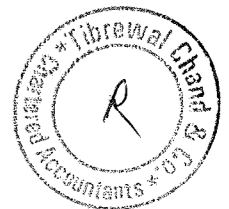
We started with an overview of activities through a study on various documents generated by the ULB. We then identified Evaluated and tested adequacy, effectiveness and efficiency of internal controls including standard policies and procedure laid down by the management for each of the areas included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

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

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

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

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



❖ Others related records and registers.

For Tibrewal Chand & Company
Chartered Accountants



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

UDIN: 20518422 AAAA BN 3574

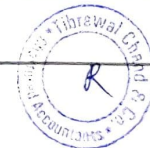
Date: 24-08-2020



Executive Summary

- 1. Introduction:** Benipur Nagar Parishad, with population of about 75 thousand is located in district of Darbhanga sub district of Benipur district in the state Bihar. There are approximate 15,078 households. Mr. Surendra Kumar Jha is Chairman holding post from 09-06-2017 to till the date of Audit. Mr. Rajesh Kumar Jha is the Executive officer holding post from 21-01-2019 to till the date of Audit.
- 2. Results and Findings:** During our audit we observed below mentioned strengths and weakness in the functioning of ULB:

Strengths observed during the audit engagement	<ol style="list-style-type: none">1. General Cash book has been prepared for the audited period2. Cashier cash book has been prepared for the audited period3. Few Revenue related records were prepared by the Parishad4. Financial Statements for the period 2017-18 were prepared by the Parishad
Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement	<ol style="list-style-type: none">1. Non preparation of bank reconciliation statements.2. Non deduction of TDS in various cases resulting in violation of tax provisions and attraction of interest and penalty.3. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes.4. Non deposition of statutory dues such as labor cess, TDS, VAT, ESI/PF to the authorities after deduction from bills, resulting in huge penalties and interest.

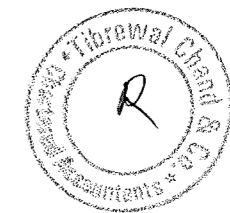


5. Non-Performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.
6. Non-Maintenance of assets registers in complete manner resulting in chances of mis-utilization of assets.
7. No proper survey of properties has been conducted by the ULB to ascertain the property tax receivables from holdings.
8. Loss of revenue due to Sairat was not held for reporting financial year at proper interval.
9. Proper log book & fuel distribution register was not prepared resulting in weakness in control over books of account.
10. Daily wages register was not prepared resulting in weakness in control over books of account.
11. Advance was not adjusted within reasonable time resulting in weakness in control over internal control.
12. Huge outstanding of revenue including holding tax, tower tax, rent, Sairats but no sincere efforts has been made by ULBs to recover the same.



13. Huge Audit para's are outstanding but no efforts have been made by ULB for compliances.

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



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

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

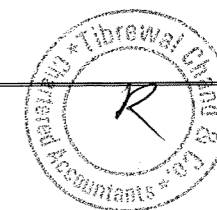
1. Books of accounts should be prepared on real time basis under double entry system and accrual basis should be followed.
2. Employees of all departments are required to be trained and monitored for updating of day to day transactions on regular basis in respective records and registers.
3. Stringent follow up and actions are necessary for recovering arrear relating to property tax, tower tax, rental income and other sources of income.
4. Bank statements or treasury statement shall be collected on regular intervals and bank reconciliation statement should be prepared on monthly basis. Balance confirmation certificate to be obtained from the respective bank treasury periodically.
5. Stock/store register should be updated as per the formats provided in BMAR.
6. Statutory compliances such as deduction and deposition with authorities should be complied strictly to avoid penalty and interests.
7. Log book and fuel issue register should be maintained properly indicating km runs, places covered, purpose of visit, signature of driver, city manager, sanitary inspector etc.
8. Revenue records should be maintained properly including demand and collection details.
9. Advance should be adjusted within reasonable time.
10. PF/ ESI should be timely deposited.



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

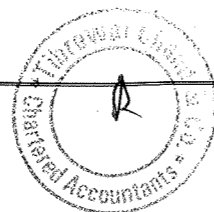
5. Comments from Management:-

S. No.	Observation	Management Comment	Recommendation
1	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10000/- per year. During the course of audit it was observed that Rs. 47,66,000.00 is due towards Tower Company for financial year 2017-18.	This will be strictly taken care by next financial year and Nagar Parishad will take necessary steps to recover or boost revenue from towers.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	There is a long outstanding list of property tax collection.	All tax collector cashier, cashier and tax daroga is directed to make necessary attempt in this regard.	Demand register for property tax should be maintained year wise and appropriate action should be taken.
3	During the course of Audit, we observed that Nagar Parishad has conducted CAG audit/Internal audit report for the year 2015-17 but the compliance report for the same has not been prepared. <i>(Details provided in report)</i>	Necessary action will be taken.	It should be prepared as soon as possible.
4	Report on Findings of the field survey of property tax of minimum 20 high value properties.	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Physical survey can't be conducted due to non-availability of ULB staff for conducting physical verification. Further SAF forms were also not provided for 20 high value properties as per list provided by us.
5	Expenditures vouchers were not provided to us.	ULB staff is directed to cooperate with auditors and to provide all the necessary	It should be provided to auditors.



