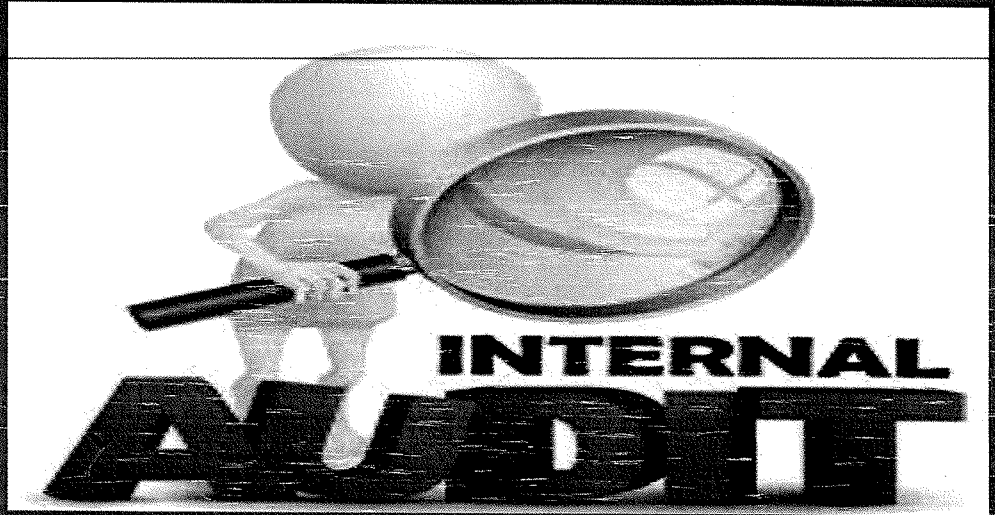


Financial
Year
2018-19



Internal Audit Report for F.Y 2018-2019 of Bahadurganj Nagar Panchayat

Internal Audit Conducted By
M/s Tibrewal Chand & Co. Chartered Accountants
Firm No. 04/2018 to 31/03/2019
Flat No. 501, 5th floor, SS Block Apartment
Near Kanighya Station
Patna-Bihar 800001
Mob. No. +91 8825110779
E-mail: techbihar@gmail.com

Report submitted date: 31.08.2019

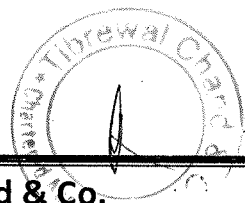
INTERNAL AUDIT REPORT



Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

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Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

Executive Summary

1. Introduction:

Name of the Municipality	Bahadurganj Nagar Panchayat
Period covered under current audit	01-04-2018 to 31-03-2019
Name of Chief Municipal Officer for the period under audit	Md. Atiur Rehman

2. Results and Findings:

➤ **Strengths observed during the audit engagement:**

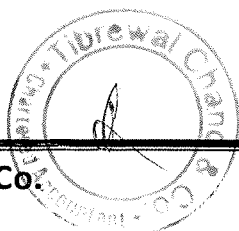
In the existing system as prevailing in the Municipal Council, day to day work is in progressive manner in respect of collection of revenue and execution of the project.

➤ **Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement: -**

1. Non preparation of financial statements resulting in weakness in control over accounts.
2. Non preparation of bank reconciliation statements.
3. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes.
4. Non-Performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.
5. Delay in deposit of collected revenue has been observed.
6. No deduction and late deposit of tax deducted at source (TDS), resulting in violation of tax provisions and attraction of interest and penalty.
7. Non-Maintenance of assets register in complete manner resulting in chances of mis-utilization of assets.
8. Some of the rent agreements were expired.

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.

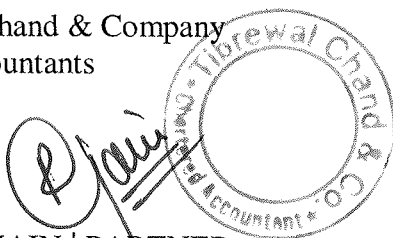


Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

4. Audit Recommendations:-

1. Books of accounts should be prepared under double entry system and accrual basis should be followed.
2. ERP software should be implemented in the ULB for preparation of financial statements and other necessary information as and when required by the management. Employees of all departments will be trained with the software for entering day to day transactions.
3. Stringent follow up is necessary for recovering arrear dues relating to property tax and other sources of income.
4. Bank statements or treasury statement shall be collected and bank reconciliation statement should be prepared on monthly basis. Balance confirmation certificate to be obtained from the respective bank treasury periodically.
5. Fixed assets register has to be prepared for all fixed assets owned by the ULB, assets will be numbered, whenever applicable and location of assets should be mentioned in such register? Physical verification of such fixed assets has to be conducted by appointing external professional agency at such year end.
6. Stock/store register should be updated in all respect. Purchase, issue and balance of each items.
7. Taxes should be timely deposit by the ULB to avoid interest and penalty.

For Tibrewal Chand & Company
Chartered Accountants



CA ROSHAN JAIN | PARTNER

Membership No 518422

FRN No. 311047E

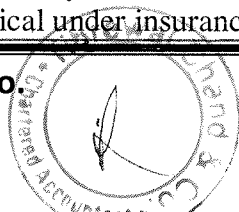
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UDIN DATE = 24-02-2021

Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

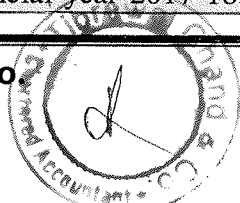
5. Comments from Management:-

Sl. No	OBSERVATION	MANAGEMENT COMMENT	AUDITOR RECOMMENDATION
1	According to section 127 of Bihar Municipal Act, 2007 annual property tax @ 9% of annual rental value has to be realized, but in the Bahadurganj Nagar panchayat property tax collected as per square feet.	<ul style="list-style-type: none"> • On pradhansadak collected from shop Rs 4 per square feet. • onpradhansadak collected from house Rs 2 per square feet. • On mukhyasadak collected from house Rs 2 per square feet. • Anya sadak collected from house Rs 0.50 square feet. 	Collection should be made as per Bihar Municipal Act.
2	According to the direction of state government an increment of 15% in the old rate has to be done in every 5 year. Thus in 2015-16 property tax had to be realized at revised rate but such action has not been done.	That matter has been presented before Board but not accepted.	Collection should be made as per incremental rate.
3	On physical verification of Properties we found that Nagar Panchayat is not in practice to collect property tax according to Bihar Municipal Act. So revenue loss for the F.Y 2018-19 Rs.13352. Details are given in Annexure "A" of our discussion note.	Field survey not done by management after 2005-06	Field survey should be done at appropriate interval.
4	During the audit we observed that tax collector has tax collected but not deposited in bank and less amount collected. details are given in Annexure "B" of our discussion note.	Concerned person will deposit the remaining tax	Should be collected and deposited at same date.
5	Delay in deposit of cash to Bank by tax collector:-As per the records made available during the audit, delays were observed between date of collection made by the tax collector and the deposit of the same to the Bank. Which are shown in Annexure "C" of our discussion note.	Tax collector are directed to deposit the tax.	Follow the direction given by UD & HD.
6	The cash kept in the locker is not insured against theft & fire which is very vital issue. It can be seen that huge amount of cash is kept no of days. So, it is necessary to keep the physical under insurance cover.	Step to be taken for purchase	Insurance should be taken for cash kept in locker.



