



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

INTERNAL AUDIT REPORT FOR THE FY 2019-20

KOILWAR NAGAR PANCHAYAT

GROUP-06
ULBs-18

Vinod & Co. LLP
CHARTERED ACCOUNTANTS
We Plant Quality





Letter No:-VSC/KNP/09-Aug-21/01

Date: 09-08-2021

To

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

Sub: Submission of Internal Audit Report of Koilwar Nagar Panchayat for the financial year 2019-20.
Ref No.: Project No. 07/I.A.-115/17-83 (NTP) dated; 16.01.2019

Sir,

With Reference to the above, we Vinod Singhal & Co., Chartered Accountants appointed as Internal Auditor of 18 ULBs of Bihar under Group-06 for the project namely "**Appointment of internal audit of 140 ULBs of Bihar Group-01 of Bihar.**"

Through this letter we are submitting the Internal Audit report of **Koilwar Nagar Panchayat** for the financial year 2019-20. We confirm that the internal audit report is prepared as per terms of reference of RFP.

Hope you will find the same in order

Assuring you of our best services & cooperation always.

Thanks

On Behalf of

Vinod Singhal & Co, LLP
Chartered Accountants
FRN: 005826C/C400276

Sodhani

CA Krishan Kumar Sodhani
Partner
M.No:- 404603

UDIN No.:- 21404603AAAADH8974

Date:-09-08-2021

Place: Patna

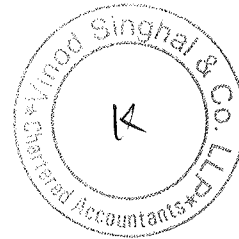
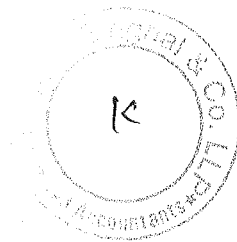


TABLE CONTENTS

Project Title	Internal audit of 18 ULBs of Group-06 of Bihar
Report Title	Annual internal audit report of Koilwar Nagar Panchayat
Period	1 st April -2019 to 31 st March-2020
Reporting Entity	Vinod Singhal & Co., LLP, Chartered Accountants
Reporting for	Koilwar Nagar Panchayat
Report Prepared by	Team, Vinod Singhal & Co. LLP
Date of Submission	04-07-2021



EXECUTIVE SUMMARY

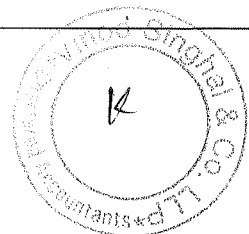
1. INTRODUCTION

Name of the Municipality	Koilwar Nagar Panchayat
Period covered under current audit	01-April-2019 to 31-March-2020
Name of Municipal Commissioner/ Executive Officer for the period under Audit	Mr. Zulefequar Ali Pyami

2. RESULTS AND FINDINGS

- **Strengths observed during audit engagement**
In the existing system as prevailing in the Nagar Panchayat day to day work is in progressive manner in respect of execution of the projects.
- **Weaknesses observed in the functioning of office, maintenance of records etc. observed during the audit engagement:**

SI No	Audit Observations
1	Compliance of Internal Audit report for the FY 2017-18 and 2018-19 are still pending. Compliance report of AC Audit paras for the F.Y 2014-15 to 2016-17 were not provided for Audit.
2	Budget not prepared in proper manner and guidance given by <u>UD&HD GoB</u> .
3	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014. Cash book balance of some bank accounts was not made available for Audit.
4	Data not available w.r.t. progress of Double Entry Accounting System.
5	No details were made available regarding the meeting of the municipal accounts committee held during the financial year 2019-20.
	Non-levy of following taxes- <ul style="list-style-type: none">▪ Surcharge on transfer of lands and buildings▪ Water tax▪ Fire tax▪ Surcharge on electricity consumption within the municipal area▪ Tax on congregations.▪ Tax on pilgrims and tourists.▪ Tax on profession.
6	<ul style="list-style-type: none">▪ Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy Goods vehicles, and buses, which shall be heavy passenger motor vehicles.▪ User Charges for provision of water-supply, drainage and sewerage▪ User Charges for Solid Waste Management▪ User Charges for Parking Facility▪ User Charges for Garbage Clearance▪ Collection of fees for sanction of building plans and issue of completion certificates,▪ Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,▪ Collection of Development Charges
7	Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22
8	Non-collection of notice fees for defaulter
9	Non-recovery of outstanding taxes



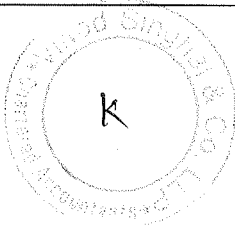
10	Bifurcation of outstanding mobile tower tax, bus stand/jeep stand and property tax are not provided
11	ULB is not in practice to pay Electricity bills on time. Due to non-payment, it attracts huge surcharge. ULB is not in practice to prepare payment vouchers
12	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014
13	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014
14	Irregularities in vendor payment process: <ul style="list-style-type: none"> ▪ Budget Control register was not updated ▪ Quality control test report was not available ▪ Completion certificate was not available in the payment file in case of completed contract.
15	Non-maintenance of register for all procurements with value above Rs. 15,000
16	Missing signature of wages worker and stamp of ULB on muster roll register
17	No maintenance of separate earnest & security deposit register
18	Non-compliance of Act & Rules
19	Lack of internal control measures <ul style="list-style-type: none"> ▪ Voucher file was not maintained ▪ No internal mechanism for statutory compliance ▪ No MIS was prepared for tracking of payments ▪ Required books of accounts as per BMAM was not maintained ▪ Statutory compliance reconciliation was not maintained ▪ Year-end reconciliation was not available ▪ Bank reconciliation of any bank account was not prepared. ▪ Bank balance as per cash book was not maintained.
20	Non-compliance of statutory compliances: <ul style="list-style-type: none"> ▪ Non preparation of statutory compliance register ▪ Non deposit of TDS on a timely basis. ▪ Non filling of TDS return for due period ▪ Non providing details regarding VAT/Royalty/Labour Cess
21	Deficiency in payroll system <ul style="list-style-type: none"> ▪ Non-preparation of salary payment voucher ▪ Non-maintaining salary payment reference number in cash book ▪ Non-implementation of Bio-metric device and payroll software
22	Non-providing of Utilization certificate for the reporting audit period
23	Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-rule 130.
24	Non providing details of Advances, their adjustment & Recovery
25	Details of Directives for the reporting audit period are not provided.

3. OPINION

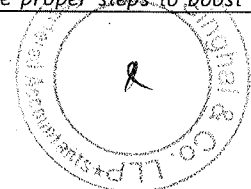
The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel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

4. AUDIT RECOMMENDATIONS

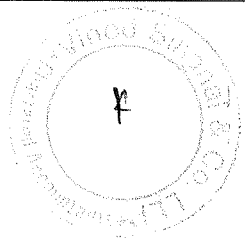
Sl No	Audit Observations	Auditor Recommendations
1	Compliance of Internal Audit report for the FY 2017-18 and 2018-19 are still pending. Compliance report of AG Audit paras for the F.Y 2014-15 to 2016-17 were not provided for Audit.	ULB should comply all Internal/AG Audit paras on time.
2	Budget not prepared in proper manner and guidance given by UD&HD GoB:	ULB should implement real time budget preparation in prescribed format of BMAM. Further, Budget variance report should be prepared for actual budget report.
3	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014. Cash book balance of some bank accounts was not made available for Audit.	Bank Reconciliation help us to monitor over: <ul style="list-style-type: none"> ➤ Difference between Bank Passbook and Cash Book ➤ Unauthorised withdrawal from Bank. ➤ Excessive debited by Bank ➤ Helps to know any other reasons for differences. <i>Therefore, ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly</i>



		<i>basis. Bank statements of all bank accounts should be kept in separate file for proper records.</i>
4	Non-Implementation of Double Entry Accounting System	As per requirement of BMAR-2014, Part -A, Chapter -2 Rule -4, "All ULB refereed in Schedule -I shall maintain its Books of Account using the double entry system".
5	No details were made available regarding the meeting of the municipal accounts committee held during the period	As per requirement of BMA-2007, Chapter-XII, ULB should hold a meeting of the Municipal Accounts Committee each year. During our Audit no evidence has been produced to us w.r.t. meeting of the municipal accounts committee. <i>ULB should ensure timely meeting of the accounts committee in compliance of BMA-2007.</i>
6	<p>Non-levy of following taxes-</p> <ul style="list-style-type: none"> ▪ Surcharge on transfer of lands and buildings ▪ Water tax ▪ Fire tax ▪ Surcharge on electricity consumption within the municipal area ▪ Tax on congregations. ▪ Tax on pilgrims and tourists. ▪ Tax on profession. ▪ Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy Goods vehicles, and buses, which shall be heavy passenger motor vehicles. ▪ User Charges for provision of water-supply, drainage and sewerage ▪ User Charges for Solid Waste Management ▪ User Charges for Parking Facility ▪ User Charges for Garbage Clearance ▪ Collection of fees for sanction of building plans and issue of completion certificates, ▪ Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings, ▪ Collection of Development Charges 	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. <i>ULB should take steps to implement required taxes to boost their revenue</i>
7	Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014, the amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax at the bank. <i>Therefore, management should implement a MIS Mechanism towards getting control over collection and deposit of Taxes. Further we wish to inform you that failure to comply with Rule 22 may cause a fine of Rs. 5,000</i>
8	Non-collection of notice fees for defaulter	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but In the case of Koilwar Nagar Panchyat, ULB has not provided any information regarding charging and collection of notice fees. <i>ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.</i>
9	Non-recovery of outstanding taxes	There is huge arrear of taxes at ULB. <i>Therefore, the management should take proper steps to boost collection</i>



		<i>of arrears. Further a weekly or fortnightly meeting with all tax collectors to be held for getting the reason for non-collection and resolving the same.</i>
10	Bifurcation of outstanding mobile tower tax, bus stand/jeep stand and property tax are not provided	Detail of Outstanding taxes not provided by the ULB staff. In case on absence of detail a major internal control leakage may be arise at ULB. ULB should prepare proper records for arrear amount and should take proper steps to collect arrears.
11	ULB is not in practice to pay Electricity bills on time. Due to non-payment, it attracts huge surcharge. ULB is not in practice to prepare payment vouchers	Bills should be paid timely to avoid penalty. ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR -2014.
12	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014	Detail of registers not maintained by ULB is mentioned under PART-A (a). <i>ULB should ensure proper maintenance of required Books of Account and register as per the list given in Rule -3 of BMAR - 2014.</i>
13	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	<i>ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014</i>
14	Irregularities in vendor payment process: <ul style="list-style-type: none"> ▪ Budget Control register was not updated ▪ Quality control test report was not available ▪ Completion certificate was not available in the payment file in case of completed contract. 	Proper tender documents regarding tender approval and allotment were not properly maintained or made available for audit. In provided cases, we are unable to comment on the channel of procurement of tender and their required compliances. Further, no statutory compliance register was maintained in regards with statutory dues deducted from party bills. <i>So, ULB should maintain a proper tender register and file that include all related documents of tender. Statutory compliance register should be maintained for all statutory deductions made from parties invoices.</i>
15	Non-maintenance of register for all procurements with value above Rs. 15,000	ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000
16	Missing signature of wages worker and stamp of ULB on muster roll register	ULB should ensure proper maintenance of wages register by complying signature and stamping.
17	No maintenance of separate earnest & security deposit register	EMD and security deposit register help in tracking of balance payable to parties.
18	Non-compliance of Act & Rules	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. <i>ULB should ensure compliance of all applicable Act & Rules.</i>
19	Lack of internal control measures <ul style="list-style-type: none"> ▪ Voucher file was not maintained ▪ No internal mechanism for statutory compliance ▪ No MIS was prepared for tracking of payments ▪ Required books of accounts as per BMAM was not maintained ▪ Statutory compliance reconciliation was not maintained ▪ Year-end reconciliation was not available ▪ Bank reconciliation of any bank account was not prepared. ▪ Bank balance as per cash book was not maintained. 	We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statutory compliances: We suggest that: 1. MIS System should be implemented over daily collection and deposit. 2. Reasons for non-deposit/ late deposit should strongly need to ask for minimise delay. 3. Need to identify a person to comply with the statutory compliances. In case failure to comply with statutory compliances he should also be penalised. Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.
20	Non-compliance of statutory compliances: <ul style="list-style-type: none"> ▪ Non preparation of statutory compliance register ▪ Non deposit of TDS on a timely basis. ▪ Non filing of TDS return for due period ▪ Non providing details towards payment and return regarding VAT/PF/Royalty/Labour Cess 	Statutory compliance register was maintained in regards with statutory dues deducted from party bills. <i>So, ULB should maintain a proper statutory compliance register. Statutory compliance register should be maintained for all statutory deductions made from parties invoices.</i> Non-compliance with statutory dues will cause penalty, interest and prosecution. <i>Management should ensure that all statutory dues are paid on time and returns related thereof filed on time.</i>
21	Deficiency in payroll system <ul style="list-style-type: none"> ▪ Non-preparation of salary payment voucher ▪ Non-maintaining salary payment reference number in cash book ▪ Non-implementation of Bio-metric device and payroll software 	Every payment should be accompanied with a payment voucher. Further as per Section 2(23) of the Indian Stamp Act 1899 makes it mandatory for affixing of stamp on any receipt as defined therein above Rs 5000. Therefore, management should ensure that the payment is accompanied with a payment voucher. Meaning of Receipt : "Receipt" includes any note, memorandum or writing- (a) whereby any money, or any bill of exchange, cheque



		or promissory note is acknowledged to have been received, or (b) whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or (c) whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged, or (d) which signifies or imports any such acknowledgement; and whether the same is or is not signed with the name of any person "
22	Non-providing of Utilization certificate for the reporting audit period	Grant is the blood of ULB. Therefore, for getting a grant and running the ULB working smoothly it is very important to comply with all necessary requirements of the grant. Further timely submission of utilisation certificate helps the grant realising authority to send the money for fulfilling the requirement of future. <i>Therefore, management should ensure that UC has been submitted with the concerned department on time.</i>
23	Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-rule 130.	<i>Management should implement the control system over inventory and store. Stock register should be in place and get it verified by a responsible person as authorised by the management from time to time. Further any discrepancies that arises/ found during such verification should be reported immediately.</i>
24	Non providing details of Advances, their adjustment & Recovery	To ensure timely recovery of advance with interest proper calculation should be there with proper recovery plan.
25	Details of Directives for the reporting audit period are not provided.	ULB Should comply with all directive issued by UDHD or other related department.

➤ **COMMENTS FROM MANAGEMENT**

Audit observations with audit recommendation have been submitted with management for providing management Comments.

➤ **ACKNOWLEDGEMENT**

We are thankful to all staff and management towards their support and coordination during our audit period.