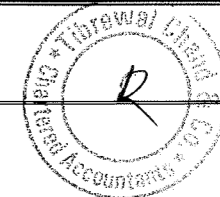
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

		documents for audit.	
6	PF deducted from all permanent staff salary but not deposited in his PF account.	Will consider it in next financial year.	PF should be deposited immediately.
7	During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Parishad. Further it was also observed that returns were also not filled for TDS & VAT.	Will consider it in next financial year.	All statutory compliances related to deduction, deposition and return filling should be complied.
8	The municipality is not in a practice to prepare BRS on regular or periodical basis. <i>(Details given in audit report Part A)</i>	Will consider it in next financial year.	BRS should be maintained month wise.
9	Non preparation of stores register	Nagar Parishad ensure that this will be taken care from now onwards.	Non maintenance of store register, it will become difficult to identify quantity of each class of stock. So, the ULB should maintain a store ledger including price of inward goods.
10	Insurance deduction from all permanent staff salary but not deposited.	Nagar Parishad ensure that this will be taken care from now onwards.	Insurance should be deposited.
11	Benipur Nagar Parishad is not in practice to prepare monthly receipt and payment account and the trial balance.	Nagar Parishad ensure that this will be taken care from now onwards.	ULB should prepare receipts and payment account on monthly basis. It helps to find out that how much fund received by the ULB and whether its utilization was made properly or not.
12	Daily wages register were not produced to us for audit.	ULB staff is directed to provide all the necessary documents to auditors.	Daily wages register should be made available to auditors.
13	Log books not maintained or maintained with incomplete information in ULB.	Necessary action will be taken.	Log book should be maintained by ULB.
14	Advances made to staff.	-	No advance was given to ULB



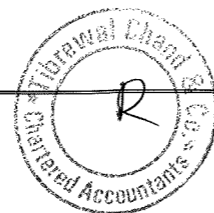
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

			staff in this financial year.
15	Scheme register not prepared for the financial year 2017-18	Necessary action will be taken.	Separate register should be maintained for each scheme.
16	Demand Register for collection of Trade License for the financial year 2017-18 is not yet prepared.	Necessary action will be taken.	Demand register should be prepared.
17	Collection of internal resources is very poor.	Necessary action will be taken.	It should be timely collected.
18	Non-maintenance of required registers as per Rule No.-3 of BMAR-2014	ULB staff is directed to follow and comply the guidelines of BMAR	Details of registers not maintained by ULB is mentioned under Part-A (a). ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.
19	Non-Compliance of Act & Rules	ULB staff is directed to ensure compliance of all applicable Act & Rules.	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.
20	Lack of internal control measures We observed that there is no internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling, and statutory compliances (i) Voucher file was not maintained. (ii) No internal mechanism for statutory compliance. (iii) No MIS was prepared for tracking of payments. (iv) Required books of Accounts as per BMAM, was not maintained (v) Statutory compliance reconciliation was not maintained. (vi) Bank reconciliation of any	Nagar Parishad ensure that this will be taken care from now onwards.	We suggest that: (i) MIS system should be implemented over daily collection and deposit. (ii) Need to identify a person to comply with the statutory compliance. In case of any failure to comply with statutory compliances he should also be penalized. The management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.



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

	bank account was not prepared.		
21	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.	ULB staff is directed to comply with BMA-2007	As per requirement of BMA-2007, Chapter-XII, ULB should hold a meeting of municipal accounts committee each year. During our audit no evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.
22	Bank account Current in nature.	Future Reference	One A/C is current in nature resulting in revenue loss of interest for the ULB. Therefore, it should be converted into Savings A/C to avoid losses.
23	During the course of audit we checked invoices of fuel supply, for verification of the same. We also checked few logbooks and fuel supply register, log books were not complete and fuel supply register was not maintained properly, thus we were not able to verify the correctness of the bills paid. <i>(Refer Detailed audit report)</i>	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Nagar Parishad must be provided details of fuel for verification.
24	Non-providing of Utilization certificate for the reporting audit period	UC details given to auditors. Staff will initiate working on this matter in next financial year.	Grant is blood of ULB. Therefore, for getting grant and running the ULB working smoothly it is requirement of grant. Further timely submission of utilization certificate helps the grant realizing authority to send the money for fulfill the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.