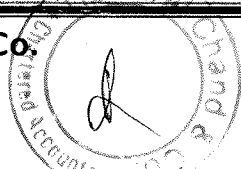
Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

7	Demand Register for collection of holding/property tax for the financial year 2018-19 is not yet prepared.	Demand register are under process.	Demand register should be maintained year wise.
8	Holding tax collected for the entire year during F.Y. 2018-2019 but holding tax cashbook updated till 03-08-2018, after that lots of amount collected but not updated in cashbook.	<ul style="list-style-type: none"> • Holding tax register are in process to update. • Whole revenue are maintained in Accountant cash book. 	Entire Cash book should be updated time to time.
9	DCR is not maintained by major tax collector, so it is difficult to trace daily collection.	All tax collector cashier, cashier and tax daroga is instructed to make necessary attempt in this regard.	DCR should be maintained per tax collector and Year wise.
10	Report on Findings of the field survey of property tax of minimum 20 high value properties is given in Annexure "D" of our discussion note.	Property tax self-assessment has been done as per municipal law.	Field survey should be done at appropriate interval.
11	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. 30,000/- per Tower and the Renewal fee is Rs. 8000/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was found that only Rs. 160410/- was realized from the Tower Company till 31.03.2019, resulting in loss of Rs. 948000. Details of such are given in Annexure "E" of our discussion note.	Demand raised but not paid by company, they filed write petition.	Take appropriate consultant in this regard from advocate.
12	During the verification of sairat register, we observed that during the financial year 2018-19, a lot of sairat was not held at municipal council. Due to this reason Revenue loss of Rs 145483 to concerned ULB. Details of such are given in Annexure "F" of our discussion note.	<ul style="list-style-type: none"> • Gudari Bazar sairat has been held from ADM(Kishanganj) • Cycle, Rickshaw, Butherkhana, Haddim ahal no party come for sairat. 	Sairat should be done every year. If party not come then do price negotiation with appropriate person.
13	During the financial year 2017-18, a lot of	No party come for	Sairat should be done



Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

	sairat was not held at municipal council. Due to this reason stamp duty loss of Rs 7273 to concerned ULB. Details of such are given in Annexure "G" of our discussion note.	agreement.	every year.
14	Sairat amount of Rs 300000 was due as on 31-03-2019 of Hazialimastan bus terminal.	Collect as soon as.	As per sairat rule entire sairat amount has been collected before allotment.
15	Rent Agreement expired in case of few market shops and no new agreement was made till the date of audit. Details of such are given in Annexure "H" of our discussion note.	Necessary attempt will be taken in next F.Y. and notice for renewal of agreement are issued.	Reasonable action should be taken in this regard.
16	Rent amount of Rs 389742 was due as on 31.03.2019. Details of such are given in Annexure "I" of our discussion note.	Demand raised and necessary attempt will be taken to realize the rent.	Reasonable action should be taken in this regard.
17	Demand Register for collection of Trade License for the financial year 2018-19 is not yet prepared.	Trade license has been implemented in F.Y. 2018-19	Demand register for trade license has been maintained for every year.
18	While verifying the applicable procurement process, we have noticed few irregularities. Details of such are given in Annexure "J" of our discussion note	Such Practice are as per NIT rule.	Management should take appropriate action in this regard.
19	A lot of staff advance of previous year has not been adjusted till 31-03-2019. Details of such are given in Annexure "K" of our discussion note	Necessary action for recovery will be taken.	Management should take appropriate action in this regard.
20	We found a few discrepancies while vouching the expenditure. Details of such are given in Annexure "L" of our discussion note	Management Comment has attached in below discussion note.	Management should take appropriate action in this regard.
21	Vouchers are not filed serially and kept in loose form. Those need to be filed properly and date wise sequentially.	Noted for future	Voucher should be maintained in index file in serially.
22	It is Found that few bank balances not reconciled. Details of such are given in Annexure "M" of our discussion note	Trace in F.Y. 2018-19	Management should take appropriate action in this regard.
23	Fixed assets register has not been maintained at Nagar Parisad level.	Noted for future	Fixed assets register should be maintained in separate register for each assets room wise.
24	Stock register has not been properly maintained. All the article of stock has	Noted for future	Stock register should be maintained for each item.



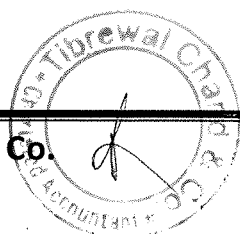
Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

	been entered at same page in register. Issue quantity and balance quantity has not been shown in stock register.		Date of purchase, issued consumption and balance quantity should be maintained.
25	The Bahadurganj Nagar Panchayat is not complying with the provisions of EPF with regards to Contractual and permanent Employee. It may lead to imposition of Penalty by the Authority in this Regards.	Separate account maintained with bank for such EPF.	EPF account should be maintained with EPF department.
26	We observed that ULB is not in practice to deduct TDS on Contractor Bill payment and salary payment to employee.	TDS deducted from head clerk and tax daroga only.	TDS should be deducted as per income tax act and rule.
27	We observed that ULB is not in practice to Deposit the deducted TDS on stipulated time. Details of such are given in Annexure "N" of our discussion note	Noted For future	TDS should be deposited as per income tax act and rule.
28	Double entry system has been not yet implemented.	Double entry system in progress.	Management should take appropriate action in this regard.
29	There is no cash vault in the cash department for safety measure.	Step is being taken to purchase as soon as possible.	Management should take appropriate action in this regard.
30	Copy of Returns of VAT, TDS has not been shown to us but payment of Rs 53690 in such regard made to Optimum solution pvt. ltd.	TDS will be deducted in next bill.	Return should be filed as per income tax act and rule.
31	The municipality is continuing with a single demand collection register and cashier cash book since 2012-13. We suggest to maintained separate registers yearly. It is observed that register is turned.	Step is taken to maintained separate register.	Separate register for each head should be maintained for year wise.
32	The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis.	Noted For future	BRS should be maintained month wise.
33	Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed.	Annual budget are prepared	Budget should be maintained quarterly.
34	Utilization of grant and report on missing Utilization Certificates are given in Annexure "O" of our discussion note	All twenty UC details given to auditor	UC should be submitted as reasonable interval.
35	Soft copy of Advice regarding payment of housing for all and disbursement under project of SBM is not Produce with us, so it is difficult to trace double payment for same.	Data are corrupted	Soft copy should be maintained for each advice prepared.

Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

6. Acknowledgement:-

We convey our heartfelt thanks to the entire human resources of the “Bahadurganj Nagar Panchayat” for rendering there help for smooth completion of this assignment.



Detailed Audit Report

1. Introduction: -

The Internal audit of Bahadurganj Nagar Panchayat was conducted for the period from 01st April 2018 to 31st March 2019.

Name Of ULB	Period Covered	Audit Team
Bahadurganj Nagar Panchayat	1 st April 2018- 31 st March 2019	(1) TL:CA Neerav Bhanushali (2) MAE:CA Amit Ranjan (3) Auditor: Sanjeet Kumar

2. Administration: -

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

- a. Smt Sumitra Devi, Chairman from 2017 to till the date of Audit.
- b. Ati Ur Rehman Executive officer in 2019 to till the date of Audit.