Thanking You,

For

Vinod Singhal & Co. LLP

(Chartered Accountants)

FRN: 005826C/C400276

Sodhani

CA Krishan Kumar Sodhani

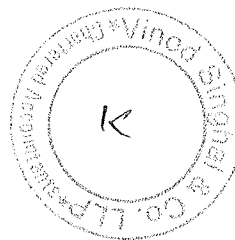
Partner

M.No:- 404603

UDIN No. : 21404603AAAADH8974

Date: 09-08-2021

Place: Patna



DETAILED AUDIT REPORT

1. INTRODUCTION:

S.NO.	Name Of ULB	Period-covered		Audit Team
		From	To	
1	Koilwar Nagar Panchayat	01-04-2019	31-03-2020	1. Name of TL : CA Krishan Kumar Sodhani 2. Name of MAE : CA Rahul Kumar Shrivastwa 3. Name of Auditor : Sanjeev Kumar

2. ADMINISTRATION:

SINo	Particulars	Details
1	The present body of the ULB has taken charge on	09-06-2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Mr Vinod Kumar
2.1.1	Period of Service:	From: 09-06-2017 To: Till Date
2.2	Name of Commissioner/Executive Officer:	Mr. Zulefequar Ali Pyami
2.2.1	Period of Service:	From: 18-06-2019 To: Till Date

3. REVIEW OF OUTSTANDING AUDIT PARAS:

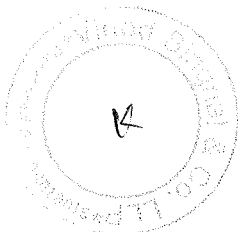
3.1. Status of Audit Observations is as under:

S No.	Particulars of audit and date of report	Total no. of audit paras	Total no. of audit paras where necessary improvement/corrective measures required	Total no. of audit paras where recovery of cash is proposed	Total no. of audit paras where recovery has been made	Total amount of Recovery	Total no. of O/s para where no action has been taken	No. & date of compliance report
1	Audit report submitted by AG for the F.Y 2014-15 To 2016-17	30	20	11	Compliance Report not provided	Compliance Report not provided	20	Not Provided
2	Internal Audit paras of F.Y 2017-18 & 2018-19	-	-	-	-	-	-	Not Complied (Refer Discussion Note- 1)

3.2. Details of total no of audit paras:

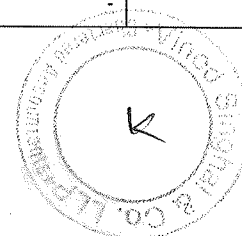
Period of AG audit report : Financial year 2014-15 to 2016-17

Compliance report date & Number : Not Provided



(Rs. In Lakh)

Sl. No	Audit Para Number	Heading of the audit para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
PART-I [INTRODUCTION]						
1	1-10	Introduction	-	-	-	Not Required
2	11	Not Preparation of Budget Estimates	-	-	-	No
3	12	Non maintaining form no. 28 and 29 for Government Grant	-	-	-	No
4	13	Not preparing Annual Account for the FY 2014-15, 2015-16 and 2016-17	-	-	-	No
5	14	Not preparing financial statement and balance sheet for the FY 2014-15, 2015-16 and 2016-17	-	-	-	No
Part-II (A) of AG Audit Report						
5	-	NIL	-	-	-	-
Part-II (B) of AG Audit Report						
6	1	Excess payment for purchase of dustbin	8.98	8.98	-	No
7	2	Ir-regulation in Sairato arrangement	-	-	-	No
		a. Not collected Sairato endowment charge and registration fee	6.33	6.33		
		b. Security deposit taken lower than minimum amount on endowment	1.98	1.98		
		c. Lower collection of endowment amount	5.50	5.50		
8	3	Ir-regulation in payment			-	No
		Excess payment to contractor	.03	.03		
		Short deduction of VAT	.10	.10		
		Doubtful master roll	1.00	1.00		
		Completion certificate not submitted for the plan	-	-		
		Testing of plan not carried by office	-	-		
9	4	Amount of misc. receipt not deposited	8.34	8.34	-	No
10	5	Payment of VAT amount without receiving form C-III	7.65	7.65	-	No
11	6	Irregularity in payment to Krishi, education and health service shansthan on cleaning work	-	-	-	No
12	7	Not charging development permit fee in Map sanction	.60	.60	-	No
13	8	Outstanding on mobile tower	6.12	6.12	-	No
14	9	Expenses on sign board indicating house number and gali number.	-	-	-	No
15	10	Irregularity and excess payment	6.84	6.84	-	No
16	11	Irregularity and excess payment	7.42	7.42	-	No
17	12	Irregularity and excess payment	6.46	6.46	-	No
18	13	List of documents which are Not-presented/presented of for inspection.	-	-	-	No
Part-III (TAN) of AG Audit Report						
19	1	Utilisation certificate not presented	154.15	-	-	No

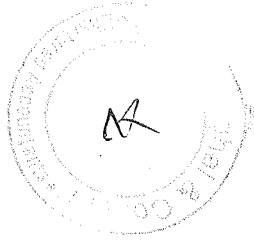


20	2	Advances not adjusted	163.41	163.41	-	No
21	3	Not maintaining log book of cleaning equipment.	35.32	-	-	No

Note:

Above details have been taken from the AG Report the F.Y. 2014-15 to 2016-17. *We have not received compliance of C & AG Audit report of FY 2016-17, therefore we are unable to comment on it. please refer to "Annexure-1".*

Further we wish to say that as we have submitted letter to ULB for asking for support and to appoint support staff for working on audit compliance, please refer to **"Annexure-2"**.



4. FINANCE

I. Budgetary provisions and expenditure for the last three years

Particulars	FY 2017-18	FY 2018-19	FY 2019-20
Final/Revised Budget Data	542,99,843	1863,20,700	1926,08,000
Actual Expenditure Data	898,05,000	622,19,133	342,37,894
Savings(+)/Excess(-)	-355,05,157	1241,01,567	1583,70,106

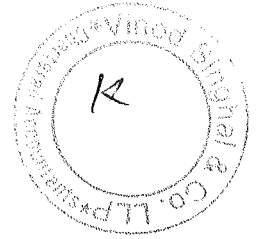
Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2017-18, 2018-19 & 2019-20 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures.

II. Volume of transactions

Period	Budgeted of F.Y. 2019-20	Actual of FY 2017-18	Actual of the FY 2018-19	Actual of FY 2019-20	Cumulative for the current period
Opening balance	550,94,215	17358,81,558	16612,95,326	3999,98,120	3999,98,120
Receipts	1858,38,375	723,13,774	407,09,363	501,61,801	501,61,801
Total	2409,32,590	18081,95,332	17020,04,689	4501,59,921	4501,59,921
Net expenditure	1926,08,000	898,05,000	622,19,133	342,37,894	342,37,894
Closing balance	483,24,590	17183,90,332	16397,85,556	4159,22,027	4159,22,027

The above figures have been taken from the Budget Statement of the ULB for the year 2017-18, 2018-19, 2019-20 and 2020-21. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2016-17, 2017-18 & 2018-19 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures. However we have verified some of the expenses on adhoc basis.



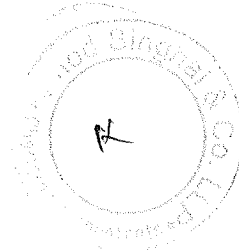
III. Bank Reconciliation position as on reporting date

Bank Reconciliation position as on 31-03-2020

S. N	Name of Bank	Bank A/C No.	Purpose of Bank Account	Balance as per Cash Book	Balance as per Bank Statement	Differences	Reconciled (Yes/No)
1	Punjab National Bank	725000100264634	kabir anthoshthi(main account)		6,22,675		No
2	Punjab National Bank	725000100311385	HFA		12589175.78		No
3	Punjab National Bank	725000100245189	SBM		0.00		No
4	Punjab National Bank	725000100099209	NAGAR NIDHI		37793.00		No
5	Punjab National Bank	725000100310881	DAYNULM		484663.92	Can't Ascertain	No
6	Punjab National Bank	725000100312445	HOLDING TAX		195119.46		No
7	Treasury Account	8448001020003	PLA-165		17865788		No
8	Bank of Baroda	40230100006931	SBM (NEW)		2441207		No

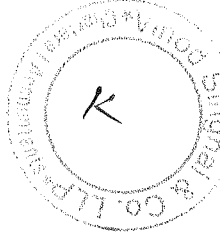
Comment:

1. Bank Reconciliation statement has not been prepared by the Koilwar Nagar Panchayat.
2. Bank balance as per cash book was not made available for verification.
3. Kindly refer discussion not point no. 3 for management comments in this regards.



IV. Revenue & Capital Receipts information:

Income Details (Amount in Rs.)									
Sl No	Details	2017-18		2018-19		2019-20		2019-20	
		2017-18 (Annual)	2017-18 (Annual)	2018-19 (Annual)	2018-19 (Annual)	2019-20 (Annual)	2019-20 (Annual)	2019-20 (Annual)	2019-20 (Annual)
	Total Receipts (A+B)	723,13,774	488,59,101	407,09,363	723,13,774	501,61,801	407,09,363		
A	Revenue Receipts (1+2+3)	302,19,820	183,36,160	195,80,919	302,19,820	348,58,306	195,80,919		
1	Own Revenue Receipts (a+b)	56,32,320	26,83,600	49,00,762	56,32,320	22,93,018	49,00,762		
a)	Tax Revenue (levied and collected by municipal body)	16,25,320	1,90,100	18,59,282	16,25,320	22,92,683	18,59,282		
i)	Property tax	5,24,980	1,90,100	18,59,282	5,24,980	27,297	18,59,282		
ii)	Other tax (levied and collected by municipal body)	11,00,340	-	-	11,00,340	22,65,386	-		
b)	Non-tax revenue (levied and collected by municipal body)	40,07,000	24,93,500	30,41,480	40,07,000	335	30,41,480		
i)	Fees & fines	97,000	38,500	3,91,480	97,000	335	3,91,480		
ii)	User Charges	3,00,000	2,00,000	-	3,00,000	-	-		
iii)	Other non-tax revenue (levied and collected by municipal body)	36,10,000	22,55,000	26,50,000	36,10,000	-	26,50,000		
2	Other Revenue Receipts	162,50,000	85,62,060	5,31,251	162,50,000	26,396	5,31,251		
a)	Income from interest/investments	12,50,000	3,28,500	5,31,251	12,50,000	26,396	5,31,251		
b)	Other Revenue income	150,00,000	82,33,560	-	150,00,000	-	-		
3	Transfers/Grants/Assigned Revenues	83,37,500	70,90,500	141,48,906	83,37,500	325,38,892	141,48,906		
a)	State Assigned Revenue	-	-	118,58,115	-	8,18,206	118,58,115		
b)	State Finance Commission (SFC) Grants/Devolution	-	-	-	-	-	-		
c)	Octroi compensation	-	-	-	-	-	-		
d)	Other State Government Transfers	83,00,000	70,61,000	22,54,040	83,00,000	316,10,686	22,54,040		
e)	Central Finance Commission (CFC) Grant	-	-	-	-	-	-		
f)	Other Central Government Transfers	-	-	-	-	-	-		
g)	Others (Sales & Hire Charges)	37,500	29,500	36,751	37,500	1,10,000	36,751		
B	Capital Receipts (1+2+3+4+5+6)	420,93,954	305,22,941	211,28,444	420,93,954	153,03,495	211,28,444		
1	Sale of Municipal Land	-	-	-	-	-	-		
2	Loans (from State Govt. or Bank etc.)	-	-	-	-	-	-		
3	State Capital Account Grant (under State Schemes etc.)	395,93,954	300,37,941	211,28,444	395,93,954	153,03,495	211,28,444		
4	Central Capital Account Grant (under Central Schemes etc.)	-	-	-	-	-	-		
5	Other Capital Receipts	25,00,000	4,85,000	-	25,00,000	-	-		

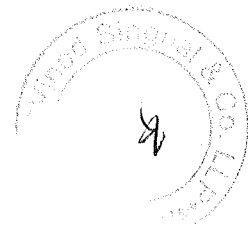


The above figures have been taken from the Budget Statement of the ULB for the year 2017-18, 2018-19, 2019-20 and 2020-21. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2016-17, 2017-18 & 2018-19 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures. However we have verified some of the expenses on adhoc basis.

V. Revenue and Capital Expenditure Information.

Expenditure Details (Amount in Rs.)							
SI No	Details	2017-18		2018-19		2019-20	
		2017-18 (Annual)	2016-17 (Annual)	2018-19 (Annual)	2017-18 (Annual)	2019-20 (Annual)	2018-19 (Annual)
	Total Expenditure (1+2)	898,05,000	571,56,244	622,19,133	898,05,000	342,37,894	622,19,133
1	Revenue Expenditure	301,00,000	187,62,432	192,03,009	301,00,000	162,46,506	192,03,009
1.1	Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	15,12,000	13,12,000	65,73,351	15,12,000	62,88,977	65,73,351
1.2	Operation and Maintenance (O&M)	239,77,000	141,29,432	126,04,658	239,77,000	46,52,403	126,04,658
1.3	Loan repayment (Interest payments)	22,000	18,000	25,000	22,000	806	25,000
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	45,89,000	33,03,000	-	45,89,000	53,04,320	-
2	Capital Expenditure	597,05,000	383,93,812	430,16,124	597,05,000	179,91,388	430,16,124
2.1	All developmental works under Central/State specific schemes	597,05,000	383,93,812	430,16,124	597,05,000	179,08,188	430,16,124
2.2	Loan Repayments (Principal Amount)	-	-	-	-	-	-
2.3	Other Capital expenditure	-	-	-	-	83,200	-

The above figures have been taken from the Budget Statement of the ULB for the year 2017-18, 2018-19, 2019-20 and 2020-21. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2016-17, 2017-18 & 2018-19 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures. However we have verified some of the expenses on adhoc basis.



VI. Status of Implementation of Double Entry Accounting System

Double entry system was implemented at ULB during the period under consideration. Please find the detail of previous DEAS team below :

Particulars	Previous FLIAs	Current FLIAs
Name of Agency Implementing DEAS	Manas Das & Co. (Patna 2 Cluster-Covering 14 ULBs)	M/s K K Chanani & Associates
Period of FLIAs	06.04.2016 to 05.04.2018	22.11.2019 to 21.08.2021
Period of Implementing DEAS	FY 2014-15 & 2015-16	FY 2016-17 to 2019-20
Status of Report	Inception has been submitted	Inception has been submitted
Preparation of Opening Balance Sheet	01.04.2014 has been submitted	N/A
Preparation of Fixed Asset Register	Updated till FY 2015-16	FAR for the F.Y 2016-17 to 2019-20 is under process.
Preparation of Property Tax Register	Updated till FY 2012-16	PTR for the F.Y 2016-17 to 2019-20 is under process
Preparation of Financial Statement	FY 2014-15 & 2015-16 has been submitted	Tally of F.Y 2016-2017 to 2019-20 is under process
Details of Tally Installation	Tally Installed	Tally Installed
Tally Serial No.	745653816	743653816
Email Id	nagarpanchayatkoilwar@gmail.com	Koilwarnagarpanchayat123@gmail.Com

VII. Status of Meeting of Municipal Accounts Committee

There is no accounting committee has been formed at ULB. We are submitting here with copy of letter taken from ULB in respect of this committee as "Annexure -3"



5. AUDIT OBSERVATION

I. PART-A

All Audit objections/irregularities which has monetary implication, particularly in following areas:

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.**

1. **Non-levy of taxes:** As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. *In case of Koilwar Nagar Panchayat*, the following mentioned tax/charges are not implemented which leads to loss of revenue to ULB. *(Please refer annexure-04 for supporting)*

- Surcharge on transfer of lands and buildings
- Fire tax.
- Surcharge on electricity consumption within the municipal area
- Tax on congregations.
- Tax on pilgrims and tourists.
- Tax on profession.
- Toll-tax on roads, bridges, ferries and navigable channels and on heavy trucks which shall be heavy Goods vehicles, and buses, which shall be heavy passenger motor vehicles.
- User Charges for provision of water-supply, drainage and sewerage
- User Charges for Solid Waste Management
- User Charges for Parking Facility
- User Charges for Garbage Clearance
- Collection of Development Charges

❖ **Audit Objective** - As per Point No. - 5.00 of TOR

❖ **Criteria** - None levied the taxes reported above by ULB.

❖ **Condition** -As per details provided to us the ULB is not charging the above mentioned taxes.

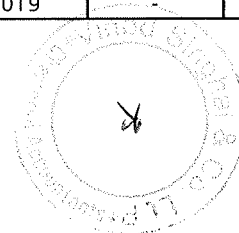
❖ **Consequence Effect /Impact** - Due to non-collection of taxes within prescribe timeline, ULB incurred interest loss and also the due to non-collection of taxes, and public interest has also been suffered.

❖ **Cause-** We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on a regular interval. The ULB has no proper mechanisms for supervision and monitoring of the Taxes due to which result in Revenue leakage.

❖ **Corrective Action / Recommendation** - As per our opinion, management should review the working on timely basis

2. **Late deposit of property tax:** As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made. In the case of Koilwar Nagar Panchayat during verification of receipts book and deposit slips, we have noticed that there is a gap in collection of tax and deposit of tax around 1 to 86 days.

SI No	Serial Number		Amount of Tax	Date of Collection as per Receipts Booked	Date of Deposit into Bank as per Deposit Slip	Delay in deposit with cashier	
	From	To				Minimum	Maximum
1	2684	2700	160.00	09-04-2019 to 15-05-2019	04-07-2019	50	86
2	2761	2783	12,587.00	02-04-2019 to 16-05-2019	17-05-2019	1	45
3	2784	2800	7,328.00	17-05-2019 to 14-06-2019	24-06-2019	10	38
4	2972	2792	9,150.00	03-06-2019	04-06-2019	-	1
5	2801	2809	85.00	01-06-2019 to 29-06-2019	Not Available	NA	NA
6	2901	2908	4,608.00	20-06-2019 to 29-06-2019	06-07-2019	7	16
7	2901	2908	4,608.00	20-06-2019 to 29-06-2019	06-07-2019	7	16
8	2909	2935	14,689.00	03-07-2019 to 30-07-2019	05-08-2019	6	33
9	2931		2,75,000.00	27-07-2019 to 27-07-2019	29-07-2019	2	2
10	2931		2,73,150.00	27-07-2019 to 27-07-2019	29-07-2019	2	2
11	2931		8,28,350.00	27-07-2019 to 27-07-2019	29-07-2019	2	2
12	2936	2948	6,728.00	02-08-2019 to 10-08-2019	16-08-2019	6	14
13	2937		1,98,286.00	02-08-2019 to 02-08-2019	02-08-2019	0	0
14	2949	2956	6,774.00	16-08-2019 to 30-08-2019	06-09-2019	7	21
15	2957	2978	14,022.00	03-09-2019 to 16-09-2019	24-09-2019	8	21
16	2979	2991	7,966.00	18-09-2019 to 26-09-2019	01-10-2019	5	13
17	2992	3000	3,290.00	01-10-2019 to 14-10-2019	19-10-2019	5	18
18	3001	3015	8,889.00	14-10-2019 to 25-10-2019	13-11-2019	19	30
19	3016	3033	9,888.00	04-11-2019 to 23-11-2019	25-11-2019	2	21
20	3034	3039	4,390.00	23-11-2019 to 30-11-2019	07-12-2019	7	14
21	3040		3,00,000.00	30-11-2019	30-11-2019	-	-



22	3041	3056	9,944.00	02-12-2019 to 12-12-2019	16-12-2019	4	14
23	3057	3074	15,126.00	12-12-2019 to 23-12-2019	31-12-2019	8	19
24	3062	3063	2,88,000.00	16-12-2019	16-12-2019	-	-
25	3075	3092	13,129.00	01-01-2020 to 16-01-2020	16-01-2020	0	15
26	3093		10,000.00	16-01-2020	16-01-2020	-	-
27	3094	3100	4,940.00	17-01-2020 to 18-01-2020	21-01-2020	3	4
28	3101	3131	20,212.00	18-01-2020 to 31-01-2020	04-02-2020	4	17
29	3132	3146	8,134.00	01-02-2020 to 04-02-2020	05-02-2020	1	4
30	3147		6,88,250.00	04-02-2020	04-02-2020	-	-
31	3148	3161	14,352.00	05-02-2020 to 13-02-2020	14-02-2020	1	9
32	3162	3197	52,334.00	13-02-2020 to 14-03-2020	16-03-2020	2	32
33	3198	3200	1,258.00	16-03-2020	24-03-2020	-	8
34	3201	3209	13,351.00	17-03-2020 to 21-03-2020	02-05-2020	42	46

- ❖ **Audit Objective** - As per Point No. - 5.00 of TOR
- ❖ **Criteria** - As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000.00
- ❖ **Condition** -As per details provided to us the ULB is not depositing the amount collected from the public on time.
- ❖ **Consequence Effect /Impact** - Due to non-deposit of cash on timely basis there is loss of interest to ULB. It seems that the huge fund is easily available with the cashier on the cost of ULB.
- ❖ **Cause**- We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on a regular interval, the ULB has not proper control, supervision, and monitoring over collection and deposit of taxes.
- ❖ **Corrective Action / Recommendation** - Management should reconcile time to time the physical cash with cash book for stopping the misuse of cash

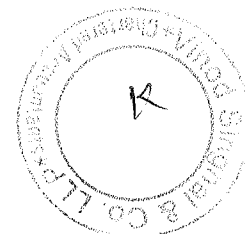
3. **Non collection of Notice fees:** As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but In *case of Koilwar Nagar Panchayat*, ULB has not provided any information regarding charging and collection of notice fees.