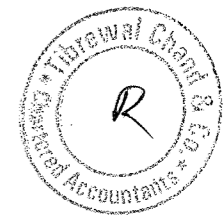
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

25	During verification of bank A/c No. 9872000100030808, we found that there is huge difference of Rs. 408,06,106.2 between cash book and pass book. <i>(Refer Bank reconciliation statement)</i>	Will be considered in next financial year.	It should be resolved as earliest.
----	---	--	------------------------------------

Signed Discussion Note is enclosed with the report.

6. Acknowledgement:-

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



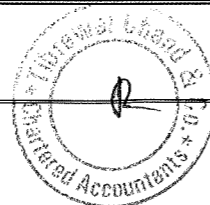
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

ce						
Birth & Death	SBI	34666915113	61,806.00	61,806.00	0	Reconciled
Swacch Bharat Mission	SBI	35223843620	19,84,960.00	19,84,960.00	0	Reconciled
E.O. Salary	SBI	35940509304	423,501.00	669,760.00	2,46,259.00	Unreconciled
Kabir antyesty yojna	SBI	34491594182	1,18,157.00	1,18,157.00	0	Reconciled
Kabir antyesty yojna	SBI	34491592185	3,95,700.00	3,95,700.00	0	Reconciled
General Account	SBI	31788504603	1,07,635.00	1,07,635.00	0	Reconciled
14 th Finance	Canara Bank	2865101007385	57,278.00	56,324.00	954.00	Unreconciled
PMAY	PNB	9872000100030808	2,52,71,494.00	6,60,77,600.20	4,08,06,106.20	Unreconciled
NULM	PNB	9872000100039580	2,59,311.60	72,000.00	1,87,311.60	Unreconciled
Swacch Bharat Mission	ICICI	243701000210	25,23,838.00	-	25,23,838.00	Unreconciled
Municipal Fund Treasury	P/L Account		18,26,48,274.00	16,07,05,530.00	2,19,42,744.00	Unreconciled
General	Canara Bank	05545	-	1,95,969.00	1,95,969.00	Unreconciled
General	Canara Bank	05413	-	1,147,462.00	1,147,462.00	Unreconciled
General	Central Bank of India	64378	1,932.00	1,860.00	72.00	Unreconciled

Comments: ULB has not prepared BRS on a monthly basis.

Recommendation: 1) ULB should be prepared bank reconciliation on monthly basis.

2) Account no. 9304 is current in nature; it should get converted to Savings A/c.

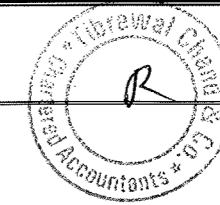


Internal Audit Report for the year ended 31st March of F.Y. 2017-18

(Note: Refer Discussion Note point no.8.)

iv. Revenue & Capital Receipts :-

Income Details			
Sl. No.	Details	Amount (Rs.)	
		2017-18	2016-17
	Total Receipts (A+B)	239,762,568	23,78,64,134
A	Revenue Receipts (1+2+3)	14,099,242	62,90,698
1	Own Revenue Receipts	4,759,240	38,37,548
a)	Tax Revenue (Levied & Collected By municipal Body) (i+ii)	2,537,402	15,66,881
i)	Property Tax	2,487,402	10,84,099
ii)	Other Tax (Levied & Collected By municipal Body)	50,000	4,82,782
b)	Non Tax Revenue (Levied & Collected By municipal Body) (i+ii+iii)	495,805	2,23,704
i)	Fess & Fines	155,805	63,704
ii)	User Charges	-	-
iii)	Other Non-Tax Revenue (Levied & Collected By municipal Body)	340,000	1,60,000
2	Other Revenue Receipts	1,726,033	20,46,963
a)	Income from interest/Investments	1,616,673	8,06,813
b)	Other Revenue Income	109,360	12,40,150
3	Transfers/grants/Assigned Revenues	9,340,002	24,53,150
a)	State Assigned Revenues	6,817,200	-
b)	State Finance Commission (SFC) Grants/Devolution	-	-
c)	Octroi Compensation	-	-
d)	Other State Government transfers	2,522,802	24,53,150
e)	Central Finance Commission (CFC) Grants	-	-
f)	Other Central Government transfers	-	-



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

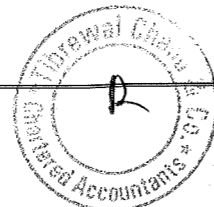
g)	Others	-	-
B	Capital Receipts (1+2+3+4+5)	225,663,326	23,15,73,436
1	Sale of Municipal Land	-	-
2	Loan (From state Govt. or Banks etc.)	-	-
3	State Capital Account Grant (Under state Scheme etc.)	21,915,111	5,27,78,449
4	Central Capital Account Grant (Under central Scheme etc.)	181,424,848	17,65,35,476
5	Other Capital Receipts	22,323,367	22,59,511