3. Review of outstanding Audit Paras :

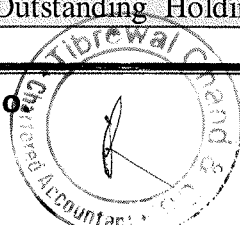
Status of Audit observations is as under:

Sl. No	Particulars of audit and date of report	Total no. of Audit paras.	Total no. of Audit Paras where necessarily improvement/corrective measure is require	Total no. of Audit paras where recovery of cash is proposed	Total No. of Audit paras where recover has been made	Total amount of recovery	Total No. of outstanding paras where no action has been taken	No. & date of compliance report
1	AG Audit (2016 to 2018)	22	22	0	0	0	22	Compliance Report not prepared.
2	Internal Audit (2016-2017)	9	9	0	0	0	9	Compliance Report not prepared.

Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

Details of AG Audit Compliance

Part	Audit para/ kandika no.	Observation	Compliance by Management
II	1	Non collection of labourcess amounted Rs. 6.96 laakh in passing map.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
	2	Dough full expenditure amounted Rs 1.68 lakh	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
	3	Holding tax amounted Rs 0.80 lakh not deposited in bank.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
	4	Loss of revenue due to non-collection of development permit fee amounted Rs. 2.82 lakh in acceptance of map.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
	5	Non collection of Tower tax in regard of registration fee and renewal fee amounted to Rs. 7.00 lakh	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
	6	Budget preparation.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
	7	Loss of Rs. 0.22 lakh due to non-collection of service tax.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
	8	Non Reassessment of tax	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
	9	Swatch Bharat Mission scheme non fruitful expenditure amounted Rs. 178.50 lakh.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
	10	Irregularities in procurement amounted Rs. 9.91 lakh	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
	11	Outstanding Holding tax amounted	No Compliance has been made by



Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

		Rs. 8.07 lakh.	management till the date of 27-07-2019 Management is start preparation of compliance part and it will take some week
12		Outstanding Shop Rent amounted Rs. 1.18 lakh	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
13		Non collection of sairat amount and stamp duty amounted Rs. 2.45 lakh	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
14		Non adjustment of advance amounted Rs. 55.32 lakh.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
15		S.J.S.R.I unutilized fund not reimbursed to government.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
16		Retention of funds without uses.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
17		In 2012 basic/graduation grade no employments has been provided due to such post remain vacant.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
18		In basic grade selection of first trainer in categories of handicapped is not as per rule.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
19		Employment has not been raised due to such post remain vacant.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
20		Employment has not been raised due to such post remain vacant.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
21		Basic/Graduation grade no employments has been provided due to such post remain vacant and untrained teacher has been appointed after 31.3.2015.	No Compliance has been made by management till the date of 27-07-2019. Management is start preparation of compliance part and it will take some week
22		Medium and Higher teacher has not been employed due to such post	No Compliance has been made by management till the date of 27-07-2019



Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

	remain vacant.	Management is start preparation of compliance part and it will take some week
--	----------------	---

4. FINANCE:

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

Year	2018-19	2017-18	2016-17
Final/Revised Budget	39,89,03,902	39,23,98,000	34,96,81,000
Actual Expenditure	2,10,43,175	8,01,69,401	7,87,22,216
Savings(+)/Excess(-)	37,78,60,727	31,22,28,599	27,09,58,784

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

ii. Volume of Transactions :-

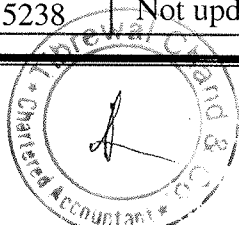
Period	Budgeted for (2018-19)	Previous year(17-18)	Previous year(16-17)	Current period	Cumulative for the current period
Opening Balance	33,32,16,242	26,18,71,959	17,08,02,599	31,05,22,422	31,05,22,422
Receipts	39,89,03,902	12,88,19,864	16,97,91,576	4,37,36,995	4,37,36,995
Total	73,21,20,144	39,06,91,823	34,05,94,175	35,42,59,417	35,42,59,417
Net expenditure	39,89,03,902	8,01,69,401	7,87,22,216	2,10,43,175	2,10,43,175
Closing Balance	33,32,16,242	31,05,22,422	26,18,71,959	33,32,16,242	33,32,16,242

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

iii. Bank Reconciliation :-

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

SI No	Project Name	Bank Name	A/c No.	Cash book balance	Pass book balance	Difference	Status
1	PLA	SBI	07685	Cash withdrawn and entered in various cash book	49,129.00	49,129.00	Unreconciled
2	BRGF(ST)	SBI	14675	Not updated	2,303.15	2,303.15	Unreconciled
3	BRGF(SC)	SBI	15545		2,237.15	2,237.15	Unreconciled
4	BRGF(GEN)	SBI	15238		1,63,134.00	1,63,134.00	Unreconciled



Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

5	PLA(Antratik Sansadhan)	SBI	27985	Not updated	7,06,636.42	7,06,636.42	Unreconciled
6	HFA	SBI	81768	Not updated	6,16,291.60	6,16,291.60	Unreconciled
7	HFA	BOB	04918		1,44,000.00	1,44,000.00	Unreconciled
8	IHSDP	SBI	46131	Not updated	12,56,963.00	12,56,963.00	Unreconciled
9	SBM	BOB	11470	Not updated	58,69,684.75	58,69,684.75	Unreconciled
10	SBM	ICICI Bank	00416		25,43,588.00	25,43,588.00	Unreconciled
11	Payjal Purti	BOB	12398	Not updated	4,98,67,411.00	4,98,67,411.00	Unreconciled
12	DAY-NULM	BOB	04040	Not updated	17,61,319.00	17,61,319.00	Unreconciled
13	PLA-171	-	171	87787264	8,77,84,405.00	2,859.00	Unreconciled

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

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

iv. Revenue & Capital Receipts :-

		Income Details			
SI. No	Details	2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	Total Receipts (A+B)	4,37,36,995	12,88,19,864	12,88,19,864	16,97,91,576
A	Revenue Receipts (1+2+3)	27,99,117	32,72,297	32,72,297	3,87,40,398
1	Own Revenue Receipts (a+b)	27,99,117	32,23,587	32,23,587	4,69,083
a)	Tax Revenue (Levied & Collected By municipal Body)	11,49,931	18,85,857	18,85,857	4,69,083
i)	Property Tax	9,24,458	17,65,127	17,65,127	4,69,083
ii)	Other Tax (Levied & Collected By municipal Body)	2,25,473	1,20,730	1,20,730	-
b)	Non Tax Revenue (Levied & Collected By municipal Body)	16,49,186	13,37,730	13,37,730	-
i)	Fess & Fines	-	6,000	6,000	-
ii)	User Charges	-	-	-	-
iii)	Other Non Tax Revenue (Levied & Collected By municipal Body)	16,49,186	13,31,730	13,31,730	-
2	Other Revenue Receipts	-	48,710	48,710	-
a)	Income from interest/Investments	-	-	-	-
b)	Other Revenue Income	-	48,710	48,710	-
3	Transfers/grants/Assigned Revenues	-	-	-	3,82,71,315
a)	State Assigned Revenues	-	-	-	6,26,865
b)	State Finance Commission (SFC) Grants/Devolution	-	-	-	3,76,44,450

Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

c)	Octroi Compensation	-	-	-	-
d)	Other State Government transfers	-	-	-	-
e)	Central Finance Commission (CFC) Grants	-	-	-	-
f)	Other Central Government transfers	-	-	-	-
g)	Others	-	-	-	-
B	Capital Receipts	4,09,37,878	12,55,47,567	12,55,47,567	13,10,51,178
1	Sale of Municipal Land	-	-	-	-
2	Loan (From state Govt or Banks etc.)	-	-	-	-
3	State Capital Account Grant (Under state Scheme etc.)	1,09,37,878	5,35,47,767	5,35,47,767	5,25,24,252
4	Central Capital Account Grant (Under central Scheme etc.)	3,00,00,000	7,19,99,800	7,19,99,800	7,85,26,926
5	Other Capital Receipts	-	-	-	-

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

v. Revenue & Capital Expenditure Information :-

Expenditure Details					
Sl. No	Details	2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	Total Expenditure (1+2)	2,10,43,175	8,01,69,401	8,01,69,401	7,87,22,216
1	Revenue Expenditure	30,96,319	16,54,528	16,54,528	-
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	30,96,319	16,54,528	16,54,528	-
1.2	Operation & Maintenance (O & M)	-	-	-	-
1.3	Loan Repayment (Interest Payments)	-	-	-	-
1.4	Others (any other revenue Expenditure which is not salaries, O&M & or interest payment)	-	-	-	-
2	Capital Expenditure	1,79,46,856	7,85,14,873	7,85,14,873	7,87,22,216
2.1	All developmental works under central/state specific schemes	1,79,46,856	7,85,14,873	7,85,14,873	7,87,22,216
2.2	Loan Repayments	-	-	-	-
2.3	other capital expenditure	-	-	-	-

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

Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

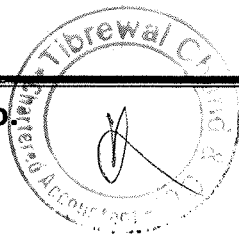
vi. Status of implementation of double entry Accounting system:

DEAS has been implemented by M/s Borkar & Mazumdar at Bahadurganj Nagar Panchayat till F.Y 2017-18 but for the period 2018-19 no real time double entry system started till date of audit and even not got data for verification.

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

vii. Status of Municipal Accounts Committee: if meeting is held:

Meeting of Municipal Accounts Committee has not been held during the year 2018-19 as Municipal accounts committee is not in existence at the Municipality.



Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

5. Audit Observations: -

I. Part-A

- a) Leakage of own source revenue either due to wrong assessment or non-levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax, fee etc.

a. Holding and property tax not deposit.

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: During the audit we observed that tax collector has tax collected but not deposited in bank and less amount collected. Details are given here:-

Date of collection	Receipt no.	Holding no.	Ward no.	Amount	Remarks
24.11.2018	9806	76	10	896	Receipt Bill has been issued Rs. 896 and amount is also Collect but receipt bill shows as canceled.

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.

Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

b. Tower Tax

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: 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. 30,000/- per Tower and the Renewal fee is Rs. 8000/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was found that only Rs. 62,000/- was realized from the Tower Company till 31.03.2019, resulting in loss of Rs. 9,48,000. Details of such are given here:-

Sl. No	Name of Tower	Ward No.	Registration Fees	Renewal Fees	Dues	Collection	Total Dues
1	Reliance	10	30000	64000	94000	NIL	94,000
2	Airtel	11	30000	64000	94000	NIL	94,000
3	BSNL	10	30000	64000	94000	NIL	94,000
4	Airtel	11	30000	64000	94000	NIL	94,000
5	MTS	11	30000	64000	94000	NIL	94,000
6	TATA	11	30000	64000	94000	NIL	94,000
7	Airtel	6	30000	40000	70000	NIL	70,000
8	BSNL	15	30000	64000	94000	NIL	94,000
9	Tata Indicom	15	30000	64000	94000	NIL	94,000
10	Vodafone	11	30000	64000	94000	62,000	32,000
11	BSNL	3	30000	64000	94000	NIL	94,000
Total							9,48,000

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

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

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

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c. Non Collection of Advertisement Tax:

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

Condition: Nagar Panchayat is not collecting any advertisement tax.

Consequence/Effect/Impact: Due to no collection of advertisement tax there is a huge revenue loss to the Nagar Panchayat.

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

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

d. 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.

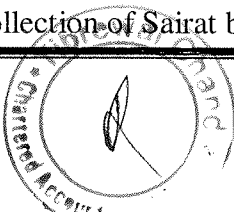
Condition: During the verification of sairat register, we observed that during the financial year 2018-19, a lot of sairat was not held at Nagar Panchayat. Due to this reason Revenue loss of Rs 1,45,483 to concerned ULB. Sairat amount of Rs 3,00,000 was due as on 31-03-2019 for Hazialimastan bus terminal. Details of such are given here:-

SI. No	Name of Sairat	Minimum Collection Amounts
1	Gudri Bazar	1,12,000
2	Cycle, Rickshaw, thelagadi and belgadi	8,911
3	Butcher khana	16,062
4	Haddimahal	8,510
Total		1,45,483

Consequence / Effect / Impact: Due to non-collection of Sairat there is a revenue loss to ULB.

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

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



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e. Loss of Stamp Duty

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

Criteria: As per stamp duty Act.

Condition: During the financial year 2018-19, a lot of sairat was not held at Nagar Panchayat. Due to this reason stamp duty loss of Rs 7273 to concerned ULB. Details of such are given here:-

SI. No	Name of Sairat	Stamp Duty @ 5%
1	Gudri Bazar	5,600
2	Cycle,Rickshaw,thelagadi and belgadi	445
3	Butcherkhana	803
4	Haddimahal	425
Total		7,273

Consequence / Effect / Impact: Due to non-collection of Stamp duty there is a revenue loss to government.

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

Corrective Action / Recommendation: Proper attention required.

f. Outstanding Shop Rent

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

Criteria: As per Bihar Municipal Act.

Condition: Rent amount of Rs 389742 was due as on 31.03.2019. Details of such are given here:-

SI. No	Particular	No. of Shop	Due Amount on 31-03-2019
1	Akansha bazar	23	1,03,193
2	Near Anupma bazar	20	98,149
3	Anupma bazar	10	1,48,000
4	Rain basera L.R.P chowk	4	25,200
5	Prasasnik Bhawan	2	8,000
6	Bus stand	1	7,200
Total			3,89,742

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Consequence/Effect/Impact: Due to huge outstanding of shop rent there is a huge revenue loss to the Nagar Parisad.