- ❖ **Audit Objective** - As per Point No. - 5.00 of TOR
- ❖ **Criteria** - As per sec 158 of Bihar Municipal Act, 2007 the amount of notice fee should be collected by the municipality.
- ❖ **Condition** -As per details provided to us the ULB is not collecting notice fee.
- ❖ **Consequence Effect /Impact** - Due to non-collection of notice fee there is loss of interest to ULB
- ❖ **Cause**- We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on a regular interval, the ULB has not proper control, supervision, and monitoring over issue of notices and collection of notice fee.
- ❖ **Corrective Action / Recommendation** - Management should monitor the notices issued on a periodic basis towards charging and collection of notice fee.

4. **Recovery of outstanding taxes/rental income:** As per record provided by ULB, there are outstanding incomes as on 31-03-2020 which are mentioned below.

Details of outstanding arrear of income as on 31-03-2020		
SI No	Type of Income	Arrear Amount
1	Property Tax	31,89,492
2	Rent Income	NIL
3	Mobile Tower Tax	4,88,000
4	Bus Stand	12,15,000
5	Other Sairats	NIL
6	Advertisement Tax	NIL
Total		48,92,492

Comment: ULB should implement/take action to boost collection of arrear revenue to increase their own source of revenue.



- ❖ **Audit Objective** - As per Point No. - 5.00 of TOR
- ❖ **Criteria** - As per sec 158 of Bihar Municipal Act, 2007 the amount of above mentioned taxes should be collected by the municipality.
- ❖ **Condition** -As per details provided to us the ULB is not collecting above mentioned taxes.
- ❖ **Consequence Effect /Impact** - Due to non-collection of notice fee there is loss of interest to ULB
- ❖ **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 not proper control, supervision, and monitoring over issue of notices and collection of notice fee.
- ❖ **Corrective Action / Recommendation** - Management should implement/take action to boost collection of arrear revenue to increase their own source revenue.

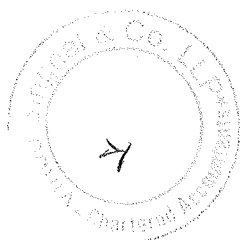
b. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs.

- 1. Payment of bills after due date:** During audit, we have noticed that ULB is not in practice to pay electricity bill on time. We have verified expenses from cash book and expenses supporting bills/invoices. We are submitting herewith some of the expenses for your ready reference :

Sl. No.	Particulars	Arrear Amount	Delay surcharge Payable	Total Arrear Amount	Remarks
1	Electricity Bill	35,23,673	2,95,183	38,18,856	Not paid till end of our Audit.

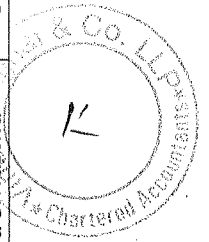
Note :

- a. Due to non-payment of electricity bill ulb is paying delay surcharge amounted to Rs. 2,95,183 electricity department.
 - b. As per discussion with executive officer there are arrear or property on electricity department from very long time, however they are not adjusting the same while issuing invoice on ulb.
 - c. Since full data not provided by ULB, therefore the delay payment surcharge may be higher than from reported above.
- 2. Pass payment without preparation of payment vouchers:** The Nagar Panchayat does not prepare Payment Vouchers for making payment to the parties/vendors. Payment was made on the basis of bills only raised in the name of corporation which is passed by the competent authority. We have verified expenses from cash book and expenses supporting bills/invoices: however we observed that Ulb Is not Preparing Voucher
- 3. Irregularities in payments:** We observed that there is no irregularity found in payment during the period.



c. Report on findings of field survey of Property Tax of minimum 20 high value properties.

Sl No	Name of Assessee	Ward No	Holding Number	As per SAS				As per ULB Calculation	
				Current Year Demand	Type of Construction	Area (Sqr. Ft.)	Use of Property	O/s Liability at end of reporting period	Tax as per our Calculation
1	Dr Ram Kumar Himanshu Clinic	9	129	12338	R.C.C	3046	Residential	61690	-
2	Raj International Public School	9	39	2721	R.C.C	2880	Commercial	13605	-
3	Ravikant Roy	9	38	3024	R.C.C	2240	Residential	15120	-
4	Krishna Kumar Singh	9	96	2592	R.C.C	1760	Commercial	12960	-
5	Vishwanath Sah	9	98	2592	R.C.C	640	Commercial	12960	-
6	State Animal Deptt Hospital	9	111	6480	R.C.C	1600	Commercial	32400	-
7	Deepak Kumar Singh	9	158	19440	R.C.C	4800	Commercial	97200	-
8	Late Manohar Chaurasiya	9	109	1036	R.C.C	1152	Commercial+ Residential	5185	-
9	Govt Of Bihar	9	205	29160	R.C.C	7200	Residential	145800	-
10	Govt Of Bihar	9	202	8087	R.C.C	1997	Commercial+ Residential	40440	-
11	Govt Of Bihar	10	216	23490	R.C.C	15660	Commercial	117450	-
12	Umanath Prasad	10	225	2332	R.C.C	1584	Commercial+ Residential	11660	-
13	Rambabu Sah	10	212	2460	R.C.C	1728	Commercial+ Residential	12300	-
14	Vinod Ray	10	201	1296	R.C.C	1440	S.S. Mall (Commercial)	6480	-
15	Laxhmi Singh	10	200	2473	R.C.C	4416	Commercial	12365	-
16	Late Gupteshwar Gupta	10	185	1089	R.C.C	3024	Bharat I.T.I (Commercial)	5445	-
17	Md Rahmatulla	11	10	2398	R.C.C	1264	Commercial+ Residential	11990	-
18	Rajgrihi Prasad	11	297	5702	R.C.C	1408	Commercial+ Residential	28510	-
19	Late Ramcharan Singh	11	294	1089	R.C.C	3024	Commercial+ Residential	5445	-
20	Late Surendera Srivastwa	8	246	1879	R.C.C	1248	Commercial+ Residential	9395	-



II. PART-B

a. Non-maintenance of books of accounts and subsidiary registers:

The unit has not maintained the following prescribed registers as required in BMAR *(Please find attached letter to the ULB regarding non-submission of the following documents):* -

1. Journal Book
2. Ledger
3. Contra Voucher
4. Journal Voucher
5. Receipt Voucher
6. Register of Cheque Received
7. Statement on status of cheque received
8. Register of Bills for Payment
9. Payment order
10. Register of Advance
11. Register of Permanent Advance
12. Deposit Received Register
13. Summary statement of Deposits Adjustment
14. Demand register
15. Bill of Income
16. Summary Statement of Bill Raised
17. Register of Notice Fee Warrant Fee other fees
18. Summary statement of Notice Fee Warrant Fee other fees
19. Summary statement of Refund and Remissions
20. Summary statement of Write offs
21. Statement of outstanding liability for expenses
22. Register of Immovable and Movable Property
23. Register of Land
24. Function wise Income Subsidiary Ledger
25. Function wise Expenditure Subsidiary Ledger
26. Asset Replacement Register
27. Register of Public Lighting System
28. Building Register
29. Status and Heritage Assets Register
30. Road and Street register
31. Bridges Flyover Subway and Causeway Register
32. Drains Register
33. Ponds and Lakes Register
34. Plant and Machinery Register
35. Vehicle Register
36. Office Equipment Register
37. Furniture and Fixture Register
38. Computer and Peripheral Register
39. Software Register
40. Grants Register

Required at - Property Tax and other taxes

1. Summary Statement of bills raised
2. Summary statement of Demand Adjustment raised
3. Summary statement of refunds and remissions
4. Summary Statement of write-offs
5. Money Receipt Book
6. Hand Book (details due from tax pay)

Documents required at - water Supply

1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection
3. Summary statement of refunds remissions
4. Summary statement of write- offs

Documents required at - Rentals Fees and Other Income

1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection
3. Summary statement of refunds
4. Summary statement of write- offs

Documents required at- Public Works

1. Summary Statement of status of CWIP



2. Work Sheet
3. Deposit works register

Documents required at – Stores

1. Material Receipt Note
2. Statement of Material Issues

Other

1. Balance confirmation as on 30.06.2019
2. BRS of all Bank Accounts (including dormant accounts)
3. Physical Verification report of cash and Stock

Final Accounts for the year 2016-17, 2017-18, 2018-19 and 2019-20

1. Audited Balance Sheet
2. Audited Income & Expenditure Account
3. Audited Receipts & Payments Account and unaudited Receipts & Payment

b. Irregularity in procurement process:

- i. **Irregularities in tender issue process:** During audit, we observed the following discrepancies in allotment of tender:

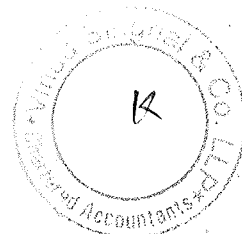
Sl. No	Scheme Number of Payment File	Name Of Party	Invoice Amount	Remarks
1	01/2019-20	Abhishek Kumar	8,15,673.00	All required deductions from bills have been made with appropriate rate. In payment order, the signature of Chief Municipal Officer is also present. Hence, no deviation has been notice.
2	04/2019-20	Ashwani kumar	11,89,626.00	
3	05/2019-20	Shubham Kumar	9,12,142.00	
4	07/2019-20	Ajmer Kha	14,89,178.00	
5	06/2019-20	Kanhiya Kumar	7,26,535.00	All required deductions from bills have been made with appropriate rate. In payment order, the signature of Chief Municipal Officer is also present. Hence, no deviation has been notice.
6	06/2019-20	Kanhiya Kumar	3,01,180.00	
7	08/2019-20	Ajmar Khan	13,40,260.00	
8	08/2019-20	Ajmar Khan	4,56,279.00	
9	09/2019-20	Abhishek Agarwal	4,08,915.00	All required deductions from bills have been made with appropriate rate. In payment order, the signature of Chief Municipal Officer is also present. Hence, no deviation has been notice.
10	09/2019-20	Abhishek Agarwal	7,34,106.00	
11	09/2019-20	Abhishek Agarwal	1,00,000.00	
12	10/2019-20	Ajmer Jha	4,56,300.00	
13	15/2019-20	Reena devi	11,21,401.00	All required deductions from bills have been made with appropriate rate. In payment order, the signature of Chief Municipal Officer is also present. Hence, no deviation has been notice.
14	16/2019-20	Ranjan Kumar Singh	12,43,892.00	
15	17/2019-20	Ranjan Kumar Singh	11,19,503.00	
16	19/2019-20	Rajesh Kumar	3,27,245.00	

- ii. **Whether a register is kept for all Procurements with value above Rs. 15,000/-:** No procurement register was maintained at ULB level for procurement with value above Rs. 15,000/-. During the Audit, we observed that ULB is using a general cash book to maintain the record of all types of purchase.

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

As per provided master payroll of daily wages worker, we observed the following observations:

- Daily Wages Register was not maintain in proper manner.
- Signature and stamp of approving authority was not affixed in the register.
- In case of absence of staff, absence of that worker was not marked in the wages register.
- Rectification through the whitener in the register was done but no verification and authorisation was made on that.



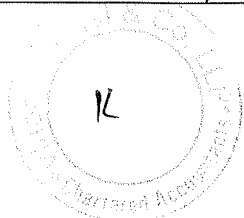
- iv. **No separate earnest & security deposit register:** Earnest money deposit & security deposit register help in tracking refund of EMD/SD on time to concerned parties, but in ULB, no such register was maintained/ provided for verification.

c. **Non-Compliance of directives by UD&HD, GoB:**

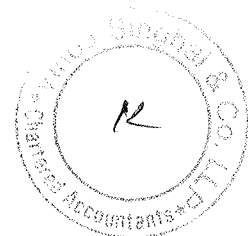
Sl.No.	Direction issued by UDHD	Complied or Not
1	No directive issued during FY 2019-20	

d. **Non-Compliance of Act & Rules:**

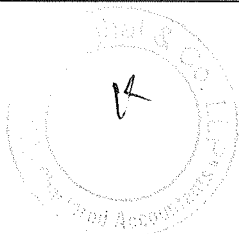
Sl. No	Requirement	Criteria	Auditors Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made	BMAR Rule No.-22	Refer point: Part-A (a) (2) No, during the audit we observed that there was max 86 days delay in deposit of tax into the bank.
2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	BMAR Rule No.- 27	Yes, every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.
3	Whether the collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	BMAR Rule No.- 27	Yes, Collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.
4	Whether bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated stall of the Municipality	BMAR Rule No.- 27	Yes, bill collector gets its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated of the Municipality
5	Whether every bill collector invariably remits his collections (in cash and/or cheques) to Cashier dallies before 4.30 PM and take the cashier's acknowledgement in the collection register.	BMAR Rule No.- 27	Refer point: Part-A (a) (2) No, in actual fact we noted that the tax collector was not remitting his collections to the bank. We noted that there was delay in the deposit of tax with the bank from 1 to 86 days.
6	Whether Grant Register as prescribed in BMAR Form 28 was maintained by the Municipality to record receipts and utilization of grants sanctioned by the Government.	BMAR Rule No.- 69	No, Scheme wise grant register was not maintained by the ULB.
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the responsibility of the Chief Municipal Officer that the conditions attached to the grant are complied with without exception.	BMAR Rule No.- 69	Refer point: Part-B (h) Scheme/Grant related documents was not made available for audit,
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No such circumstance were noticed during the audit
9	Whether the Utilization Certificate was signed by the Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	Refer PART-B (h) No, Utilization certificate details produced for verification
10	Whether Municipality has returned unutilized grant for more than three years from date of receipt to the source from where such grant was received	BMAR Rule No.- 69	No such circumstance were noticed during the audit
11	Whether the Chief Municipal Officer prepares a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.	BMAR Rule No.- 120	No, Koilwar Nagar Panchayat was not preparing a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.
12	Whether ULB prepares monthly Trial balance in BMAR Form No. 72 by extracting all ledger	BMAR Rule No.- 121	No, Koilwar Nagar Panchayat was not preparing monthly Trial balance in BMAR



	balances under various Account Codes as certified by the Chief Municipal Officer.		Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.
13	Whether ULB sent the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	BMAR Rule No.- 121	No, Koilwar Nagar Panchayat was not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter
14	The Chief Municipal Officer shall, within three months after the end of each financial year be prepared financial statements for the preceding year in respect of the accounts of the Municipality. The Financial Statements shall comprise of a. Receipts and Payments Account for the year (BMAR Form No.71) b. Income & Expenditure Statement for the year (BMAR Form No.73) c. Balance Sheet as on 31st March of the year (BMAR Form No.74) d. Significant accounting policies adopted by the Municipality in presentation of the financial statements e. Notes to Accounts, which shall disclose Contingent liabilities, and such other information as, may be useful in understanding the financial statements clearly. f. Comparative amounts shall be entered on the financial statements for the preceding financial year except. In the case of the first year to which those rules apply	BMAR Rule No.- 122	BMAR Rule No. - 122 were not followed by ULB during the FY 2019-20.
15	Whether the municipality is regular in depositing statutory dues including tax deducted at source, GST, TDS on GST, service tax, VAT, works contract tax, cess payable to the government etc. and If not, the nature and cause of such delay and the amount not deposited: (BMAR Rule No.-130)	BMAR Rule No.-130	Refer PART-B (f)
16	Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation:(BMAR Rule No.-130)	BMAR Rule No.-130	Refer PART-B (g)
17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	BMAR Rule No.-130	No, BMAR Rule No. 130 was not followed by ULB. As Single-entry accounting system was followed by ULB
18	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted;	BMAR Rule No.-130	No, grant register was not maintained by ULB
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	BMAR Rule No.-130	No details regarding creation of special fund and their use were made available to comment thereon.
20	Whether the ULB is maintaining proper records showing full particulars, including quantitate details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable Intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	BMAR Rule No.-130	ULB was not maintaining the fixed assets register for the financial year 2019-20. Further no, fixed assets physically verified report was made available to comment upon.
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	BMAR Rule No.-130	No details regarding leasehold property were made available to comment upon.