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

v. Revenue & Capital Expenditure Information :-

Expenditure Details			
Sl. No.	Details	Amount (Rs.)	
		2017-18	2016-17
	Total Expenditure (1+2)	209,906,731	114,291,474
1	Revenue Expenditure	20,984,953	18,642,190
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	13,097,483	13,407,780
1.2	Operation & Maintenance (O & M)	5,331,246	4,273,782
1.3	Loan Repayment (Interest Payments)	-	1,508
1.4	Others (any other revenue Expenditure which is not salaries, O&M & or interest payment)	2,556,224	959,120
2	Capital Expenditure	188,921,778	95,649,284
2.1	All developmental works under central/state specific schemes	188,921,778	93,635,347
2.2	Loan Repayments	-	2,013,937

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



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

vi. Status of implementation of double entry accounting system: The ULB has implemented real time double entry accounting system. The details are as below:

- **Company Name:** M/sA P Sanzgiri & Co.
- **PTR:** PTR for the year 2017- 18 is completed.
- **FAR:** FAR for the year 2017- 18 is completed.
- **AFS:** AFS for the year 2017- 18 is completed.

vii. Status of Municipal Accounts Committee if meeting is held: Meeting of Municipal Accounts Committee has not been held during the year 2017-18 as Municipal accounts committee is not in existence at the Municipality.

Note: Refer Discussion Note point no.21.



5. Audit Observations: -

Part-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.

a) Holding and Property tax not deposited:

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

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

Condition: Daily cash register was not provided to us. Therefore we are unable to comment on this regards.

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

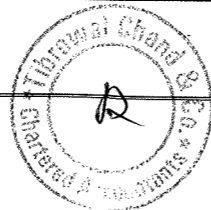
Cause: This happens due to non-follow up and monitoring of activities of Tax Collector by the concerned officer on regular interval.

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

b) Tower tax not deposited:

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

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

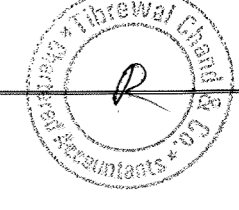


Condition: It was observed that Tower Tax is not collected and outstanding details are given below:

S.N.	Name of tower	No of tower	Total due
1	Vodafone	1	3,38,000.00
2	Docomo	1	1,94,000.00
3	Airtel	1	3,52,000.00
4	Airtel	1	3,38,000.00
5	Airtel	1	2,18,000.00
6	Vodafone/Idea	2	3,06,000.00
7	Airtel/Idea	2	1,38,000.00
8	Vodafone	1	1,46,000.00
9	Airtel/Idea/Telenor	2	2,34,000.00
10	Vodafone/Jio	2	3,78,000.00
11	Telenor/Aircel	2	2,82,000.00
12	Reliance Jio	2	3,54,000.00
13	Vodafone/Airtel	2	6,18,000.00
14	Aircel	1	1,46,000.00
15	BSNL	1	3,86,000.00
16	Vodafone	1	3,38,000.00
TOTAL			47,66,000.00

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

Cause: We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has no proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage. While checking the files and other relevant records company wise outstanding was not maintained properly and o/s detail of Rs. 47.66 Lakh was found. In absence of proper demand and collection register it was difficult to find the exact demand and outstanding.



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

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

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

Criteria: As per Bihar Municipal Act.

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

Consequences/ Effect/ Impact: No impact.

Cause: No impact.

Recommendation: No recommendation.

d) **Non collection of Advertisement Tax:**

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

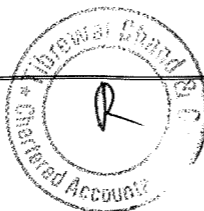
Criteria: Advertisement Taxes, in case auctioned to external agencies, shall be recognized as per the terms of agreement. In all other cases, when permission for advertisement is granted for the first time, the advertisement tax shall be accrued at the point when tax is paid and permission is granted.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

Condition: Nagar Parishad is not collecting any advertisement tax.

Consequences/ Effect/ Impact: Due to no collection of advertisement tax there is a huge revenue loss to Nagar Parishad.

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

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



e) **Stamp Duty**

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

Criteria: As per Stamp Duty Act.

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

Consequences/ Effect/ Impact: No impact.

Cause: No impact.

Recommendation: No recommendation.