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

Corrective Action/ Recommendation: There should be proper collection and monitoring mechanism for shop Rent.

b) Excess Payments against bill, lack of produce in payments against voucher, inefficiency in the control resulting loss to ULBs

We found a few discrepancies while vouching the expenditure. Details of such are given here:-

SI. No	Voucher No.	Date	Amount	Particular	Remarks
1	270,271,320,434 500	28-09- 2018,10-01- 2019,27-02- 2019	11,22,820	M/S Maa Vaishno Advertiser (Flax board)	No Tender/Quotati on for such procurement
2	491	05-01-2019	1,71,360	Renu Sanskritikmanch	No Tender/Quotati on for such procurement
3	252,314,418	01-12-2018	87,780	Anandlok computer (desktop,laptop)	No Quotation for such procurement
4	489	15-10-18	47,613	Regal steel furniture	No Quotation for such procurement
5	461	20-07-2018	27,750	Mamta Tyre (invertor)	No Quotation for such procurement
6	552	16-01-2019	26,200	Sanjeev Arts (banner)	No Quotation for such procurement
7	537 to 541	16-01-2019	1,99,920	RCC bricks	No Quotation for such procurement
8	04	04-04-2018	53,690	Optimum Solution PVT LTD (TDS, VAT return filling)	No quotation for such procurement
9	504	16-01-2019	4,72,590	Info Trenz Solution (Design and	No tender/quotatio

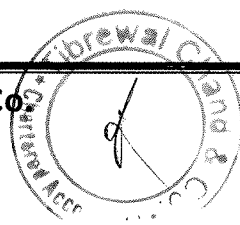
Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

				development work)	n for such procurement
10	214	20-07-2018	31,900	Jankar Enterprises	No Quotation for such procurement
11	471	21-08-2018	41,641	Brajesh automobiles (hiring vehicle)	No TDS deducted u/s 194c

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

On physical verification of Properties we found that Nagar Panchayat is not in practice to collect property tax according to Bihar Municipal Act. So revenue loss for the F.Y 2018-19 Rs.28,596. Details are given here:-

Sl. No.	Holding No.	Ward No.	Name	Type	Area	Tax Amount
1	105	11	Upendra sharma	Residential	600	1,200
2	95	10	Md. Kashim	Residential	920	1,840
3	95	10	Md. Kashim	Commercial	920	3,680
4	189	09	Visheswar Prasad Sah	Commercial	80	320
5	189	09	Visheswar Prasad Sah	Residential	560	1,120
6	97	10	Prakash Agrawal	Residential	576	1,152
7	97	10	Prakash Agrawal	Commercial	1000	4,000
8	104	11	Dr. sarveswarbasak.	Commercial	80	320
9	109	11	Abdul Rashid	Residential	270	540
10	138	11	Dr. sarveswarbasak.	Commercial	160	640
11	146	11	Noor bidi supply agency	Commercial	625	2,500
12	165	11	Jadish agrawal	Residential	400	800
13	616	11	Rajesh kumar agrawal	Commercial	480	1,920
14	685	11	Raj agro private limited	Commercial	289	1,156
15	151	09	Mansoor alam	Commercial	231	924
16	151	09	Mansoo ralam	Residential	300	600
17	184	10	Chanchal devi	Residential	200	400
18	184	10	Chanchal devi	Commercial	900	3,600
19	139	11	Jay Shankar Prasad	Residential	672	1,344
20	109	11	Abdul Rashid	Residential	270	540
Total						28,596



ii. Part B

All Audit objections/regularities which have no monetary implications, but significant violations of Act, Rules & directives of UD&HD. mention the reference to Act & Rules wherein remedial measure is required.

Non-maintenance of books of accounts, subsidiary registers: -

We observed that following registers which are given below has not been maintained by the ULBs.

- Journal Book.
- Assets register.
- Contra, journal, Receipt Voucher.
- Records and revision of taxes and rent.
- Demand Register.

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

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

Irregularities In procurement Process:

Procurement Register has not been maintained by ULB so it is difficult to trace all Procurement above Rs. 15000 from various cash book.

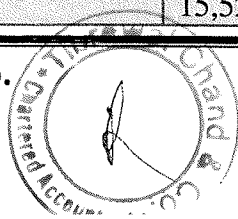
List of Procurement done by ULB above Rs. 15000 has been provided below.

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SI.No	Date of Procurement	Amount	Particulars	Remarks
1	20-12-18	2,87,970	Anaisha Enterprises	No Observation
2	28-09-18	4,84,400	M/S Maa Vaishno Advertiser (Flax board)	No Tender/Quotation for such procurement
3	10-01-18	30,600	M/S Maa Vaishno Advertiser (Flax board)	No Tender/Quotation for such procurement
4	27-01-18	2,90,640	M/S Maa Vaishno Advertiser (Flax board)	No Tender/Quotation for such procurement
5	10-09-18	23,296	M/S Maa Vaishno Advertiser (Flax board)	No Tender/Quotation for such procurement
6	10-09-18	2,87,884	M/S Maa Vaishno Advertiser (Flax board)	No Tender/Quotation for such procurement
7	01-12-18	18,000	Anand lok computer (desktop,laptop)	No Quotation for such procurement
8	01-12-18	34,890	Anandlok computer (desktop,laptop)	No Quotation for such procurement
9	01-12-18	34,890	Anandlok computer (desktop,laptop)	No Quotation for such procurement
10	01-11-18	31,920	H.K bricks Industries	No Quotation for such procurement
11	16-01-19	55,482	Niyaz Hardware	No Quotation for such procurement
12	16-01-19	34,650	Wasim ahmad	No Quotation for such procurement
13	16-01-19	26,200	Sanjeev arts	No Quotation for such procurement
14	16-01-19	1,99,920	RCC Bricks	No Quotation for such procurement
15	16-01-19	32,28,480	Royal sales	No observation
16	05-01-19	1,71,960	Renu sanskritik	No Quotation for such procurement
17	05-10-18	45,000	Daftari developer	No Quotation for such procurement
18	15-10-18	47,613	Royal steel furniture	No Quotation for such procurement

While verifying the applicable procurement process, we have noticed few irregularities. Details of such are given here:-

Scheme No	03/2017-18
Scheme Name	Construction of Nali or Gali under State Finance
Group no.	25
Estimated Amount	15,52,564



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No of Bid Received	04
Name of Bidders	Washiatahar, Madhukar Singh, Vikash kumar Pandey Abhishek Chaudhry
Selected Bidder	Washiatahar
Time allotted to complete the work	3 Month
Observation	We observed that, comparative chart of various bidders are prepared by management showing same amount quoted by various bidders and selected through lottery system.

Non-compliance of direction by UD &HD, Government of Bihar-

According to section 127 of Bihar Municipal Act, 2007 annual property tax @ 9% of annual rental value has to be realized, but in the Bahadurganj Nagar Panchayat property tax collected as per square feet.

According to the direction of state government an increment of 15% in the old rate has to be done in every 5 year. Thus in 2015-16 property tax had to be realized at revised rate but such action has not been done.