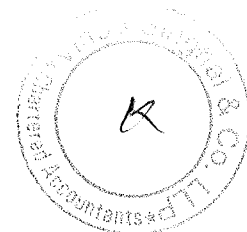


22	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	BMAR Rule No.-130	No, ULB does not follow adequate internal control procedures for the purchase of stores, including components, plant and machinery, equipment and other assets. As ULB was not maintaining any store and assets purchase register.
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality's accounts; If so, the details thereof;	BMAR Rule No.-130	We have not observed such a type of transaction during the audit.
24	Whether the Bank Reconciliation statements have been properly prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis;	BMAR Rule No.-130	Refer Point-04 (III) No, ULB has not prepared bank reconciliation for any bank accounts maintained.
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.-130	As ULB has a single entry accounting system, in that case year end provisions and reconciliation was not made during the reporting period.
26	Whether all the expenditure incurred by the Municipality is authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and are in all cases such as are authorized by Act;	BMAR Rule No.-130	Since proper vouchers and expenses invoices are not presented for our verification, therefore we can't comment on it.
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR Rule No.-130	Refer-PART-A (a)(4) No, Revenue is not booked and deposited by ULB on a real time basis, Collection of revenue is taken in books when deposit to bank and collection remains handed to the revenue collector for around 15-20 days. Further no action has been taken for collection of taxes this is clear for not providing details regarding arrear of taxes and revenue of ULB.
28	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act;	BMAR Rule No.-130	Refer-PART-A (a)(2) Yes, all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act. Except; In case of deposit of daily tax collection, that is late deposited into the bank.
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR Rule No.-130	In absence of specific record during the audit, we can't comment that the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order
30	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as it appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.-130	Refer-PART-B (a) No, some required books of accounts as per BMAM/BMAR have not been maintained.
31	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	BMAR Rule No.-130	No store verification report was made available during the reporting period to comment upon.
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No, procedures of physical verification of stores followed by the ULB have been provided to comment upon.
33	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts;	BMAR Rule No.-130	No such details provided
34	Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is the same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR Rule No.-130	No such details provided
35	Whether the parties to whom loans or advances	BMAR Rule	No such details provided



	have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	No.-130	
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.-130	No such details provided
37	Municipal Fund: Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	No, ULB is using a single entry accounting system, so there was no fund accounting followed.
38	Investment of surplus money. Whether municipality has invested surplus funds as per the requirement of the chapter-X of BMA-2007. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	BMA,2007: Chapter X	As per ULB, No investment was done by ULB.
	Check whether comparative interest rate is invited from parties before investing surplus funds:		
39	Preparation of budget estimate of Municipality. Whether The budget estimate stated the rates at which various taxes, surcharges, cesses and fees shall be levied by the Municipality in the year next following.	BMA,2007: Chapter XI	Not followed. ULB has not prepared a budget during the reporting period.
	Maintenance of accounts. Whether the Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in such form, and in such manner, as may be prescribed,		
40	Financial Statement. Whether the Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality.	BMA,2007: Chapter XII	As ULB was following a single entry accounting system. So, receipts and payment details were being maintained in the form of cash book. Audited receipts & payments account as per BMAM was not prepared by ULB.
	Submission of financial statement and balance sheet to auditor. The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.		
41	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act,2007 various tax is applicable on ULBs	BMA,2007: Chapter XV	Refer-PART-A(a)(1) for status of taxes not collected by ULB
42	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007,) Municipality shall, by regulations, provide for issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore,	BMA,2007: Chapter XIX	Refer-PART-A(a)(3)

- e. **Lack of internal control measures:** We have observed the following areas where internal control measures are required by ULBs-
- Voucher file was not maintained
 - No internal mechanism for statutory compliance
 - No MIS was prepared for tracking of payments
 - Year-end reconciliation was not available
 - Bank reconciliation of any bank account was not prepared.
 - Bank balance as per cash book was not maintained.
 - Cheque receipt register was not maintained
 - No control over cancelled or missing cheque



- Assets & stock register were not maintained

f. Non Compliance of TDS/VAT and other related statutes:

- 1. Details of TDS should be deducted and to be deposited:** During audit, we audited payments details from the cash book, while verification of payments, we observed that statutory deduction details are not mentioned either in cash book or no separate statutory deduction register was made available for verification. We have calculated the below deduction of TDS on sample basis that should be made from invoice. We have not received any documents towards deposition of TDS.

Sl. No	Scheme Number of Payment File	Amount Deducted	Date of deduction	Due Date of Payment	Actual Date of Payment	Challan No.
1	01/2019-20	14,682.00	14-06-2019	07-07-2019	Details Not Provided	Details Not Provided
2	04/2019-20	21,413.00	21-06-2019	07-07-2019		
3	05/2019-20	16,419.00	25-06-2019	07-07-2019		
4	07/2019-20	26,805.00	29-06-2019	07-07-2019		
5	06/2019-20	14,530.00	30.08.2019	07-09-2019		
6	06/2019-20	6,024.00	23.09.2019	07-10-2019		
7	08/2019-20	26,805.00	14.08.2019	07-09-2019		
8	08/2019-20	9,126.00	23.09.2019	07-10-2019		
9	09/2018-19	8,178.00	12.11.2019	07.12.2019		
10	09/2018-19	14,682.00	23.11.2019	07.12.2019		
11	09/2018-19	1,000.00	24.12.2019	07.01.2020		
12	10/2019-20	4,563.00	30.12.2019	07.01.2020		
13	15/2019-20	11,214.01	13-02-2020	07-03-2020		
14	16/2019-20	12,438.92	26-02-2020	07-03-2020		
15	17/2019-20	11,195.03	18-03-2020	07-04-2020		
16	19/2019-20	3,272.45	21-03-2020	07-04-2020		

Note:

- We have not received statutory compliance register and expenses invoices for our verification.
- Neither copy of challan nor the copy of return has been presented to us, therefore we are unable to comment on whether payment was made on time or not. However, we wish to say that non-payment of tax on due or before date will attract interest @ 1.5% p.m. or part of month
- As per provision of sec. 276B, If a person fails to pay to the credit of the Central Government to the amount of tax deducted at source by him as required by or under the provisions of Chapter XVII-B; or the tax payable by him, as required by or under sub-section (2) of section 115-O; or the second proviso to section 194B, he shall be punishable with rigorous imprisonment for a term which shall not be less than **three months** but which may extend to **seven years** and with fine.

- 2. Details of TDS returns filled are mentioned below:** During the audit, we observed that ULB was not regular in filing TDS return, as per below mentioned details this is clear that either ULB had not filed TDS return or if filed then not followed the due date of return filing. This practice of delay in filing of TDS return would cause ULB in the form of a penalty.

SL No	Quarter	Due date of Return	Actual date of Return filed	Remark
1	Quarter-1 of F.Y. 2019-20	31-Jul-2019	Not Available	Can't Comment
2	Quarter-2 of F.Y. 2019-20	31-Oct-2019		
3	Quarter-3 of F.Y. 2019-20	31-Jan-2020		
4	Quarter-4 of F.Y. 2019-20	31st July 2020 (extended from earlier deadline of 31st May 2020)		

Note:

- As per provision of Sec. 234E where a person fails to file the TDS/TCS return on or before the due date prescribed in this regard, then he shall be liable to pay, by way of fee, a sum of Rs. 200 for every day during which the failure continues. The amount of late fees shall not exceed the amount of TDS. Further as per provision of Sec 271H deductor or collector of tax at source fail to file the return within the stipulated date, he/she can also be penalized with a fee which is not less than Rs 10,000. The amount of penalty could go up to Rs. 1 lakh.
- Downloading of TDS Certificates from TRACES made mandatory:** In this regard, your attention is invited to the **CBDT circulars 04/2013 dated 17.04.2013, CBDT Circular No. 03/2011 dated 13-5-2011 and CBDT Circular No. 01/2012 dated 9-4-2012** on the Issuance of certificate for Tax Deducted



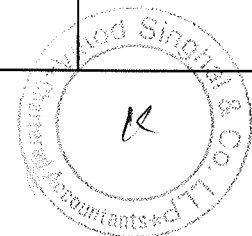
at Source in Form 16/16A as per IT Rules 1962. It is now **mandatory for all diductor's to issue TDS certificates after generating and downloading the same from "TDS Reconciliation Analysis and Correction Enabling System"** or TRACES Portal. In view of above circulars, it may kindly be noted that the TDS Certificates **downloaded only from TRACES Portal** will be valid. Certificates issued in any other form or manner will not comply with requirements referred in the Income-tax Act 1961 read with relevant Rules and Circulars issued in this behalf from time to time. Further as per the provisions of section 203 of the Income Tax Act, 1961 read with rule 31A, Certificate of tax deducted at source is to be **furnished within fifteen (15) days from the due date for furnishing the statement** of tax deducted at source. Failure to comply with the provisions of the Act will attract **penalty under the provisions of section 272A of the Act, a sum of one hundred rupees for every day** during which the failure continues.

- c. In case of ULB the commissioner in charge will be the person who is liable to deduct and pay the TDS and issue of TDS certificate on time. Therefore, management is suggested to take a serious note on the status of Tax collected or deposited, timely submission of return thereof and issuance of TDS Certificate.
3. **Non-Compliance of VAT/GST:** During audit we noted that ULB is not regular in deposit of VAT, as mentioned below circumstances, ULB has deducted VAT but no proof for deposit was provided. Since ULB has not presented statutory compliance register for audit, therefore the amount reported below is not presenting the full picture of deduction. Actual deduction is may be excess from the reported deduction.

Sl. No	Scheme Number of Payment File	Amount Deducted	Date of deduction	Due Date of Payment	Actual Date of Payment	Challan No.
1	01/2019-20	14,682.00	14-06-2019	10-07-2019	Details Not Available	Details Not Available
2	04/2019-20	21,413.00	21-06-2019	10-07-2019		
3	05/2019-20	16,419.00	25-06-2019	10-07-2019		
4	07/2019-20	26,805.00	29-06-2019	10-07-2019		
5	06/2019-20	14,530.00	30.08.2019	10-09-2019		
6	06/2019-20	6,024.00	23.09.2019	10-10-2019		
7	08/2019-20	26,805.00	14.08.2019	10-09-2019		
8	08/2019-20	9,126.00	23.09.2019	10-10-2019		
9	09/2018-19	8,178.00	12.11.2019	10.12.2019		
10	09/2018-19	14,682.00	23.11.2019	10.12.2019		
11	09/2018-19	2,000.00	24.12.2019	10.01.2020		
12	10/2019-20	9,126.00	30.12.2019	10.01.2020		
13	15/2019-20	22,428.02	13-02-2020	10-03-2020		
14	16/2019-20	24,877.84	26-02-2020	10-03-2020		
15	17/2019-20	22,390.06	18-03-2020	10-04-2020		
16	19/2019-20	6,544.90	21-03-2020	10-04-2020		

4. **Non-Compliance of Royalty:** During audit we noted that ULB is not regular in deposit of Royalty, as mentioned below circumstances, ULB has deducted Royalty but no proof for deposit was provided. Since ULB has not presented statutory compliance register for audit, therefore the amount reported below is not presenting the full picture of deduction. Actual deduction is may be excess from the reported deduction.

Sl. No	Scheme Number of Payment File	Amount Deducted	Date of deduction	Actual Date of Payment	Challan No.
1	01/2019-20	7,341.00	14-06-2019	Details Not Available	Details Not Available
2	04/2019-20	21,413.00	21-06-2019		
3	05/2019-20	8,209.00	25-06-2019		
4	07/2019-20	13,403.00	29-06-2019		
5	06/2019-20	6,024.00	30.08.2019		
6	06/2019-20	14,530.00	23.09.2019		
7	08/2019-20	9,126.00	14.08.2019		
8	08/2019-20	26,805.00	23.09.2019		
9	09/2018-19	8,178.30	12.11.2019		
10	09/2018-19	14,682.42	23.11.2019		
11	09/2018-19	2,000.00	24.12.2019		
12	10/2019-20	9,126.00	30.12.2019		
13	15/2019-20	22,428.02	13-02-2020		
14	16/2019-20	24,877.84	26-02-2020		



15	17/2019-20	22,390.06	18-03-2020		
16	19/2019-20	6,544.90	21-03-2020		

5. **Non-Compliance of Labour Cess to be paid:** During audit we noted that ULB is not regular in deposit of Labour cess, as mentioned below circumstances, ULB has deducted Labour cess but no proof for deposit was provided. Since ULB has not presented statutory compliance register for audit, therefore the amount reported below is not presenting the full picture of deduction. Actual deduction is may be excess from the reported deduction.

Sl. No	Scheme Number of Payment File	Amount Deducted	Date of deduction	Actual Date of Payment	Challan No.
1	01/2019-20	7,341.00	14-06-2019	Details Not Available	Details Not Available
2	04/2019-20	10,707.00	21-06-2019		
3	05/2019-20	8,209.00	25-06-2019		
4	07/2019-20	13,403.00	29-06-2019		
5	06/2019-20	7,265.00	30.08.2019		
6	06/2019-20	3,012.00	23.09.2019		
7	08/2019-20	13,403.00	14.08.2019		
8	08/2019-20	4,563.00	23.09.2019		
9	09/2018-19	4,089.00	12.11.2019		
10	09/2018-19	7,341.00	23.11.2019		
11	09/2018-19	1,000.00	24.12.2019		
12	10/2019-20	4,563.00	30.12.2019		
13	15/2019-20	11,214.01	13-02-2020		
14	16/2019-20	12,438.92	26-02-2020		
15	17/2019-20	11,195.03	18-03-2020		
16	19/2019-20	3,272.45	21-03-2020		

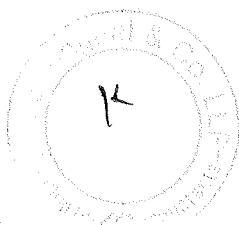
g. Deficiency in payroll system:

SI No	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/Daily wages/Contract worker)	Yes, Salary register was maintained for all employees
2	Non availability of Salary payment voucher	ULB was not in practice to issue salary payment vouchers, Payment of salary was passed based on approval by competent authority on the salary register.
3	Matching of voucher number with cash book	No salary payment voucher number was mentioned in cash book
4	Salary register contains all elements of salary	Yes, all elements of salary were mentioned in salary register.
5	Maintenance of Salary Deduction register	Deductions from salary were mentioned in the salary register, no separate deduction register was maintained.
6	Whether biometric devices and payroll software is implemented in ULB.If Yes, then is it integrated with accounting software	Biometric devices and payroll software were not implemented in ULB.