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

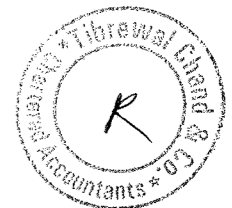
During the course of audit we checked invoices of fuel supply, for verification of the same. We also checked few logbooks and fuel supply register, log books were not complete and fuel supply register was not maintained properly, thus we were not able to verify the correctness of the bills paid. (Note: Refer point no. 23 of discussion note)

Date of Bill	Details of Bills	Supplier	Amount
3/14/2018	Petrol & Diesel	Sunder service center	80,904.00
10/7/2017	Petrol & Diesel	Sunder service center	113,493.00
10/11/2017	Petrol & Diesel	Sunder service center	66,452.00
5/22/2017	Petrol & Diesel	Sunder service center	139,702.00
5/3/2017	Petrol & Diesel	Sunder service center	84,570.00

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

Comments: No support was provided in the field survey by the ULB, therefore we can't provide any data regarding the same.

(Note: Refer point no.4 in discussion note)



Part B

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

- Subsidiary register
- Stock register
- Cheque issue registers.
- Assets register.
- Contra, journal, Receipt Voucher.
- Records and revision of taxes and rent.

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

- Memorandum of collection (GEN 21)
- Summary of daily collection register
- Register for bills payment
- Cheque issue register
- Register for Advances
- Deposits register

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

b. Irregularity in procurement process:

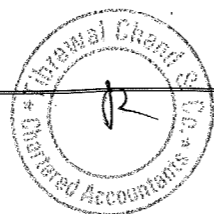
No observation was found in this regard.

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

- Non Implementation of GeM procurement mechanism.
- Non compliances of the pending AG Audit Paras
- Non collection of various taxes required to be collected.
- Non maintenance of prescribed books of accounts.
- Non maintenance of prescribed DEAS.
- None maintenance of DCR.

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

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



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

e. Lack of Internal Control Measures: During the audit it was observed that there is serious lack of internal control over revenue collection. Revenue records are not maintained properly. Further, collection books after finishing should be kept in safe custody in ULB only. There is no cash vault in the cash department for safety measure. Vouchers are not filed serially and kept in loose form. It should be properly taken care of.

f. Non- Compliance of TDS, VAT, and other relevant statute: During the audit it was observed that there is very serious issues in statutory compliances taxes are often deducted/ but not deposited on time resulting in heavy interest and penalty. In few cases it was deduction such as TDS and Royalty are not even deducted. Few cases are- (Note: Refer point no. 7 of discussion note)

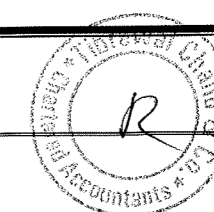
i. TDS: Cases in which TDS not deducted

Date	Details of Bills	Amount	Remarks
11-04-2017	Advocate Fee	94,500	TDS not deducted
11-04-2017	Advocate Fee	54,360	TDS not deducted
05-05-2017	Rohit Singh	6,43,854	TDS not deducted
05-05-2017	Rohit Singh	6,42,066	TDS not deducted
20-06-2017	Nishant Saurabh	4,54,471	TDS not deducted
20-06-2017	Nishant Saurabh	1,59,235	TDS not deducted
20-06-2017	Nishant Saurabh	74,266	TDS not deducted
20-06-2017	Nishant Saurabh	2,87,166	TDS not deducted
20-06-2017	Nishant Saurabh	3,88,731	TDS not deducted
20-06-2017	Nishant Saurabh	3,88,302	TDS not deducted

ii. TDS on GST: During audit it was observed that TDS on GST was deducted from few contractors' bills but the same was not deposited with authority.

iii. Royalty: It was observed that Royalty of Rs. 983,589/- was not deposited timely during the reporting period.

iv. Labor Cess: It was observed that Labor Cess was not deposited timely during the reporting period.



(Note: Refer point no.7 in discussion note)

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

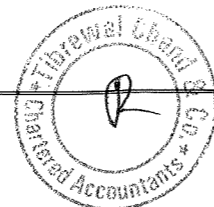
PF and ESI: During the audit it was observed that PF and ESI deducted from employees salary not deposited with authorities causing loss to the savings of the employees.

h. Utilization certificate report on grants allotted during the year: Details of UCs related to FY: 2017 – 2018 is given as annexure.

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

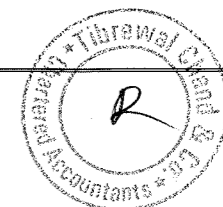
(Note: Refer point no.09 in discussion note)

j. Advances: No advances were given to any employee or party for the reporting year.