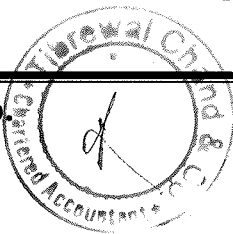
Delay in deposit of cash to cashier by tax collector: As per the records made available during the audit, delays were observed between date of collection made by the tax collector and the deposit of the same to the cashier. Which are shown here:-

Date Of Collection By Tax Collector		Collected Amount	Date Of Deposit to cashier
From	To		
01-04-2018	20-06-2018	31,630	20-06-2018
20-10-2018	24-10-2018	52,296	24-10-2018
24-09-2018	27-11-2018	80,000	27-11-2018
24-09-2018	15-12-2018	80,837	15-12-2018
15-12-2018	29-12-2018	20,180	29-12-2018
29-12-2018	15-01-2019	9,000	15-01-2019
15-01-2019	15-02-2019	35,668	15-02-2019
15-02-2019	29-03-2019	32,737	29-03-2019

Non-compliance of Act & Rules

The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis.

Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed.



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Demand Register for collection of holding/property tax for the financial year 2018-19 is not yet prepared.

Demand Register for collection of Trade License for the financial year 2018-19 is not yet prepared.

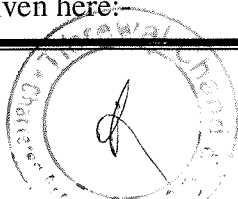
Lack of internal control measures

- The municipality is continuing with a single demand collection register and cashier cash book since 2012-13. We suggest to maintained separate registers yearly. It is observed that register is turned.
- There is no cash vault in the cash department for safety measure.
- Vouchers are not filed serially and kept in loose form. Those need to be filed properly and date wise sequentially.
- Holding tax collected for the entire year during F.Y. 2018-2019 but holding tax cashbook updated till 03-08-2018, after that lots of amount collected but not updated in cashbook.
- The cash kept in the locker is not insured against theft & fire which is very vital issue. It can be seen that huge amount of cash is kept for quite a no of days. So, it is necessary to keep the physical under insurance cover.
- DCR is not maintained by major tax collector, so it is difficult to trace daily collection.
- Soft copy of Advice regarding payment of housing for all and disbursement under project of SBM is not Produce with us, so it is difficult to trace double payment for same.
- Rent Agreement expired in case of few market shops and no new agreement was made till the date of audit. Details of such are given here:-

SI. No	Shop No	Party Name	Market Name	Date of Expire (Agreement)
1	1	Kishore kumar keshri	Rain basera L.R.P chowk	01/02/2010
2	17	Arvind kumar jha	Anupma Bazar	01/01/2010
3	1	Mamta das	Akansha Bazar	21/05/2014
4	17	Usmangani	Akansha Bazar	21/05/2014
5	2	Prawez alam	Akansha Bazar	18/05/2014
6	3	Farmodin	Akansha Bazar	26/05/2014
7	7	Israr alam	Akansha Bazar	18/05/2014
8	5	Gautam Kumar	Akansha Bazar	21/05/2014
9	6	Basant Kumar basak	Akansha Bazar	18/05/2014
10	3	Faizur Rehman	Akansha Bazar	24/05/2014

Non-compliance of TDS, VAT and other relevant statute:

- We observed that ULB is not in practice to deduct TDS on Advertisement Bill payment and salary payment to employee.
- We observed that ULB is not in practice to Deposit the deducted TDS on stipulated time. Details of such are given here:-



SI. No	Party Name	TDS Amount	Date of Deduction	Date of Deposit
1	Md. Maslamali	8,008	26-04-2018	Not deposited
2	Md. Maslamali	9,181	30-06-2018	Not deposited
3	Md. Maslamali	8,705	09-08-2018	Not deposited
4	Md. Maslamali	5,549	31-08-2018	Not deposited
5	Md. Maslamali	6,130	26-09-2018	Not deposited
6	Sanjay kumar	9,915	26-09-2018	Not deposited
7	Washiathar	15,526	27-12-2018	Not deposited
8	Vikash kumar Pandey	13,083	09-01-2019	Not deposited

Copy of Returns of VAT, TDS has not been shown to us but payment of Rs 53690 in such regard made to Optimum solution PVT LTD.

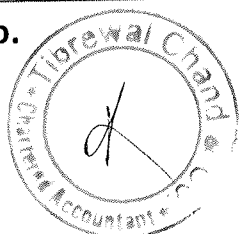
The Bahadurganj Nagar Panchayat is not complying with the provisions of EPF with regards to Contractual and permanent Employee. It may lead to imposition of Penalty by the Authority in this Regards.

g. Deficiency in pay-roll system: -

Labor Payment has been made on muster roll.

h. Utilization of grant and report on missing Utilization Certificates

Year	Name of fund	Date of Allotment	Amount in Lakh	Expenditure	Un utilized Amount	Remarks
2018-19	5 TH Finance	10-07-2018	190.20	NIL	190.20	Un-Utilized Amount Rs 190.20 transferred to PL A/C
2018-19	Nali Gali	30-05-2018	102.38	NIL	102.38	Un-Utilized Amount Rs 102.38 transferred to PL A/C
2018-19	14 TH Finance	31-10-2018	105.55	NIL	105.55	Un-Utilized Amount Rs 105.55 transferred to PL A/C
2018-19	Nagrik Suwidha Mad	31-10-2018	49.73	NIL	49.73	Un-Utilized Amount Rs 49.73 transferred to PL A/C



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2018-19	5 th Finance	03-07-2018	185.98	NIL	185.98	Un-Utilized Amount Rs 185.98 transferred to PL A/C
TOTAL			633.84		633.84	

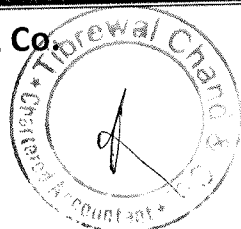
i. Physical verification of inventory/stores

- Fixed assets register has not been maintained at Nagar Panchayat level.
- Stock register has not been properly maintained. All the article of stock has been entered at same page in register. Issue quantity and balance quantity has not been shown in stock register.

ii. Advances, their adjustment & recovery:-

A lot of staff advance of previous year has not been adjusted till 31-03-2019. Details of such are given here:-

S.No	Name of Staff	Date of Advance	Amount
1	Phool kumar ray	07-02-2013	1,01,325
2	Naeya Akhtar	09-03-2002	57,490
3	Nihal pravez tractor driver	29-10-2013	7,515
4	Anchal padhikari	19-10-2002	1,000
5	Birju malik	10-02-2016	5,000
6	Hiralal Rai	14-07-2017	500
5	Bhola malik	20-11-2011	5,500
		10-07-2016	5,000
Total			1,83,330

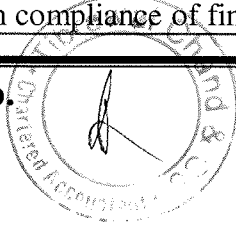


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iii. Part C

Scope of Audit

Sl. No	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Chapter xi, rule 84 (Budget has not been sanction by Empowered standing committee)& Chapter xii, rule 86 (Prepare and maintain accounts of receipts and expenditure), 87 (Preparation of Municipal Accounting Manual), 88 (Financial Statement.) 89 (Balance sheet.), 90 (Submission of financial statement and balance sheet to auditor.) and 98 (Municipal accounts committee.) are not follow by the ULB.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment procedures to check any in-consistencies in assessment. at least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not).	Yes, in this ULB SAS implementation of property tax has been implemented. We have witnessed the 20 high value of property (List of property tax payer provided by ULB) same has been reported.
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	Yes, Compliance of financial guidelines of

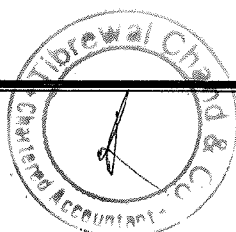


Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

	guidelines of schemes of MOHUA and UD & HD, Gob has been complied.	schemes of MOHUA and UD & 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.	All payment above Rs. 10000 has been vouched and deficiency has been mentioned in our discussion notes and audit report.
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 procurement register has been maintained. All payment above Rs. 15000 has been verified and irregularity has been discussed in discussion notes as well as mentioned in audit report under part B
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. Status of pending UC has been provided in our Audit report under part B.
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.