Details of delay of deposit of EPF:

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

Month of Deduction	Amount Deduction		Due date of Deposit	Amount Deposit	Actual Date of Deposit	Delay On Days
	Employee Contribution	Employer Contribution				
April- 2019	Information Not Provided		15-05-2019	Information Not Provided		Can't Ascertain
May- 2019			15-06-2019			
Jun- 2019			15-07-2019			

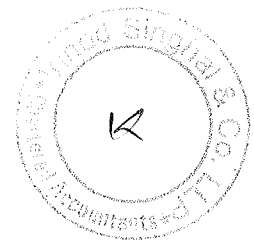


July- 2019	15.08.2019
Aug- 2019	15.09.2019
Sep- 2019	15.10.2019
Oct- 2019	15.11.2019
Nov- 2019	15.12.2019
Dec- 2019	15.01.2020
Jan- 2020	15.02.2020
Feb- 2020	15.03.2020
March- 2020	15.05.2020 (extended from earlier deadline of 15.02.2020)

h. **Utilisation of Grant and report on missing Utilisation Certificates-** The status of Utilisation Certificate are as under :

क्र. सं.	वित्तीय वर्ष	आवंटन का मद	स्वीकृत्यादेश संख्या एवं तिथि	आवंटित राशि	निकासी की गई राशि	निकासी के विरुद्ध व्यय के उपरान्त अवशेष राशि	पी. एल. खाता में जमा अवशेष राशि	अभियुक्ति
1	2	3	4	5	6	7	8	9
1	2019-2020	नगर प्रबन्धक मानदेय की राशि	26/20.06.2019	1.20	1.20	1.20	1.20	Deposited In PL Account
2	2019-2020	हर घर नल का जल	66/21.08.2019	22.26	22.26	22.26	22.26	Deposited In PL Account
3	2019-2020	14th finance	128/27.11.19	54.26	54.26	54.26	54.26	Deposited In PL Account
4	2019-2020	5th finance	57/13.08.19	73.39	73.39	73.39	73.39	Deposited In PL Account
5	2019-2020	नगर प्रबंधक मानदेह	76/13.09.2019	2.40	2.40	2.40	2.40	Deposited In PL Account
6	2019-2020	कार्यपालक पदाधिकारी वेतन	110/06.11.2019	4.39	4.39	4.39	4.39	Deposited In PL Account
7	2019-2020	सभापति, उपसभापति, वार्ड पार्षद भत्ता	82/20.09.2019	2.76	2.76	2.76	2.76	Deposited In PL Account
8	2019-2020	नागरिक सुविधा मद	47/06.08.19	17.90	17.90	17.90	17.90	Deposited In PL Account
9	2019-2020	14th Finance	38/11.07.2019	54.26	54.26	54.26	54.26	Deposited In PL Account
10	2019-2020	पेशाकर मद	51/09.08.2019	8.18	8.18	8.18	8.18	Deposited In PL Account
11	2019-2020	पंचम राज्य वित्त आयोग	53/13.08.19	75.96	75.96	75.96	75.96	Deposited In PL Account

- i. **Physical verification of inventory/Stores:** We have verified the physical store as per detail provided to us. Out of these stores some are outdated and not in condition to use. Assets & stock register were not maintained.
- j. **Advances, their adjustment & Recovery:** Refer point 36 PART-B (d) there is no advance register provided to us for our verification. We are unable to comment on the same.
- k. **Any other matters as may be prescribed in due course:** As all relevant matters has been covered in above mention point



III. PART-C

SI No	Particulars	Complied or Not
A	Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GoB; Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	We have reported on this point under PART-B (d) of the report. Please refer to the same for details.
B	Auditor should Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	We have reported on this point under PART-A(c). Please refer to the same for details. Further ULB is Assessing the property as per valuation of the FY. 2009-10. We have discussed this point with the Executive Officer and Tax Daroga.
C	Auditor should report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR :	We have reported on this point under PART-B (d) of the report. Please refer to the same for details.
	Rule 22: All moneys to be brought to account	Yes
	Rule 27: Collections to be deposited into Bank on the same day	We have reported on this point under PART-A of the report. Please refer to the same for details.
	Rule 69: Grant Related Compliance	We have reported on this point under PART-B (b) of the report. Please refer to the same for details.
	Rule 120-121: Monthly Receipt & Payment Account and Trial Balance	We have reported on this point under PART-B (b) of the report. Please refer to the same for details.
	Rule 130: Audit to be completed & reported within 6 month	We have reported on this point under PART-B (h) of the report. Please refer to the same for details.
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Complied Refer-Audit recommendation
E	Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc;	We have reported on this point under PART-B (b) of the report. Please refer to the same for details.
F	Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.	We have reported on this point under PART-B (b) of the report. Please refer to the same for details.
G	Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions , if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	We have reported on this point under PART-B (d) of the report. Please refer to the same for details.
H	Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	We have reported on this point under PART-A (a) of the report. Please refer to the same for details.
I	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	We have reported on this point under PART-B (f) and (g) of the report. Please refer to the same for details.
J	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Complied Point-03 of Detailed Audit Report and Note thereof.
K	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies	We have reported on this point under PART-B (d) of the report. Please refer to the same for details.
L	Auditor will report on that the fixed deposit and other funds should be in nationalized Banks/Approved financial institutions and should earn maximum interest at their gestation period.	No fixed deposit and other funds should be in nationalized Banks/Approved financial institutions and should earn maximum interest at their gestation period.
M	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will assess the loss and Prepare a statement of loss.	We have reported on this point under PART-B (d) of the report. Please refer to the same for details
N	Auditor will report on that all kind of tax deductions i.e. Commercial tax, Income tax, provident fund etc. Should be	We have observed that this is a very poor area of



	deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	ULB. There is very little internal control over, deduction and deposit of taxes. We have reported detail of the same in our report.
o	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.	We have reported on this point under PART-A of the report. Please refer to the same for details.

Thanking You,

For

Vinod Singhal & Co. LLP

(Chartered Accountants)

FRN: 005826C/C400276

Rodhani

CA Krishan Kumar Sodhani

Partner

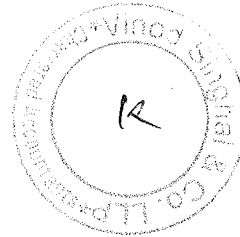
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Date

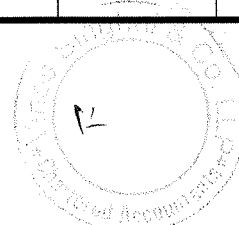
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Place - Patna

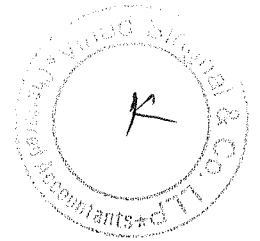


RISKASSESSMENT

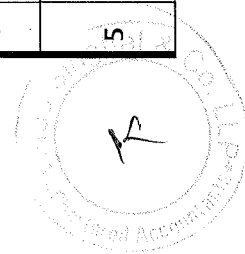
Name of the ULB		KOILWAR NAGAR PANCHAYAT					
S. No.	Observations	Risk Rating	Design Gap	System Gap	Operating G	Mgt. Comment	Auditor Recommend
DEMAND GENERATION:							
1	➤ Loss of Revenue due to under assessment/wrong generation of demand	H	NO	YES	YES	Due to lack of manpower some gap arise, However we are trying to minimize the gap every month.	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 not proper mechanisms for supervision and monitoring of the Taxes due to which result in Revenue Loss
2	➤ Collusion with citizen regarding assessment	M	NO	NO	NO		
3	➤ Non-updating various register like hand book, DCB register, Assessment register, etc.	M	NO	NO	NO		
4	➤ Others		NO	NO	NO		
RECEIPTS AND BANKING:							



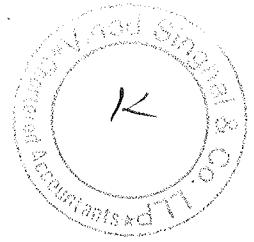
1	➤ Error in collections, loss of receipts and perpetrated frauds	H	NO	NO	NO	NO		
2	➤ Non-updating various register like handbook, DCB register, cash book, etc.	M	NO	NO	NO	NO		
3	➤ Collusion with the citizen and the ULBs staff to make wrong assessments of income	H	NO	NO	NO	NO		
4	➤ Others		NO	NO	NO	NO		
REVENUE EXPENDITURE:								
1	➤ Error in over payment	H	NO	NO	NO	NO		
2	➤ Loss of supporting document	H	NO	NO	NO	NO		
3	➤ Loss of authentication	H	NO	NO	NO	NO		



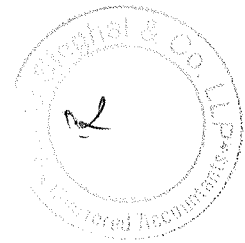
4	➤ Perpetrated fraud (Like payment more than one time on same bill)	H	NO	NO	NO	NO	
5	➤ Non-updating various register like Bill register with payment figureetc.	M	NO	NO	NO	NO	
6	➤ Others		NO	NO	NO	NO	
ESTABLISHMENT EXPENDITURE:							
1	➤ Error in over payment	H	NO	NO	NO	NO	
2	➤ Loss of supporting document	H	NO	NO	NO	NO	
3	➤ Loss of authentication	H	NO	NO	NO	NO	
4	➤ Collusion with employee	H	NO	NO	NO	NO	
5	➤ Perpetrated fraud (Like payment more than onetime to same org host employee)	H	NO	NO	NO	NO	



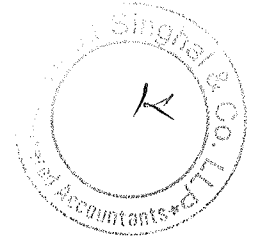
6	➤ Non-updating various register like salary register ,PF register ,Service book/record, advance register , etc.	M	NO	NO	NO	NO		
7	➤ Others		NO	NO	NO	NO		
CAPITAL EXPENDITURE:								
1	➤ Error in over payment	H	NO	NO	NO	NO		
2	➤ Loss of supporting document	H	NO	NO	NO	NO		
3	➤ Loss of authentication	H	NO	NO	NO	NO		
4	➤ Collusion with contractor	H	NO	NO	NO	NO		
5	➤ Perpetrated fraud (Like payment more than one time to same contractor)	H	NO	NO	NO	NO		



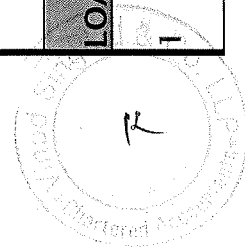
	➤ Non-updating various register like work register, MB, bill register, Fixed Assets register, Service book/record, advance register, etc.	M	NO	NO	YES	We observed that there are various register that is not updated/ Presented (Like. Fixed Assets register, etc)
6	➤ Others		NO	NO	NO	
7						
PROCUREMENT AND INVENTORY:						
1	➤ Error in over payment	H	NO	NO	NO	
2	➤ Loss of supporting document	H	NO	NO	NO	
3	➤ Loss of authentication/Procedural error	H	NO	NO	NO	
4	➤ Collusion with contractor	H	NO	NO	NO	
5	➤ Perpetrated fraud (Like payment more than one time to same contractor)	H	NO	NO	NO	



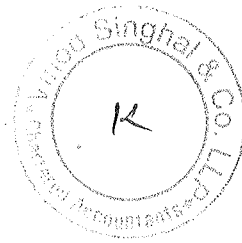
6	➤ Non-updating various register like tore register, issue register, bill register with payment fig., advance register, etc.	M	NO	NO	NO	NO	
7	➤ Others		NO	NO	NO	NO	
GRANT AND LOANS AND UTILISATION THEREOF:							
1	➤ Not utilization of grant or grant un-spent	M	NO	NO	NO	YES	
2	➤ Not furnishing of UC	H	NO	NO	NO	YES	
3	➤ Non fulfillment of condition part thereto	M	NO	NO	NO	YES	
5	➤ Perpetrated fraud (Like payment more than one time same contractor)	H	NO	NO	NO	NO	
6	➤ Non-updating various register like grant register, work register, bill register with payment fig., advance register, etc.	M	NO	NO	NO	NO	
7	➤ Others		NO	NO	NO	NO	



FIXED DEPOSITS AND INVESTMENTS:						
						UlB has not deposited any fund in any manner.
1	> Not deposited at appropriate time (loss of revenue)	H	NO	NO	NO	Fund received from UDHD is as per our requirement. There is no surplus for deposit
2	> Loss of Investment certificate	H	NO	NO	NO	
3	> Non fulfillment of condition part thereto	M	NO	NO	NO	
4	> Collusion with bank officials to invest at lower rate	H	NO	NO	NO	
5	> Deposit into Current account	M	NO	NO	NO	
6	> Non-updating various register like investment register, Bank book, cash book, etc.	M	NO	NO	NO	
7	> Others					
LOANS AND ADVANCES:						
1	> Unauthorized release of advance	H	NO	NO	NO	

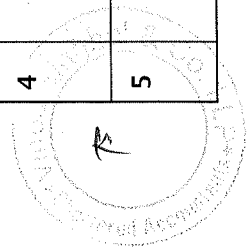


2	➤ Release of advance beyond authority	H	NO	NO	NO	NO	
3	➤ Non-adjustment of loan or advance during the year	M	NO	NO	NO	NO	
4	➤ Collusion with employee/party to release advance/loan beyond authority	H	NO	NO	NO	NO	
5	➤ Advance/loan not account for	H	NO	NO	NO	NO	
6	➤ Non-updating various register like Loan & advance, Bank book, cash book, etc.	M	NO	NO	NO	NO	
7	➤ Others		NO	NO	NO	NO	

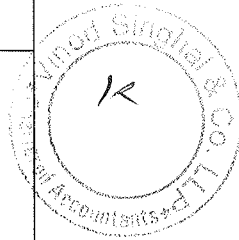


List of Important Registers

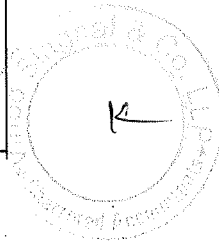
Name of the ULB		KOILWAR NAGAR PANCHAYAT			
RISK RATING:		High			
CAG OBSERVATION STATUS		C & AG Audit party vide its audit report for the FY 2015-16 to 2016-17 commented that "Un-satisfactory maintain of books of accounts"			
Period		FY 2019-20			
S. N. O.	Particulars	Audit Observation	Associates Risk	MGT. Comment	Status (Resolved or not)
1	> Cash Book	Prepared			
2	> Ledger	Not Prepared	High		NO
3	> Journal	Not Prepared	High		NO
4	> Register for Journal/Magazines/Newspapers	Not Prepared	Medium		NO
5	> Register for Temporary Advances	Not Prepared	High		NO



6	➤ Register of Money Orders/Bank Draft Received	Not Prepared	High		NO
7	➤ Cheque Issue Register	Prepared			
8	➤ Register of Remittances made into bank	Not Prepared	High		NO
9	➤ Bank Passbook	Updated			NO
10	➤ Register of Bank drafts dispatched	Not Prepared	High		NO
11	➤ Bill Register	Not Prepared	High		NO
12	➤ Establishment Register	Prepared			
13	➤ Stock Register	Not Prepared	High		NO
14	➤ Capital Goods/Consumable articles, and non-consumable articles	Not Prepared	High		NO
16	➤ Statutory Deduction Register	Not Prepared	High		NO
17	➤ Fixed Assets Register	Not Prepared	High		NO
18	➤ Grant Register	Prepared			

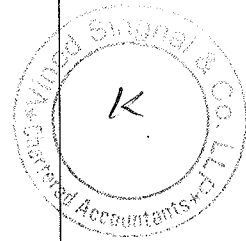


19	> Scheme Register	Not Prepared	High		NO
20	> Monthly accounts of Receipts/Payments	Not Prepared	High		NO
21	> Temporary Advances Register for Staff Customers/supplier/VE C and TA/ DA Advance	Not Prepared	High		NO
22	> Dispatch Register	Not Prepared	High		NO
23	> File Register	Not Prepared	High		NO
24	> Any other (Name of the register)				

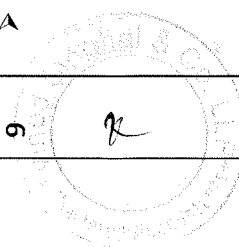


Cash and Bank

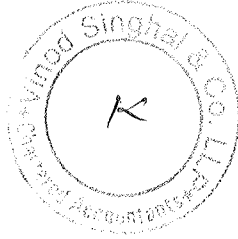
Cash and Bank						
Name of the ULB		KOILWAR NAGAR PANCHAYAT				
RISK RATING:		High				
CAG OBSERVATION STATUS		C & AG Audit party vide its audit report for the FY 2015-16 to 2016-17 commented that " ULB is not preparing Bank Reconciliation".				
S. No.	Particulars	Audit Observation	Amt. Involved	Associates Risk	MGT. Comment	Status (Resolved /Not)
1	<ul style="list-style-type: none"> ➤ Check whether there is no any undue delay in presentation of cheque/DD received to bank, 	<p>ULB is not maintaining Cheque handling register, therefore we can't comment on it.</p>		High		NO
2	<ul style="list-style-type: none"> ➤ Whether cheque/draft issue/receipt/dishonored register have been maintained as per prescribed form (As Per BMAM) & entry are made on properly, accurately & timely basis. 	No		High		NO
3	<ul style="list-style-type: none"> ➤ Whether banking transactions (receipts & Payments) are matched with cash book, Cheque issue register, collection register, etc. Verify the same with Bank statement & BRS, 	<p>ULB has not presented any receipt and payment account for our verification. Therefore we can't comment on it.</p>		High		NO
4	<ul style="list-style-type: none"> ➤ Whether cheque issue register are Matched 	<p>Yes, We noted that cheque issue register are match with cheque counter file and cash book.</p>				



5	<p>➤ Whether proper steps has been taken for Dishonored cheque. It was realized in cash or not,</p>	<p>We have not found any instances like this. Further ULB is not maintaining any cheque handling register, therefore we can't comment on this point.</p>	High		NO
6	<p>➤ Whether Bank Reconciliation has been Made for each account, verify the status of BRS, (attached BRS as annexure)</p>	<p>ULB is preparing BRS on the last page of Cash book, only for active accounts.</p>	Medium		NO
7	<p>➤ Check whether no any fraud payment or payment to other person has been made,</p>	<p>As per information and data given to us during our audit we have not found any instances like fraud.</p>	Low		NO
8	<p>➤ Whether bank statement for all account have been promptly received from bank.</p>	<p>Yes, ULB is collecting Bank statement from Bank on the periodic gap.</p>	Low		NO
9	<p>➤ Number of Bank account maintained</p>	<p>17, Including the account maintain under Kabir Antheyasthi Yojna. Further we wish to confirm that we have not received any signed list of Account from ULB. These all Bank accounts are come to our knowledge during Audit.</p>	High		NO