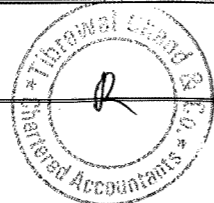
III. Part C

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



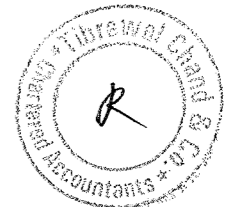
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

	HD, Gob has been complied.	
5	If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc. have incurred then quantify the same.	It has been discussed in discussion notes and audit report under part A.
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	No observation was found in this regard.
7	Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	No observation was found in this regard.
8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	We advised management to prepare pending UC of expenditure already incurred. We will provide all support in this regard.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	It has been provided in discussion notes as well as in audit report under part A.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	It has been provided in discussion notes as well as in audit report under part A.
11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No fixed deposit made during the F.Y. 2017-18. All funds held by ULB are maintained at Nationalized Banks and rate of interest is per banking norms.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for	It has been provided in discussion notes as well as in audit report under part A.



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

	revenue losses.	
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	It has been provided in discussion notes as well as in audit report under part A.
14	Whether C&AG and Internal audit paras have been complied, if not assistance has been provided in this regard.	It has been discussed with management to prepare compliance report in regards of C&AG Audit paras but management says that it will take few week or month. We suggested management to communicate if any difficulty arises in preparing compliance report We will guide and provide all assistance in this regard.



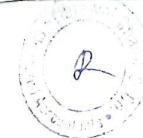
ANNEXURE

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

S/N	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2017-18	पेशाकर	23/30.06.2017	25.21	25.21	NIL	Not Prepared
2	2017-18	शहरी नाली गली	68/30.10.2017	89.5	NIL	89.5	Un-Utilized Amount Rs. 89.5 transferred to PL A/C
3	2017-18	14th Fin	97/24.01.2018	168.86	NIL	168.86	Un-Utilized Amount Rs. 168.86 transferred to PL A/C
4	2017-18	भत्ता भुगतान	15/15.06.2017	7.02	7.02	NIL	Not Prepared
5	2017-18	नागरिक सुविधा	43/24.08.2017	90.46	NIL	90.46	Un-Utilized Amount Rs. 90.46 transferred to PL A/C
6	2017-18	नाली गली	38/11.08.2017	104.44	NIL	104.44	Un-Utilized Amount Rs. 104.44 transferred to PL A/C
7	2017-18	5th Finance	46/14.09.2017	421.68	NIL	421.68	Un-Utilized Amount Rs. 421.68 transferred to PL A/C
8	2017-18	14th Finance	33/02.08.2017	169.35	NIL	169.35	Un-Utilized Amount Rs. 169.35 transferred to PL A/C
9	2017-18	कार्यपालक पधाधिकारी का वेतन	07/23.05.2017	5.00	5.00	NIL	Not Prepared
Grand Total				1081.52	37.23	1044.29	



S. No.	Observation	Management Comment	Recommendation
1	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10000/- per year. During the course of audit it was observed that Rs. 47,66,000.00 is due towards Tower Company for financial year 2017-18.	This will be strictly taken care by next financial year and Nagar Parishad will take necessary steps to recover or boost revenue from towers.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	There is a long outstanding list of property tax collection.	All tax collector cashier, cashier and tax daroga is directed to make necessary attempt in this regard.	Demand register for property tax should be maintained year wise and appropriate action should be taken.
3	During the course of Audit, we observed that Nagar Parishad has conducted CAG audit/Internal audit report for the year 2015-17 but the compliance report for the same has not been prepared. (Details provided in report)	Necessary action will be taken.	It should be prepared as soon as possible.
4	Report on Findings of the field survey of property tax of minimum 20 high value properties.	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Physical survey can't be conducted due to non-availability of ULB staff for conducting physical verification. Further SAF forms were also not provided for 20 high value properties as per list provided by us.
5	Expenditures vouchers were not provided to us.	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	It should be provided to auditors.
6	PF deducted from all permanent daily wage contract	Will consider it in next	PF should be deposited