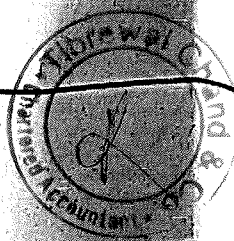
Internal Audit Report for the F.Y. 2018-19 of Bahadurganj Nagar Panchayat

11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No fixed deposit made during the F.Y. 2018-19. All funds held by ULB are maintained at Nationalized Banks and rate of interest is per banking norms.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses.	It has been provided in discussion notes as well as in audit report under part A.
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 parahas 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 suggest management to communicate if any difficulties arise in regarding preparing compliance report we should guide and provide all assistance in this regard.



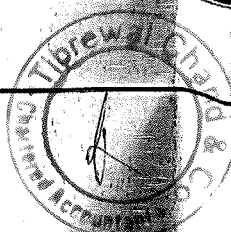
S/N	Observation	Management Comment	Recommendation
1	According to section 127 of Bihar Municipal Act, 2007 annual property tax @ 9% of annual rental value has to be realized, but in the Bahadurganj Nagar panchayat property tax collected as per square feet.	<ul style="list-style-type: none"> • On pradhansadak collected from shop Rs 4 per square feet. • On pradhansadak collected from house Rs 2 per square feet. • On mukhyasadak collected from house Rs 2 per square feet. • Anya sadak collected from house Rs 0.50 square feet. 	Collection should be made as per Bihar Municipal Act.
2	According to the direction of state government an increment of 15% in the old rate has to be done in every 5 year. Thus in 2015-16 property tax had to be realized at revised rate but such action has not been done.	That matter has been presented before Board but not accepted.	Collection should be made as per incremental rate.
3	On physical verification of Properties we found that Nagar Panchayat is not in practice to collect property tax according to Bihar Municipal Act. So revenue loss for the F.Y 2018-19 Rs.13352. Details are given in Annexure "A" of our discussion note.	Field survey not done by management after 2005-06	Field survey should be done at appropriate interval.
4	During the audit we observed that tax collector has tax collected but not deposited in bank and less amount collected. details are given in Annexure "B" of our discussion note.	Concerned person will deposit the remaining tax	Should be collected and deposited at same date.
5	Delay in deposit of cash to Bank by tax collector:-As per the records made available during the audit, delays were observed between date of collection made by the tax collector and the deposit of the same to the Bank. Which are shown in Annexure "C" of our discussion note.	Tax collector are directed to deposit the tax.	Follow the direction given by UD & HD.
6	The cash kept in the locker is not insured against theft & fire which is very vital issue. It can be seen that	Step to be taken for purchase	Insurance should be taken for cash kept in locker.

	huge amount of cash is kept no of days. So, it is necessary to keep the physical under insurance cover.		
7	Demand Register for collection of holding/property tax for the financial year 2018-19 is not yet prepared.	Demand register are under process.	Demand register should be maintained year wise.
8	Holding tax collected for the entire year during F.Y. 2018-2019 but holding tax cashbook updated till 03-08-2018, after that lots of amount collected but not updated in cashbook.	<ul style="list-style-type: none"> • Holding tax register are in process to update. • Whole revenue are maintained in Accountant cash book. 	Entire Cash book should be updated time to time.
9	DCR is not maintained by major tax collector, so it is difficult to trace daily collection.	All tax collector cashier, cashier and tax daroga is instructed to make necessary attempt in this regard.	DCR should be maintained per tax collector and Year wise.
10	Report on Findings of the field survey of property tax of minimum 20 high value properties is given in Annexure "D" of our discussion note.	Property tax self-assessment has been done as per municipal law.	Field survey should be done at appropriate interval.
11	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. 30,000/- per Tower and the Renewal fee is Rs. 8000/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was found that only Rs. 160410/- was realized from the Tower Company till 31.03.2019, resulting in loss of Rs. 948000. Details of such are given in Annexure "E" of our discussion note.	Demand raised but not paid by company, they filed write petition.	Take appropriate consultant in this regard from advocate.
12	During the verification of sairat register, we observed that during the financial year 2018-19, a lot of sairat	• Gudari Bazar sairat has been held from ADM(Kishanganj)	Sairat should be done every year. If party not come then do price



	was not held at municipal council. Due to this reason Revenue loss of Rs 145483 to concerned ULB. Details of such are given in Annexure "F" of our discussion note.	• Cycle, Rickshaw, Butherkhana, Haddimahal no party come for sairat.	negotiation with appropriate person.
13	During the financial year 2017-18, a lot of sairat was not held at municipal council. Due to this reason stamp duty loss of Rs 7273 to concerned ULB. Details of such are given in Annexure "G" of our discussion note.	No party come for agreement.	Sairat should be done every year.
14	Sairat amount of Rs 300000 was due as on 31-03-2019 of Hazialimastan bus terminal.	Collect as soon as.	As per sairat rule entire sairat amount has been collected before allotment.
15	Rent Agreement expired in case of few market shops and no new agreement was made till the date of audit. Details of such are given in Annexure "H" of our discussion note.	Necessary attempt will be taken in next F.Y. and notice for renewal of agreement are issued.	Reasonable action should be taken in this regard.
16	Rent amount of Rs 389742 was due as on 31.03.2019. Details of such are given in Annexure "I" of our discussion note.	Demand raised and necessary attempt will be taken to realize the rent.	Reasonable action should be taken in this regard.
17	Demand Register for collection of Trade License for the financial year 2018-19 is not yet prepared.	Trade license has been implemented in F.Y. 2018-19	Demand register for trade license has been maintained for every year.
18	While verifying the applicable procurement process, we have noticed few irregularities. Details of such are given in Annexure "J" of our discussion note	Such Practice are as per NIT rule.	Management should take appropriate action in this regard.
19	A lot of staff advance of previous year has not been adjusted till 31-03-2019. Details of such are given in Annexure "K" of our discussion note.	Necessary action for recovery will be taken.	Management should take appropriate action in this regard.
20	We found a few discrepancies while vouching the expenditure. Details of	Management Comment has attached in below discussion note.	Management should take appropriate action in this