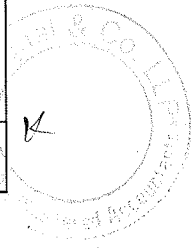


10	<ul style="list-style-type: none"> ➤ Original copy of cancelled receipt is Attached with duplicate copy with "CANCELLED" marked on it. 	Yes				NO
11	<ul style="list-style-type: none"> ➤ Liability for stale cheque account review is done and necessary reversal entries are passed 	There is no stale cheque.				
12	<ul style="list-style-type: none"> ➤ Any other 					NO

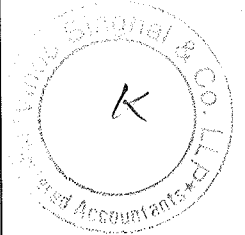


Public Works

Public Works						
Name of the ULB		KOILWAR NAGAR PANCHAYAT				
RISK RATING:		Medium				
CAG OBSERVATION STATUS		<p>C & AG Audit party vide its audit report for the FY 2015-16 To 2016-17 commented that</p> <ol style="list-style-type: none"> 1. ULB is Recovering market taxes without agreement or order, 2. Recovery of duty on vehicle and market taxes without agreement in FY 2013-14 3. No explanation provided w.r.t. what action has been taken for recovery of arrear amount from barrier holder 4. Non collection of stamp duty on sairat agreement 5. Planning of nagar Parishad not send to district planning commission 				
S. No.	Particulars	Audit Observation	Amt. Involved	Associates Risk	MGT. Comment	Status (Resolved /Not)
1	<ul style="list-style-type: none"> ➤ Whether bill has been prepared as per actual measurement & page no. of the MB in which detailed measurement have been quoted has mentioned in first page of MB, 	Yes				
2	<ul style="list-style-type: none"> ➤ Whether bill has been signed by proper in charge, 	Yes				



3	<ul style="list-style-type: none"> ➤ Whether the bill has been checked by the accountant with the MB(also compare the qty.),estimate, agreement, previous bill (in case of running agreement) 	Yes				
4	<ul style="list-style-type: none"> ➤ Verify whether any payment made for removing/dismantling material which have scrap value must be indicated in the bill, 	Yes				
5	<ul style="list-style-type: none"> ➤ Whether measuring has done by the engineer concerned, 	Yes				
6	<ul style="list-style-type: none"> ➤ Whether expenditure on construction of work was debited to WIP & verified with MB maintained, 	Yes				
7	<ul style="list-style-type: none"> ➤ Whether masterroll (machine numbered & authorized) has been maintained for details of store, specifying: 	Master roll not presented for our verification, Therefore we can't comment on this.	High			No
8	➤ Date of Issue,					
9	➤ Name of subordinate,					
10	➤ Name of work,					
11	➤ Number of labour,					
12	➤ Period of engagement,					
13	➤ Details of payment (date, Amount, Cheque no, etc)					

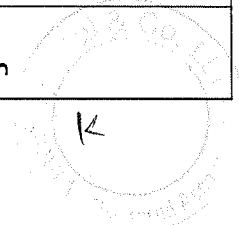


2	<p>➤ Whether posting of receipt & payment side of cash book are properly maintained & it was matched with proper evidence like Receipt Voucher, Cheque issue Register, Bank Statement, etc.,</p>	<p>We observed that posting of receipt & payment side of cash book are properly maintained. However only cheque issue register and bank statement has presented to our verification, therefore we have verified from the same.</p>	High	No
3	<p>➤ Whether posting in on daily basis,</p>	<p>No, We observed that there is gap there is 4-5 days gap in posting</p>	High	No
4	<p>➤ Whether there is any clerical error (casting or/and posting error, etc) or not,</p>	<p>We have not found any clerical error during the period under consideration.</p>		
5	<p>➤ Whether any delay in deposit of amount of collection by cashier,</p>	<p>Yes. Please refer Detail Audit Report for more detail.</p>	High	No
6	<p>➤ conduct physical verification of cash and report heavy cash balance if any</p>	<p>Physical cash not presented for our verification. Therefore we can't comment on it.</p>	High	No
7	<p>➤ Any Other</p>			

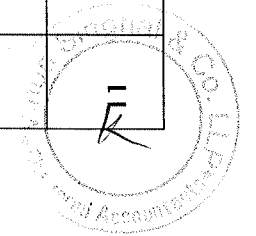


Collection

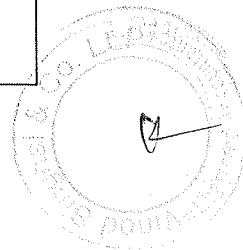
Name of the ULB		KOILWAR NAGAR PANCHAYAT				
RISK RATING:		High				
Name Of The Tax Collector		Jayprakesh Tiwari				
S. No.	Particulars	Audit Observation	Amt. Involved	Associates Risk	MGT. Comment	Status (Resolved /Not)
1	> Whether collection procedure are as per guidelines/direction of ULB,	Yes, Except in case of arrear taxes.				
2	> Whether collections are made on the basis of Demand & Collection Register,	No		High		
3	> Whether collection are made in the same receipt Vouchers which has been issued/authorized by ULB/state government & it should be clear mentioned of different head & not any alteration,& the carbon copy of receipt vouchers are properly vouched so that no any variation in posting the same,	Yes				



4	➤ Whether collections are bifurcated in different heads as required,	Yes				
5	➤ Whether a separate bank account has been maintained for each circle,(for PMC only)	No				
6	➤ Whether all collections are made in proper "Receipt Voucher Book "having same serial number which was actually is send to TC,	Yes				
7	➤ Whether all collections made during the day are account for & banked on next working day or there is any teaming & lading,	No, We observed that there is an average gap of 20-24 days. Please refer Detail audit report for more detail.			Due to lack of Manpower, the gap arises. However we are trying to minimize the same.	No
8	➤ Whether no any collection are directly expended without prior approval,	Yes				
9	➤ Whether collections are made by all the holding fall under the same TC or Civics Centre,	Yes				
10	➤ Whether government share of collections (like Education cess & health cess) are properly & timely deposited in its own account, (if applicable)	Yes Ulb collected education cess & health Cess And Deposited into Bannk.				
	➤ Whether there is any short/non collection or short depositor not deposit,	No				

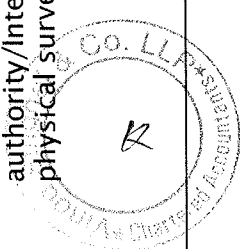


12	<ul style="list-style-type: none"> ➤ Whether penalty (@2% P.M/1.5%) has been duly charged on late payment, 	Yes				
13	<ul style="list-style-type: none"> ➤ Whether daily collections are entered into hand book, collection register maintained by TC & it should be properly entered in demand 	Yes				
14	<ul style="list-style-type: none"> ➤ Whether collection by way of cheque are properly banked & credited into account, 	Yes				
15	<ul style="list-style-type: none"> ➤ Whether any refund/remission granted are admissible under the law and that have been duly sanctioned, 	No any such instances observed				
16	<ul style="list-style-type: none"> ➤ Whether any immediate steps has been taken or not for cheque dishonored received, 	No any such instances observed				
17	Whether reversal of payment has been made for any dishonored cheque	No any such instances observed				

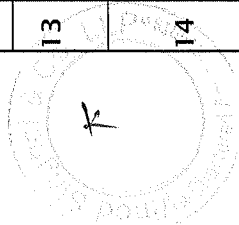


Demand

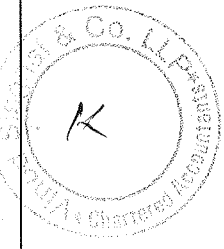
KOILWAR NAGAR PANCHAYAT						
Name of the ULB						
RISK RATING: High						
Name of Tax Collector Jayprakesh Tiwari						
S. No	Particulars	Audit Observation	Amt. Involved	Associates Risk	MGT. Com ment	Status (Resolved/Not)
1	> Ensure whether closing balance of previous year is accurately brought forward,	Yes				
2	> Whether determination of demand is on manual or computerized way, & it would be as per updated rules, regulation, guidelines & other required details for proper calculation,	We observed that demands are calculated on Manual way.				
3	> Whether data for calculation is correct & properly verified by appropriate authority/Internal Auditor by way of physical survey,	We have verified from the same from as per documents provided by ULB. However due to non availability of staff.				



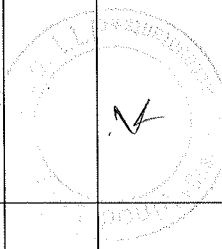
4	➤ Whether revision of valuation of holding properly made after specified period	No			
5	➤ Whether any refund/ remission granted are admissible under the law and that have been duly sanctioned,	We have not observed such type of instances			
6	➤ Ensure whether there is any clerical error in calculation,	No			
7	➤ Whether demand register in prescribed format is maintained or not,	Yes			
8	➤ Whether persons involve in calculation/collection have knowledge of their responsibility,	Yes			
9	➤ Whether there is proper distribution of responsibility for calculation, recovery & updating of register for demand ,so that no single person have control on two or process at the same time,	No, We observed that there are many work done by single person, which is not good for a healthy internal control.			
10	➤ Whether there is any under/no-assessment,	We have not found such type of instances.			
11	➤ Whether there is appropriate measures (As Per section 155 & 158 of BMA,2007) are adopted for recovery of Government/bid dues,	No			
12	➤ Whether notice for demand has been made in prescribed form at (As Per BMAR) & as per rules & regulations,	Yes			
13	➤ Whether penalty (@2% P.M/ 1.5%) has been charged on late payment,	Yes			
14	➤ Whether Demand, Collection & Balance Register has been prepared on daily basis for all receipts or not,& it would be authorized by proper authority or not,	No, We have not got such register for our verification.			



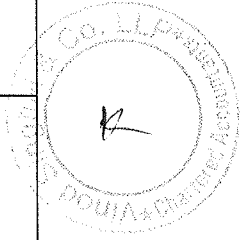
15	➤ Whether there are adequate safe guard on data has been operated or not,	Yes,						
16	➤ Whether self assessment property tax return for payment of property tax has been filed by the assesses in the prescribed format,	We have not found any self assessment tax return filed in the ULB						
17	➤ Whether there is any collusion with customer/holding w.r.t. assessment, payment, etc,	No						
Establishment								
KOILWAR NAGAR PANCHAYAT								
Name of the ULB								
RISK RATING:								
Name of the ULB								
S. No.	Particulars	Audit Observation	Amt. Involved	Associates Risk	MGT. Comment	Status (Resolved /Not)		
1	➤ Whether establishment expenditure is sanction by authorized person & it has been within sanctioned limit,	Yes						
2	➤ Whether service log book has been Maintained & up-to-date or not,	We have not got service log book for our verification.						
3	➤ Audit whether apart from comparing the Pay & allowance drawn by each employee in the pay bill with the corresponding entries in the pay column of the service book and checking the acquaints roll of employee who have been paid in cash,	We have not got service log book for our verification.						



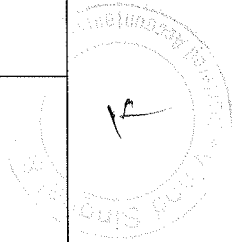
4	<p>➤ Whether each employee has unique Identification number & it has been referred in all matter in relation to service book Whether payment made to employee has been verified with attendance register/logbook,</p>	We have not got service log book for our verification.			
5	<p>➤ Whether service book for calculation of payable has been authorized by the proper</p>	We have not got service log book for our verification.			
6	<p>➤ Whether account depart has prepared the Advice & instructed the bank for the payment as per advice,</p>	Yes			
7	<p>➤ Whether undistributed amount of pay & allowance as shown in cash book matched with balance of undistributed salary balance,</p>	Yes			
8	<p>➤ Whether undistributed amount of pay & Allowance are not for more than 3 months as cash in hand,</p>	Yes			
9	<p>➤ Whether disbursement of pay & allowance Are duly recorded in books & accepted by employee specifying separate hade with date of receive (In case of arrear),</p>	Yes			
10	<p>➤ Whether the bill prepared according to sanctioned scale,</p>	Yes			
11	<p>➤ Whether no any payment is made to employee whose service retired in any manner</p>	Yes, Except those who are getting pension.			



12	➤ Whether no any withdrawal is made unless Supported by last pay-in-slip, except in case of new appointment,	Yes				
13	➤ Whether all statutory deduction or adjustment has been made before payment,	No				
14	➤ To check compliance of rules in regard to establishment matters viz., travel, daily allowance, leave, advances (House building and vehicle advance etc.) and settlement thereof.	We have observed that all deduction and adjustment done by ULB				
15	➤ To check salary bills.	Verified				
16	➤ Position of outstanding advances paid to employees	Verified				
17	➤ To check education of provident fund and ESI has been made as per rules	ULB is poor in Statutory compliances.				
18	➤ Whether PF slips are issued to the employee's on yearly basis and to see whether all statutory returns for PF are submitted to the concerned authorities.	Yes				
19	➤ To check whether salary billis prepared in such a manner that it gives breakup of the amount of bill and all adjustments such as deduction of PF, TDS and other advances and loans etc.	No				
20	➤ Check Retirement benefit to employee	Verified				

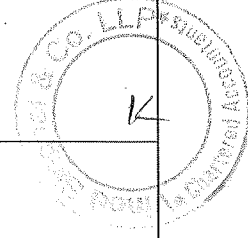


21	➤ Personnel Appointments and to see whether all records are updated from time to time.	Records are not updated on reasonable				
22	➤ Dismissal and Resignation/Termination	Verified				
23	➤ Temporary workers					
24	➤ Overtime					
25	➤ Attendance Register To check number of persons mentioned in the attendance register					
26	➤ Personnel Files					
27	➤ Training of employees (including Skill development Levy)					
28	➤ Leave Register-To check whether a leave register is maintained as per types of leave as medical Leave/CL/EL/maternity/paternity leave.					



Grant

KOILWAR NAGAR PANCHAYAT						
Name of the ULB		Medium				
RISK RATING:		Medium				
S. No.	Particulars	Audit Observation	Amt. Involved	Associates Risk	MGT. Comment	Status (Resolved /Not)
1	➤ Maintenance/Updating register regarding details of funds received and expenditure.	Yes				
2	➤ Any diversion/re-appropriation of funds not covered under the provision of BMA, 2007 should be pointed out for remedial action.	No				
3	➤ To check whether utilization certificate for actual utilization of funds received	Yes				
4	➤ It should also be checked that utilization certificate is issued as per prescribed time frame given in the Manual and issue of UCs is not delayed	Yes				

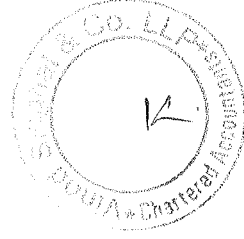


5	➤ Internal Auditor should also check whether expenditure incurred on each activity does not exceed the budget?	We have checked on sample basis and found that Expenses are as per budget. However some variances upto 8-10 % found in such expenses.				
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Payment of bills of contractors

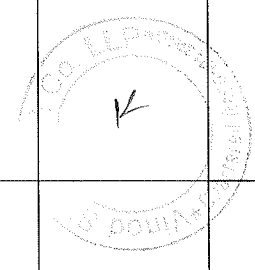
KOILWAR NAGAR PANCHAYAT						
Name of the ULB						
High						
RISK RATING:						
S. No.	Particulars	Audit Observation	Amt. Involved	Associates Risk	MGT. Comment	Status (Resolved /Not)
1	➤ Original bill duly signed by contractors is submitted.	Yes				
2	➤ Contractor has put his initial in all cuttings and corrections in the bill.	Yes				
3	➤ All Supporting documents are Attached with the bills.	Yes				
4	➤ The rates, security deposit, and Deductions are as per terms and conditions specified in the agreement	Yes				
5	➤ The variations in quantities and Completion period etc. have been authorized by the competent authority	Yes				

7	> Job completion certificate has been processed by the dealing assistant.	No				
8	> Bills passed for payment are as per Rules & T& C of Tender.	Yes				
9	All terms and conditions of the Contract are fulfilled before passing the bills.	Yes, Except few as reported in detailed audit report				
10	Every final billis checked in detail with measurement books.	Yes				
11	Cash/Bank Vouchers to be checked for authorization etc.	Yes				
12	Overall review of the books of accounts.	Not Satisfactory				
13	Position of outstanding advances paid to suppliers /contractors.	Not produced for verification.				