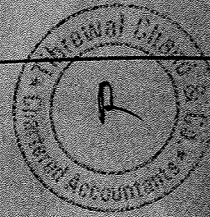
कार्यपालक पधाधिकारी
15/1/2018

Discussion Note

Benipur Nagar Parishad

	staff salary but not deposited in his PF account.	financial year.	immediately.
7	During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Parishad. Further it was also observed that returns were also not filled for TDS & VAT.	Will consider it in next financial year.	All statutory compliances related to deduction, deposition and return filing should be complied.
8	The municipality is not in a practice to prepare BRS on regular or periodical basis. (Details given in audit report Part A)	Will consider it in next financial year.	BRS should be maintained month wise.
9	Non preparation of stores register	Nagar Parishad ensure that this will be taken care from now onwards.	Non maintenance of store register, it will become difficult to identify quantity of each class of stock. So, the ULB should maintain a store ledger including price of inward goods.
10	Insurance deduction from all permanent staff salary but not deposited.	Nagar Parishad ensure that this will be taken care from now onwards.	Insurance should be deposited.
11	Benipur Nagar Parishad is not in practice to prepare monthly receipt and payment account and the trial balance.	Nagar Parishad ensure that this will be taken care from now onwards.	ULB should prepare receipts and payment account on monthly basis. It helps to find out that how much fund received by the ULB and whether its utilization was made properly or not.
12	Daily wages register were not produced to us for audit.	ULB staff is directed to provide all the necessary documents to auditors.	Daily wages register should be made available to auditors.
13	Log books not maintained or maintained with incomplete information in ULB.	Necessary action will be taken.	Log book should be maintained by ULB.
14	Advances made to staff.	-	No advance was given to ULB staff in this financial year.
15	Scheme register not prepared for	Necessary action will be taken.	Separate register should be

Tibrewal Chand & Co. Page 2



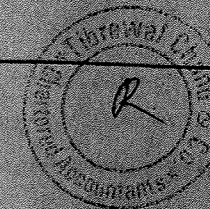
RS
16/6/2020
कार्यपालक दिाधिकारी
नगर परिषद बेनीपुर
16/6/2020

Discussion Note

Benipur Nagar Parishad

	the financial year 2017-18		maintained for each scheme.
16	Demand Register for collection of Trade License for the financial year 2017-18 is not yet prepared.	Necessary action will be taken.	Demand register should be prepared.
17	Collection of internal resources is very poor.	Necessary action will be taken.	It should be timely collected.
18	Non-maintenance of required registers as per Rule No.-3 of BMAR-2014	ULB staff is directed to follow and comply the guidelines of BMAR	Details of registers not maintained by ULB is mentioned under Part-A (a). ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.
19	Non-Compliance of Act & Rules	ULB staff is directed to ensure compliance of all applicable Act & Rules.	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.
20	Lack of internal control measures We observed that there is no internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling, and statutory compliances (i) Voucher file was not maintained. (ii) No internal mechanism for statutory compliance. (iii) No MIS was prepared for tracking of payments. (iv) Required books of Accounts as per BMAM, was not maintained (v) Statutory compliance reconciliation was not maintained. (vi) Bank reconciliation of any bank account was not prepared.	Nagar Parishad ensure that this will be taken care from now onwards.	We suggest that: (i) MIS system should be implemented over daily collection and deposit. (ii) Need to identify a person to comply with the statutory compliance. In case of any failure to comply with statutory compliances he should also be penalized. The management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.
21	No details were made available	ULB staff is directed to	As per requirement of BMA-

Tibrewal Chand & Co. Page 3



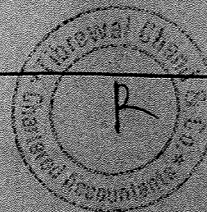
RS
16/6/2020
कार्यपालक दिाधिकारी
नगर परिषद बेनीपुर
16/6/2020

Discussion Note

Benipur Nagar Parishad

	regarding meeting of municipal accounts committee held during the financial year 2017-18.	comply with BMA-2007	2007, Chapter-XII, ULB should hold a meeting of municipal accounts committee each year. During our audit no evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.
22	Bank account Current in nature.	Future Reference	One A/C is current in nature resulting in revenue loss of interest for the ULB. Therefore, it should be converted into Savings A/C to avoid losses.
23	During the course of audit we checked invoices of fuel supply, for verification of the same. We also checked few logbooks and fuel supply register, log books were not complete and fuel supply register was not maintained properly, thus we were not able to verify the correctness of the bills paid. (Refer Detailed audit report)	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Nagar Parishad must be provided details of fuel for verification.
24	Non-providing of Utilization certificate for the reporting audit period	UC details given to auditors. Staff will initiate working on this matter in next financial year.	Grant is blood of ULB. Therefore, for getting grant and running the ULB working smoothly it is requirement of grant. Further timely submission of utilization certificate helps the grant realizing authority to send the money for fulfill the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.
25	During verification of bank A/c No. 9872000100030808, we found that	Will be considered in next financial year.	It should be resolved as earliest.