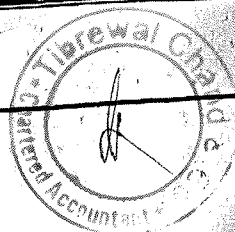
	such are given in Annexure "L" of our discussion note		regard.
21	Vouchers are not filed serially and kept in loose form. Those need to be filed properly and date wise sequentially.	Noted for future	Voucher should be maintained in index file in serially.
22	It is Found that few bank balances not reconciled. Details of such are given in Annexure "M" of our discussion note	Trace in F.Y. 2018-19	Management should take appropriate action in this regard.
23	Fixed assets register has not been maintained at Nagar Parisad level.	Noted for future	Fixed assets register should be maintained in separate register for each assets room wise.
24	Stock register has not been properly maintained. All the article of stock has been entered at same page in register. Issue quantity and balance quantity has not been shown in stock register.	Noted for future	Stock register should be maintained for each item. Date of purchase, issued consumption and balance quantity should be maintained.
25	The Bahadurganj Nagar Panchayat is not complying with the provisions of EPF with regards to Contractual and permanent Employee. It may lead to imposition of Penalty by the Authority in this Regards.	Separate account maintained with bank for such EPF.	EPF account should be maintained with EPF department.
26	We observed that ULB is not in practice to deduct TDS on Contractor Bill payment and salary payment to employee.	TDS deducted from head clerk and tax daroga only.	TDS should be deducted as per income tax act and rule.
27	We observed that ULB is not in practice to Deposit the deducted TDS on stipulated time. Details of such are given in Annexure "N" of our discussion note	Noted for future	TDS should be deposited as per income tax act and rule.
28	Double entry system has been not yet implemented.	Double entry system in progress.	Management should take appropriate action in this regard.
29	There is no cash vault in the cash department for safety measure.	Steps being taken to purchase as soon as possible.	Management should take appropriate action in this



			regard.
30	Copy of Returns of VAT, TDS has not been shown to us but payment of Rs53690 in such regard made to Optimum solution pvt. ltd.	TDS will be deducted in next bill.	Return should be filed as per income tax act and rule.
31	The municipality is continuing with a single demand collection register and cashier cash book since 2012-13. We suggest to maintained separate registers yearly. It is observed that register is turned.	Step is taken to maintained separate register.	Separate register for each head should be maintained for year wise.
32	The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis.	Noted For future	BRS should be maintained month wise.
33	Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed.	Annual budget are prepared	Budget should be maintained quarterly.
34	Utilization of grant and report on missing Utilization Certificates are given in Annexure "O" of our discussion note	All twenty UC details given to auditor	UC should be submitted as reasonable interval.
35	Soft copy of Advice regarding payment of housing for all and disbursement under project of SBM is not Produce with us, so it is difficult to trace double payment for same.	Data are corrupted	Soft copy should be maintained for each advice prepared.

Details of 20 high value properties:-

S/N	Holding No.	Ward No.	Name	Type	Area	Tax Amount
1	105	11	Upendrasharma	Residential	600	1,200
2	95	10	Md. Kashim	Residential	920	1,840
3	95	10	Md. Kashim	Commercial	920	3,680
4	189	09	Visheswar Prasad Sah	Commercial	80	320
5	189	09	Visheswar Prasad Sah	Residential	560	1,120
6	97	10	PrakashAgrawal	Residential	576	1,152
7	97	10	PrakashAgrawal	Commercial	1000	4,000



8	104	11	Dr. sarveswarbasak.	Commercial	80	320
9	109	11	Abdul Rashid	Residential	270	540
10	138	11	Dr. sarveswarbasak.	Commercial	160	640
11	146	11	Noor bidi supply agency	Commercial	625	2,500
12	165	11	Jadish agrawal	Residential	400	800
13	616	11	Rajesh kumaragrawal	Commercial	480	1,920
14	685	11	Raj agro private limited	Commercial	289	1,156
15	151	09	Mansooralam	Commercial	231	924
16	151	09	Mansooralam	Residential	300	600
17	184	10	Chanchaldevi	Residential	200	400
18	184	10	Chanchaldevi	Commercial	900	3,600
19	139	11	Jay Shankar Prasad	Residential	672	1,344
20	109	11	Abdul Rashid	Residential	270	540
Total						28,596

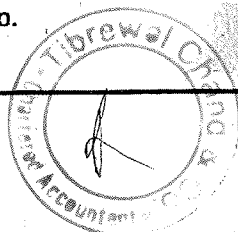
Details of statutory deduction:-

S/N	Party Name	TDS Amount	Date of Deduction	Date of Deposit
1	Md. Maslamali	8,008	26-04-2018	Not deposited
2	Md. Maslamali	9,181	30-06-2018	Not deposited
3	Md. Maslamali	8,705	09-08-2018	Not deposited
4	Md. Maslamali	5,549	31-08-2018	Not deposited
5	Md. Maslamali	6,130	26-09-2018	Not deposited
6	Sanjay kumar	9,915	26-09-2018	Not deposited
7	Washiathar	15,526	27-12-2018	Not deposited
8	Vikashkumar Pandey	13,083	09-01-2019	Not deposited

Bank Reconciliation Statement

S/N	Project Name	Bank Name	A/c No.	Cash book balance	Pass book balance	Difference	Status
1	PLA	SBI	07685	Cash withdrawn and entered in various cash book	49,129.00	49,129.00	Unreconciled
2	BRGF(ST)	SBI	14675		2,303.15	2,303.15	Unreconciled
3	BRGF(SC)	SBI	15545		2,237.15	2,237.15	Unreconciled

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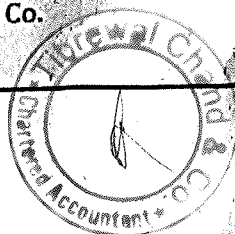
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4	BRGF(GEN)	SBI	15238	Not updated	1,63,134.00	1,63,134.00	Unreconciled
5	PLA(Antrati kSansadhan)	SBI	27985	Not updated	7,06,636.42	7,06,636.42	Unreconciled
6	HFA	SBI	81768	Not updated	6,16,291.60	6,16,291.60	Unreconciled
7	HFA	BOB	04918		1,44,000.00	1,44,000.00	Unreconciled
8	IHSDP	SBI	46131	Not updated	12,56,963.00	12,56,963.00	Unreconciled
9	SBM	BOB	11470	Not updated	58,69,684.75	58,69,684.75	Unreconciled
10	SBM	ICICI Bank	00416		25,43,588.00	25,43,588.00	Unreconciled
11	PayjalPurti	BOB	12398	Not updated	4,98,67,411.00	4,98,67,411.00	Unreconciled
12	DAY-NULM	BOB	04040	Not updated	17,61,319.00	17,61,319.00	Unreconciled
13	PLA-171	-	171	87787264	8,77,84,405.00	2,859.00	Unreconciled

Details of UC's of Financial Year 2018 - 2019

S/N	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2018-19	5th Finance	10/07/2018	190.20	NIL	190.20	Un-UtilisedRs. 190.20 transferred to PL A/C
2	2018-19	Nali-Gali	30/05/2018	102.38	NIL	102.38	Un-UtilisedRs. 102.38 transferred to PL A/C
3	2018-19	नागरिकसुविधामद	31/10/2018	49.73	NIL	49.73	Un-UtilisedRs. 49.73 transferred to PL A/C
4	2018-19	14th Finance	31/10/2018	105.55	NIL	105.55	Un-UtilisedRs. 105.55 transferred to PL A/C
5	2018-19	5th Fin	03/07/2018	185.98	NIL	185.98	Un-UtilisedRs. 185.98 transferred to PL A/C
Grand Total				633.84		633.84	

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