Receipt Voucher

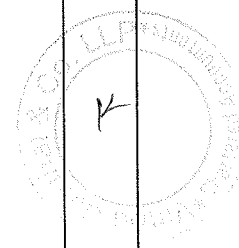
KOILWAR NAGAR PANCHAYAT						
Name of the ULB						
High						
RISK RATING:						
S. No.	Particulars	Audit Observation	Amt. Involved	Associates Risk	MGT. Comment	Status (Resolved /Not)
Receipt Vouchers:						
1	➤ Whether "Receipt Vouchers" are in the prescribed format & having machined serial number & there is no any manuscript form,	Yes				
2	➤ Check;					
3	➤ What is the date of printing,	Date is Manually written				
4	➤ What quantity of serial number was printed out,	Yes				
5	➤ What is the date of dispatched, quantity of receipt vouchers & their serial number;	Yes				
6	➤ Logbook/ Register maintained at printing press regarding printing of "Receipt Vouchers".	We have not received log book for verification.				
7	➤ Verify that "Receipt Vouchers" received & their storing, having Same quantity & serial numbered which was actually dispatched & proper recording of the same along with issue,	Yes				



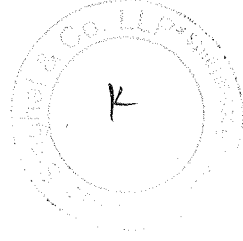
Revenue Expense

KOILWAR NAGAR PANCHAYAT

Revenue Expense						
KOILWAR NAGAR PANCHAYAT						
Name of the ULB		High				
RISK RATING:		High				
S. No.	Particulars	Audit Observation	Amt. Involved	Associates Risk Comment	MGT. Comment	Status (Resolved/Not)
1	➤ Whether payment is on the basis of sanction/work order letter & incurred by authorized person,	Yes				
2	➤ Whether payment is made through prescribed voucher (As per BMAM),	Yes				
3	➤ Whether payment is made without any undue delay or whether any cheque issued are promptly issued to the	Yes				
4	➤ Whether there is bifurcation of responsibility towards person making payment & person preparing MB, receipt of goods, maintenance of Payment file,	Yes				
5	➤ Whether updating of accounts/books are on proper & timely basis,					
6	➤ Whether authorized person verify & sign the document involve,	Yes				
7	➤ Whether data base for the same has been properly maintained & safeguard measures are taken,	Yes				

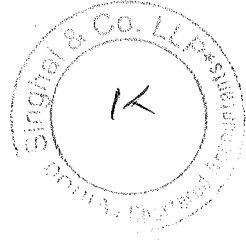


18	<p>➤ Whether no any withdrawal is made unless supported by last pay-in-slip, excepting case of new appointment,</p>	Yes				
19	<p>➤ Whether all statutory deduction or adjustment has been made before payment,</p>	No				
20	<p>➤ Whether entry of any event during service has been made in service book by authorized person,</p>	We have not received the service book for our comment.				



Statutory Requirement

KOILWAR NAGAR PANCHAYAT						
Name of the ULB						
High						
RISK RATING:						
S. No.	Particulars	Audit Observation	Amt. Involved	Associates Risk	MGT. Comment	Status (Resolved/Not)
1	➤ Whether deduction of TDS on payment has been made as per law,	No		Very High		
2	➤ Whether TDS deducted are timely deposited into bank with same amount,	No		Very High		
3	➤ Whether regulatory requirement for submission of Return has been followed,	No		Very High		
4	➤ Whether any deduction is made in any act, must be deposited as per their respective act,	No		Very High		
5	➤ Verify whether in case of "through rate" contract, there is no any payment for material, etc by the ulb	No				
6	➤ Any demand is outstanding from regulatory authority for non-compliance	ULB has not provided data w.r.t. demand.				

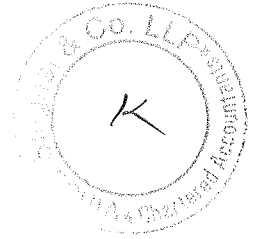


Tender Details (Work Order Wise)

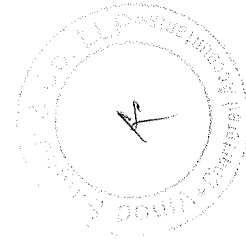
Name of the ULB						
RISK RATING:						
S. No.	Particulars	Audit Observation	Amt. Involved	Associates Risk	MGT. Comment	Status(Resolved/Not)
1	<ul style="list-style-type: none"> ➤ To check whether the provisions Contained in tender Advertisement for procurement were followed in award of contracts. 	Yes				
2	<ul style="list-style-type: none"> ➤ To check that the time/date of receipt and Opening of tenders was properly incorporated in the tender documents. 	Yes				
3	<ul style="list-style-type: none"> ➤ The important guidelines relating to Earnest money, delivery schedule, payment terms, performance Warranty/ guarantee, inspection, arbitration, liquidated damages/penalty for delayed supplies, purchase on risk and cost were incorporated in the tender documents for safe guarding the interest of corporation. 	Yes				
4	<ul style="list-style-type: none"> ➤ The purchase proposal was approved by the competent authority. as per 	Yes				



Delegation of powers							
5	➤ Indent for purchase indicates the details of quantity required, last purchase rate, period for which stores are needed and name of consignee.	No				High	
6	➤ Approval of mode of procurement						
7	➤ The tender documents are prepared properly and description of items to be procured, quantity and estimated value should be indicated.	Yes					
8	➤ To check whether the direction were Followed for notification/advertising and opening of bids at notified date, time and place in the presence of bidders.	Yes					
9	➤ Award of contract and its execution is as per procedure and guidelines issued by the Govt. of India in view of conditions agreed with the Development partners (DFID, World Bank, & European Union etc.)	We have not got such type of data, Therefore, We can't comment on it.				High	
10	➤ To check whether bids were evaluated in terms of the provisions of the bid Documents and the evaluation report was available.	No any evaluation report presented for our verification. Therefore we can't comment on the same.				High	

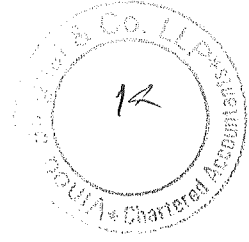


11	➤ To check whether contract was awarded to the lowest evaluated responsive bidders who fulfilled qualification requirements specified in the tenders documents.	Yes				
12	➤ In case of negotiations of prices, it should be checked whether the negotiation was made with L1 bidder and all the relevant records thereof were available.	There is no any negotiations of price found during the audit.	Low			
13	➤ To check whether articles were received/ work was completed in time as per delivery schedule.	Yes				
14	➤ The stores/ goods are properly recorded In the Stock Registers /Asset Register.	We have not received the stock or store register for our comment.	High			
15	➤ Whether any complaint was received regarding procurement and payment and existence of mechanism for redressal of complaints	Yes				

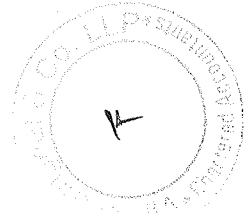


Vehicle Log Book

Vehicle Log Book						
Name of the ULB		KOILWAR NAGAR PANCHAYAT				
RISK RATING:		Very High				
S. No.	Particulars	Audit Observation	Amt. Involved	Associates Risk	MGT. Comment	Status (Resolved/Not)
1	Whether log book has maintained or Not & up-to-date with proper details like journeys, work undertaken, covering route, visited place, kilometer, etc.,	We have not received Vehicle Log book for our comment.				
2	Whether log book of journey is maintained in detail & signed by the officials using them,					
3	Whether it should be used for official purpose, otherwise charges are recoverable,					

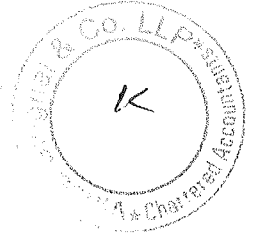


				<p>We have not received Vehicle Log book for our comment.</p>
4	Whether details of fuel for the same has been maintained in log book,			
5	Whether full details of repairs has been maintained & it have been through authorized center,			
6	Whether authorized person have proper check over log book.			



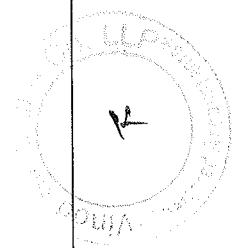
Fixed Assets

Fixed Assets							
Name of the ULB		KOILWAR NAGAR PANCHAYAT					
RISK RATING:		High					
S. No.	Particulars	Audit Observation	Amt. Involved	AssociatesRisk	MGT. Comment	Status (Resolved /Not)	
1	Status on Maintenance of Fixed Assets Register	Not Maintained					
3	Budget availability is confirmed before acquisition	ULB has not provided any fixed assets register for our comment.					
4	Fixed assets are recognized at cost of acquisition and if so, check whether the cost components are incidental to its acquisition						
5	All fixed assets are acquired only after obtaining approval of the concerned authority						
6	Physical verification of fixed assets is done and discrepancies are reconciled with Fixed Asset Register.						
7	Depreciation is provided on each class of fixed assets at the prescribed rates						
8	Asset Replacement Registers properly maintained asset class-wise						

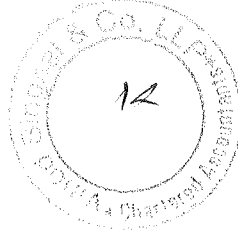


Others

Others						
KOILWAR NAGAR PANCHAYAT						
Name of the ULB						
RISK RATING: Medium						
S. No.	Particulars	Audit Observation	Amt. Involved	Associates Risk	MGT. Comment	Status (Resolved /Not)
	Register of Mutation					
	All permanent changes made in the assessment of Buildings and lands have been recorded in this register with reference to the monthly lists, Register of Revision Petitions, Register of Appeal Petitions, and Register of Writes-off	Yes				
	Demands of current year and previous year have been reconciled with reference to the above details	We have not received any such statement from the ULB	0	High		Not
	Register of Suits					
	All suits filed by the municipality for recovery of any sum due are entered	We have not received any such statement from the ULB				
	All suits filed against the municipality are entered	We have not received any such statement from the ULB				



sanction from the Council obtained for filing/defending the suit		
all details like the Assessment Number, amount involved, Name of Court and Suit Number etc. are clearly entered	We have not received any such statement from the ULB	
Execution Petitions are filed for recovery of sums, in cases the suits are disposed in favour of municipality	We have not received any such statement from the ULB	



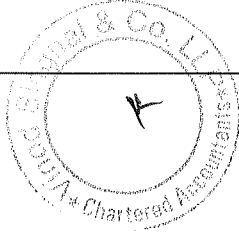
H **adequate monitoring of tax deducted at source and as deposited**

Implication/Risk Recommendation

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Management Comments



कार्यलय नगर पंचायत कोईलवर, भोजपुर

पत्रांक 496

दिनांक 13/10/16

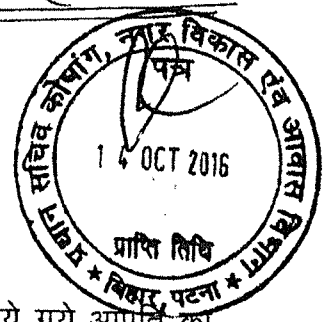
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अवकाश सेवा में
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17/10/16

प्रेषक,
कार्यपालक पदाधिकारी
नगर पंचायत कोईलवर, भोजपुर।
सेवा में,
प्रधान सचिव
नगर विकास एवं अवास विभाग
बिहार, पटना

S.S (J.P.M)



विषय:- आकेंक्षण प्रतिवेदन सं० 192/13-14 के अनुपालन के संबंध में।
महाशय,

उपयुक्त विषय के संबंध में सूचित करना है कि आकेंक्षण द्वारा किये गये आपात का अनुपालन कर इस पत्र के साथ संलग्न कर साक्ष के साथ आवश्यक कार्यवाही हेतु भेजी जा रही है।

सादर सूचनार्थ।

श्री सुजीव
सिन्हा
192/16

विश्वासभाजन

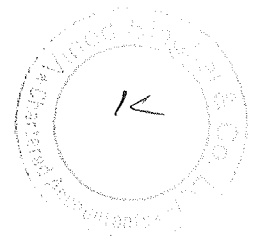
13/10/16
कार्यपालक पदाधिकारी
नगर पंचायत कोईलवर, भोजपुर

ज्ञापांक 496 कोईलवर, दिनांक 13/10/16
प्रतिलिपि:-

महालेखाकार (लेखा परीक्षा बिहार, समाजीक प्रक्षेत्र-1)
स्थानिय लेखा परीखा शाखा को सूचनार्थ एवं आवश्यक कार्यवाही हेतु समप्रेषित।

विश्वासभाजन

12/10/16
कार्यपालक पदाधिकारी
नगर पंचायत कोईलवर, भोजपुर





06/08/19

Letter No. IA/VSCI/KIOLWAR/06/08/2019

Date: 6th August-2019

To,
The Municipal Executive Officer,
Koilwar Nagar Panchayat
Bhojpur, Bihar

Sub: Status of Documents/information required for conducting Internal Audit for the F.Y – 2018-19 , F.Y - 2019-20
Ref: No. 07/I.A. 115/17-83 Dated: 16-01-2019

Sir,

We are pleased to inform you that we Vinod Singhal & Co., LLP Chartered Accountants are appointed as internal auditor of your ULB by the UD & HD under the assignment namely "Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar".

In continuous of our earlier letter dated 30/07/2019 again we are submitting herewith letter for required documents for audit. Your good self is therefore requested to direct your good team towards provide the documents for audit at earliest.

The list of such required documents is given below:

Sl. No.	Documents/Registers Required	Status
1	Budget copy of F.Y 19-20 (In Soft and Hard Copy)	
2	Receipt & payment account (FY 2018-19) & for Quarter-1 of F.Y. 2018-19	Not Provided
3	Audited balance sheet and Income & Expenditure Account (FY 2018-19)	Not Provided
4	Cash Book	
5	Bank Book	
6	Journal Book	Not Provided
7	Ledger	Not Provided
8	Cash/Bank receipt voucher	Not Provided
9	Cash/ Bank payment voucher	Not Provided
10	Contra voucher	Not Provided
11	Journal voucher	Not Provided
12	Receipt (Daily collection register)	Provided
13	Register of Cheque Received	
14	Statement on status of cheque received	
15	Collection register	provided
16	Memorandum of collection	Not Propvided
17	Summary of Daily collection	//
18	Register of bills for payment	//
19	Payment order	//
20	Cheque issue register	//
21	Register of advance	//
22	Register of permanent advance	//
23	Deposit received register	//
24	Summary statement of deposits adjustment	//
25	Demand register	//
26	Bill of Income	//

Patna Office: 510, Sumati Palace, Opposite Alankar Jewellers, Boring Road, Patna-800001 Bihar

Head Office: 207, 222, IInd Floor, Ganpati Plaza, M.I. Road, Jaipur-302001 Rajasthan

Branches: New Delhi | Kolkata | Lucknow | Patna | Jamshedpur | Ahmedabad | Raipur | Udaipur|Bharatpur|

27	Summary Statement of Bill Raised	
28	Register of Notice Fee, Warrant Fee, other fees	Not Provided
29	Summary statement of Notice Fee, Warrant Fee, other fees	
30	Register of Refunds, Reemissions and write offs	
31	Summary statement of Refund and Remissions	
32	Summary statement of Write offs	
33	Statement of outstanding liability for expenses	
34	Documents of control Register/ Stock Account of Receipt/Cheque Book	
35	Fixed Assets Register For the FY 2018-19 along with copy of invoice added during the period April 2018 till March 2019.	
36	List of Taxes Collected by ULB	
37	Detail of Allotment Received during the year 2018-20 2018-19	Provided
38	Detail of Pending Advance Recovery from Employee and Parties	Provided
39	Detail of Pending Interest Recovery from Employee and Parties	Not Provided
40	List of Tender issued during the year	Not Provided
41	EMD/ ED register	15 Provided
42	Receipt Book of Revenue Collection	Not provided
43	Bank Deposit Slip	Provided
44	Summary statement of bills raised, property & other taxes	Provided
45	Summary statement of demand adjustments raised, property & other taxes	Not provided
46	Summary statement of head wise collection of property & other taxes	
47	Summary statement of refunds and remissions, property & other taxes	
48	Summary statement of write offs, property & other taxes	
49	Summary statement of demand raised on assessment of Water Supply	
50	Summary statement of head wise collection of other incomes of Water Supply	
51	Summary statement of refunds of Water Supply	
52	Summary statement of write offs of Water Supply	
53	Summary statement of demand raised on assessment of rentals, fee, & other income	
54	Summary statement of head wise collection of other incomes	Not provided
55	Summary statement of refunds of rentals, fee, & other income	Not Provided
56	Summary statement of write offs of rentals, fee, & other income	
57	Grant register	Provided
58	Latest statutory audit report of A.G/ memo with compliance report.	
59	Summary statement of status of capital work in progress	Not Provided
60	Deposit work register	Not Provided
61	Materials receipt note	Not Provided
63	Store ledger	Not Provided
64	Statement of closing stock	Not Provided
65	Quarterly Bank Statement for the period 31.03.2018	
66	Balance Confirmation from Parties as on 31.03.2018	
67	BRS of all bank accounts (Including Dormant account) (Quarterly)	
68	Vouchers of all Payment and Procurements	

Patna Office: 510, Sumati Palace, Opposite Alankar Jewellers, Boring Road, Patna-800001 Bihar

Head Office: 207, 222, IInd Floor, Ganpati Plaza, M.I. Road, Jaipur-302001 Rajasthan

Branches: New Delhi | Kolkata | Lucknow | Patna | Jamshedpur | Ahmedabad | Raipur | Udaipur|Bharatpur|

69	Utilization certificate - Submitted to UDHD Department,	Not provided
70	Minutes of Meeting of Municipal Accounting committee	
71	Minutes of meeting of accounting committee	
72	Physical verification report of cash and stock	
73	Details Repayment of Loan	
74	TDS Deposit Challan (of Each Month) & Copy of Return 24Q and 26Q for the period June, Sep, Dec. and March	
75	VAT deposit challan & copy of return for the period June, Sep, Dec. and March	
76	Month wise PF Details (deduction & deposit)	
77	Details of pension	
78	Details of Outstanding an on 30.06.2019	
	a. Mobile tower	
	b. Property tax	
	c. Water tax	
	d. Rent	
	e. Advertisement	
79	Salary Register/Master Roll	

Further your good self is requested to appoint Tax Daroga/ Tax Collector towards filed survey with us for determining 20 high value properties situated in your area. This will required re-assessment of property by fill up ne SAS form.