Tibrewal Chand & Co. Page 4



16/6/20
कार्यपालक उपाधिकारी
जगदल परि.द बेनीपुर
16/6/20

Discussion Note

Benipur Nagar Parishad

there is huge difference of Rs. 408,06,106.2 between cash book and pass book. (Refer Bank reconciliation statement)		
--	--	--

Details of statutory deduction:-

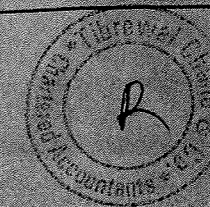
i. TDS:

Date	Details of Bills	Amount	Remarks
11-04-2017	Advocate Fee	94,500	TDS not deducted
11-04-2017	Advocate Fee	54,360	TDS not deducted
05-05-2017	Rohit Singh	6,43,854	TDS not deducted
05-05-2017	Rohit Singh	6,42,066	TDS not deducted
20-06-2017	Nishant Saurabh	4,54,471	TDS not deducted
20-06-2017	Nishant Saurabh	1,59,235	TDS not deducted
20-06-2017	Nishant Saurabh	74,266	TDS not deducted
20-06-2017	Nishant Saurabh	2,87,166	TDS not deducted
20-06-2017	Nishant Saurabh	3,88,731	TDS not deducted
20-06-2017	Nishant Saurabh	3,88,302	TDS not deducted

Bank Reconciliation Statement

Name of Project	Name of Bank	Account No.	Passbook Balance	Cash Book Balance	Difference	Status
Holding Tax	SBI	33060340497	25,50,159.00	25,28,735.00	21,424.00	Unreconciled
Tower Tax	SBI	33099850903	1,33,22,422.00	13,322,422.00	0	Reconciled
E. Governance	SBI	33856125433	35,785.00	35,785.00	0	Reconciled
Birth & Death	SBI	34666915113	61,806.00	61,806.00	0	Reconciled
Swachh Bharat Mission	SBI	35223843620	19,84,960.00	19,84,960.00	0	Reconciled
E.O. Salary	SBI	35940509304	423,501.00	669,760.00	2,46,259.00	Unreconciled
Kabir antyesty yojna	SBI	34491594182	1,18,157.00	1,18,157.00	0	Reconciled
Kabir antyesty yojna	SBI	34491592185	3,95,700.00	3,95,700.00	0	Reconciled
General Account	SBI	31788504603	1,07,635.00	1,07,635.00	0	Reconciled
14 th Finance	Canara Bank	2865101007385	57,278.00	56,324.00	954.00	Unreconciled

Tibrewal Chand & Co. Page 5



16/6/20
कार्यपालक उपाधिकारी
जगदल परि.द बेनीपुर
16/6/20

Discussion Note

Benipur Nagar Parishad

PMAY	PNB	987200010003002 OR	2,52,71,494.00	6,60,77,600.20	4,08,06,106.20	Unreconciled
NULM	PNB	987200010003002 OR	5,59,311.60	72,000.00	1,87,311.60	Unreconciled
Swachh Bharat Mission	RUCI	543701000010	25,23,838.00	-	25,23,838.00	Unreconciled
Municipal Fund Treasury	PI Account		18,26,48,274.00	16,07,05,530.00	2,19,42,744.00	Unreconciled
General	Canara Bank	05545		195,969.00	1,95,969.00	Unreconciled
General	Canara Bank	05411		1,147,462.00	1,147,462.00	Unreconciled
General	Central Bank of India	04112	1,932.00	1,860.00	72.00	Unreconciled

Details of UC's of Financial Year 2017 - 2018

S/N	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2017-18	ग्रामकर्म	23/30.06.2017	25.21	25.21	NIL	Not Prepared
2	2017-18	ग्रहण नाली यमी	68/30.10.2017	89.5	NIL	89.5	Un-Utilized Amount Rs. 89.5 transferred to PL A/C
3	2017-18	14th Fin	97/24.01.2018	168.86	NIL	168.86	Un-Utilized Amount Rs. 168.86 transferred to PL A/C
4	2017-18	भत्ता भुगतान	15/15.06.2017	7.02	7.02	NIL	Not Prepared
5	2017-18	नागरिक सुविधा	43/24.08.2017	90.46	NIL	90.46	Un-Utilized Amount Rs. 90.46 transferred to PL A/C
6	2017-18	नाली गली	38/11.08.2017	104.44	NIL	104.44	Un-Utilized Amount Rs. 104.44 transferred to PL A/C
7	2017-18	5th Finance	46/14.09.2017	421.68	NIL	421.68	Un-Utilized Amount Rs. 421.68 transferred to PL A/C
8	2017-18	14th	33/02.08.2017	169.35	NIL	169.35	Un-Utilized

Tibrewal Chand & Co. Page 6



16/6/2018
कार्यपालक महाधिकारी
नगर परिषद बेनीर

Page No. - 36

Discussion Note

Benipur Nagar Parishad

		Finance						Amount Rs. 169.35 transferred to PL A/C
2017-18	कार्यपालक महाधिकारी का बेलन	07/23/05/2017	5.00	5.00	NIL			Not Prepared
Grand Total			1081.52	37.23	1044.29			

16/6/2018
कार्यपालक महाधिकारी
नगर परिषद बेनीर



Tibrewal Chand & Co. Page 7

Page No. 37