If there is non-compliance of latest C & AG report and regarding non submission of UC, your good self is requested to appoint Accountant/ Head Clerk of your good team with us towards preparation of compliance report for AG Para and UC as per guidelines given by UD & HD. (We are submitting compliance formats of AG & UC Compliance for your perusal)

The list is not exhaustive. Further documents required during the audit shall be demanded accordingly. Your co-operation is solicited for smooth conduct of the assignment and hence, please submits the above-mentioned documents before us as early as possible.

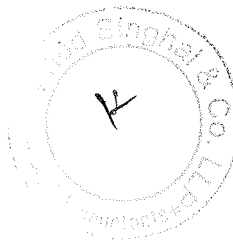
Thank you

For

Vinod Singhal & Co. LLP
Chartered Accountants


Sanjeev Kumar
(Authorized Signatory)

Date: 6th August 2019
Place: Kollwar



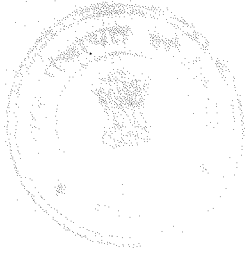
कार्यालय नगर पंचायत कोईलवर, भोजपुर

पत्रांक

दिनांक

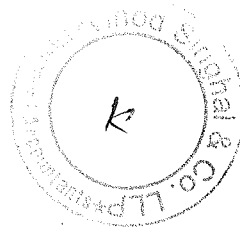
प्रस्तुत अभिलेख नगर पंचायत कोईलवर कार्यालय में Accounting Committee से संबंधित है। नगर पंचायत कोईलवर में अभी तक Accounting Committee का गठन नहीं किया गया है। इसका गठन आगे से किया जाएगा।

उपे
निम्न



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Handwritten text: 'Accountant' and 'K. K. Sharma'.



कार्यालय नगर पंचायत कोईलवर, भोजपुर

कोईलवर नगर पंचायत सूचित करता है कि कोईलवर नगर पंचायत द्वारा वित्तीय वर्ष - 2015-16 से 2019-2020 अब तक निम्न करों का संग्रह किया जाता है। जिराकी सूची निम्न प्रकार है।

1. मकान कर
2. सखार टावर कर

इसकी अलावा निम्न सुब्जेक्टों का भी संग्रह किया जाता है जिराकी सूची इस प्रकार है।

1. नगर मूल्य मीलम्व सुब्जेक्ट
2. नगरपालिका राफाई सुब्जेक्ट
3. नगर टापी फेतरण सुब्जेक्ट
4. नगर नपथी सुब्जेक्ट

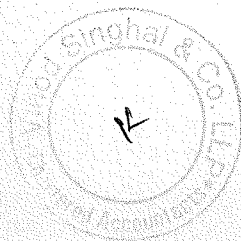


10-10-19

कार्यालयक पदाधिकारी

नगर पंचायत कोईलवर

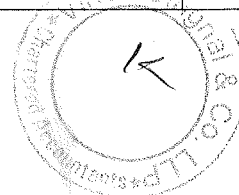
(भोजपुर)



MANAGEMENT DISCUSSION NOTE

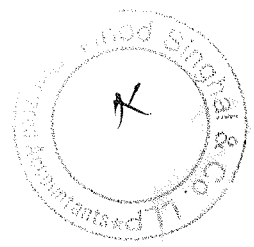
Name of the Municipality		Koilwar Nagar Panchayat	
Period covered under current audit		Quarter-1 of FY 2019-20 (i.e 01.04.2019 to 30.06.2019)	
Name of Executive Officer for the period under Audit		Mr. Zulfequar Ali Payami	
SL No.	Audit Observations	Auditor Recommendations	Management Comment
1	Compliance of Internal Audit report for the FY 2017-18 and 2018-19 are still pending.	ULB should comply all Internal/AG Audit paras on time.	I have directed to concerned person towards completion of all compliance work at earliest.
2	Budget not prepared in proper manner and guidance given by UD&HD GoB:	ULB should implement real time budget preparation in prescribed format of BMAM. Further, Budget variance report should be prepared for actual budget report.	I have directed to concerned person towards preparation of budget in prescribed format.
3	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.	<p><u>Bank Reconciliation help us to monitor over:</u></p> <ul style="list-style-type: none"> ✓ Difference between Bank Passbook and Cash Book ✓ Unauthorised withdrawal from Bank. ✓ Excessive debited by Bank ✓ Helps to know any other reasons of differences. <p>Therefore, ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.</p>	Bank reconciliation are under preparation and will submit to you at next Audit.
4	Non-Implementation of Double Entry Accounting System	As per requirement of BMAR-2014, Part -A, Chapter -2 Rule -4, "All ULB refereed in Schedule -I shall maintain its Books of Account using the double entry system".	Double entry system was implemented at ULB till FY 2015-16, M/s Manas Das & Co. was working here as DEAS consultant. Further M/s K.K. Chandani & Associates has been appointed as DEAS Consultant from Dec. 2019. However, We have not received any work progress report from the same till date.
5	No details were made available regarding meeting of municipal accounts committee held during the period	<p>As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of Municipal Accounts Committee each year. During our Audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee.</p> <p>ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.</p>	The Municipal Accounting committee is not formed here. We are under process to prepare municipal accounting committee shortly.

11/11/19

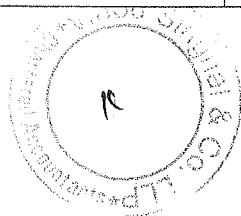


6	<p>Non-levy of following taxes:</p> <ul style="list-style-type: none"> ➤ Surcharge on transfer of lands and buildings ➤ Water tax ➤ Fire tax. ➤ Surcharge on electricity consumption within the municipal area ➤ Tax on congregations ➤ Tax on pilgrims and tourists. ➤ Tax on profession. ➤ Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy Goods vehicles, and buses, which shall be heavy passenger motor vehicles. ➤ User Charges for provision of water-supply, drainage and sewerage ➤ User Charges for Solid Waste Management ➤ User Charges for Parking Facility ➤ User Charges for Garbage Clearance ➤ Collection of fees for sanction of building plans and issue of completion certificates, ➤ Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings, ➤ Collection of Development Charges 	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue.</p> <p>ULB should take steps to implement required taxes to boost their revenue boost their revenue</p>	<p>Koilwar is a Nagar Panchayat and many of taxes as reported here are not applicable on it. Further, we ensure you that we will collect all applicable taxes as soon as possible.</p>
7	<p>Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22</p>	<p>As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax at bank.</p> <p>Therefore, management should implement a MIS Mechanism towards getting control over collection and deposit of Taxes. Further, we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000.</p>	<p>Many of time due to work load and filed survey the collector not submitted their collection for deposit into bank. However irrespective of fact we have directed the all collector to submit their collection amount as per Rule.</p>
8	<p>Non collecting Notice fee from defaulter</p>	<p>As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but In case of Koilwar Nagar Panchayat, ULB has not provided any information regarding charging and collection of notice fees.</p> <p>ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.</p>	<p>We have directed to concerned person for collecting the same. From now it is implemented at ULB.</p>

16/2/17



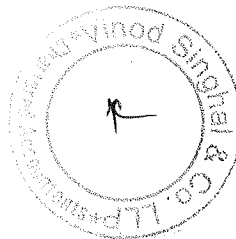
9	Non-recovery of outstanding taxes	<p>ULB has provided during audit the detail of outstanding tax and other income; we observed on the basis of the data that there is huge arrear of taxes at ULB.</p> <p>Therefore, the management should take proper step to boost collection of arrears. Further a weekly or fortnightly meeting with all tax collectors to be held for getting the reason of non-collection and resolving the same.</p>	We have served several notices for payment of the arrear taxes and we are continuously try to collect the same.
10	Non-providing details regarding arrear of advertisement tax, mobile tower tax, rental income	ULB should prepare proper records for arrear amount and should take proper steps to collect arrears.	We are preparing these data on every time gap, we will provide the same at next Audit.
11	Non-preparation of payment vouchers	ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR -2014.	Due to lack of manpower it was not possible for us that comply with each and every rule. However, the same will be started at earliest.
12	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014	<p>Detail of registers not maintained by ULB is mentioned under PART-A (a).</p> <p>ULB should ensure proper maintenance of required Books of Account and register as per the list given in Rule -3 of BMAR - 2014.</p>	We will maintain the same at earliest.
13	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	New DEAS Team is working for preparation of Financial Statement. We will update you after getting the data from them.
14	<p>Irregularities in vendor payment process:</p> <ul style="list-style-type: none"> ➤ Budget Control register was not updated ➤ Quality control test report was not available ➤ Completion certificate was not available in payment file in case of completed contract. 	<p>Proper tender documents regarding tender approval and allotment was not properly maintained or made available for audit. In provided cases, we are unable to comment on channel of procurement of tender and their required compliances. Further, no statutory compliance register was maintained in regards with statutory dues deducted from party bills.</p> <p>So, ULB should maintained proper tender register and file that include all related documents of tender. Statutory compliance register should be maintained for all statutory deductions made from parties' invoices.</p>	We will provide the same on next audit.
15	Non-maintenance of register for all procurements with value above Rs. 15,000	ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000	We will maintain the register shortly.
16	Missing signature of wages worker and stamp of ULB on muster roll register	ULB should ensure proper maintenance of wages register by complying signature and stamping.	All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.
17	No maintenance of separate earnest & security deposit register	EMD and security deposit register help in tracking of balance payable to parties.	Register has been maintained by us. We will show the same on your next visit.
18	Non-compliance of Act & Rules	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules.	With the help of available man power we are trying to serve in



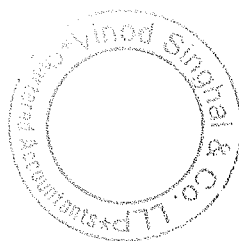
1/5/2015

		ULB should ensure compliance of all applicable Act & Rules.	best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or Missed by us. We will try to cover the same at earliest.
19	<p>Lack of Internal control measures :</p> <ul style="list-style-type: none"> ➤ Voucher file was not maintained ➤ No internal mechanism for statutory compliance ➤ No MIS was prepared for tracking of payments ➤ Required books of accounts as per BMAM was not maintained ➤ Statutory compliance reconciliation was not maintained ➤ Year-end reconciliation was not available ➤ Bank reconciliation of any bank account was not prepared. ➤ Bank balance as per cash book was not maintained. 	<p>We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances.</p> <p><u>We suggest that:</u></p> <ul style="list-style-type: none"> ✓ MIS System should be implemented over daily collection and deposit. ✓ Reason for non-deposit/ late deposit should be strongly need to be asked to minimize delay. ✓ Need to identify a person to comply with the statutory compliances. In case failure to comply with statutory compliances he should also be penalised. <p>Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.</p>	We will start the same at earliest.
20	<p>Non-compliance of statutory compliances:</p> <ul style="list-style-type: none"> ➤ Non preparation of statutory compliance register ➤ Non deposit of TDS on timely basis. ➤ Non filing of TDS return for due period ➤ Non providing details regarding VAT/PF/Royalty/Labour Cess ➤ Non taking registration fro ESI 	<p>Statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, ULB should maintained proper statutory compliance register. Statutory compliance register should be maintained for all statutory deductions made form parties invoices. Non-compliance with statutory dues will cause of penalty, interest and prosecution.</p> <p>Management should ensure that all statutory dues are paid on time and returns related thereof filed on time.</p>	Due to shortage of trained staff statutory compliances are handled by professional hired by us. We will present all file with you after getting data from them

1/2/17



21	<p>Deficiency in payroll system :</p> <ul style="list-style-type: none"> ➤ Non-preparation of salary payment voucher ➤ Non-maintaining salary payment reference number in cash book ➤ Non-implementation of Bio-metric device and payroll software 	<p>Every payment should be accompanied with payment voucher. Further as per Section 2(23) of the Indian Stamp Act 1899 makes it mandatory for affixing of stamp on any receipt as defined therein above Rs 5000.</p> <p>Therefore, management should ensure that the payment is accompanied with payment voucher.</p> <p>Meaning of Receipt : "Receipt" includes any note, memorandum or writing-</p> <ul style="list-style-type: none"> ✓ whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received, or ✓ whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or ✓ whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged, or ✓ which signifies or imports any such acknowledgment; and whether the same is or is not signed with the name of any person " 	<p>We have directed to team to resolve the issue within 15 days. We will provide the same at next audit.</p>
22	<p>Non-providing of Utilization certificate for the reporting audit period</p>	<p>Grant is blood of ULB. Therefore, for getting grant and running the ulb working smoothly it is very important to comply with all necessary requirement of grant. Further timely submission of utilisation certificate helps the grant realising authority to send the money for fulfil the requirement of future.</p> <p>Therefore, management should ensure that UC has been submitted with concerned department on time.</p>	<p>UC has been submitted to department. We will show you copy of the same for your verification at your next visit.</p>
23	<p>Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-rule 130.</p>	<p>Management should implement the control system over inventory and store. Stock register should be in place and get it verified by a responsible person as authorised by management time to time. Further any discrepancies arises/ found during such verification should be reported immediately.</p>	<p>We will maintain the same at earliest.</p>
24	<p>Non providing details of Advances, their adjustment & Recovery</p>	<p>To ensure timely recovery of advance with interest proper calculation should be there with proper recovery plan.</p>	<p>We have not provided any advance during the period under consideration.</p>



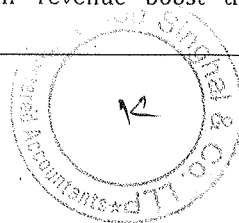
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नगर पंचायत कोईलवा
मोजपुर

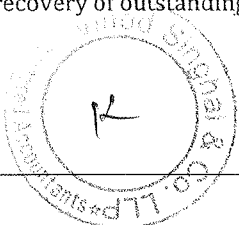
MANAGEMENT DISCUSSION NOTE

Name of the Municipality		Koilwar Nagar Panchayat	
Period covered under current audit		Quarter-2 of FY 2019-20 (i.e 01.07.2019 to 30.09.2019)	
Name of Executive Officer for the period under Audit		Mr. Zulfequar Ali Payami	
SL No.	Audit Observations	Auditor Recommendations	Management Comment
1	Compliance of Internal Audit report for the FY 2017-18 and 2018-19 are still pending.	ULB should comply all Internal/AG Audit paras on time.	I have directed to concerned person towards completion of all compliance work at earliest.
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3	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.	<p>Bank Reconciliation help us to monitor over:</p> <ul style="list-style-type: none"> ✓ Difference between Bank Passbook and Cash Book ✓ Unauthorised withdrawal from Bank. ✓ Excessive debited by Bank ✓ Helps to know any other reasons of differences. <p>Therefore, ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.</p>	Bank reconciliation are under preparation and will submit to you at next Audit.
4	Non-Implementation of Double Entry Accounting System	As per requirement of BMAR-2014, Part -A, Chapter -2 Rule -4, "All ULB refereed in Schedule -I shall maintain its Books of Account using the double entry system".	Double entry system was implemented at ULB till FY 2015-16, M/s Manas Das & Co. was working here as DEAS consultant. Further M/s K.K. Chandani & Associates has been appointed as DEAS Consultant from Dec. 2019. However, We have not received any work progress report from the same till date.
5	No details were made available regarding meeting of municipal accounts committee held during the period	<p>As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of Municipal Accounts Committee each year. During our Audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee.</p> <p>ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.</p>	The Municipal Accounting committee is not formed here. We are under process to prepare municipal accounting committee shortly.
6	<p>Non-levy of following taxes:</p> <ul style="list-style-type: none"> ➤ Surcharge on transfer of lands and buildings ➤ Water tax ➤ Fire tax. ➤ Surcharge on electricity consumption within the municipal area ➤ Tax on congregations 	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their ow 1 source revenue.</p> <p>ULB should take steps to implement required taxes to boost their revenue boost their revenue</p>	Koilwar is a Nagar Panchayat and many of taxes as reported here are not applicable on it. Further, we ensure you that we will collect all applicable taxes as soon as possible.

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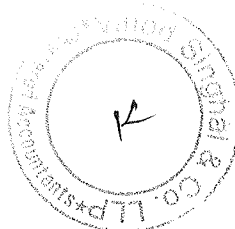
	<ul style="list-style-type: none"> ➤ Tax on pilgrims and tourists. ➤ Tax on profession. ➤ Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy Goods vehicles, and buses, which shall be heavy passenger motor vehicles. ➤ User Charges for provision of water-supply, drainage and sewerage ➤ User Charges for Solid Waste Management ➤ User Charges for Parking Facility ➤ User Charges for Garbage Clearance ➤ Collection of fees for sanction of building plans and issue of completion certificates, ➤ Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings, ➤ Collection of Development Charges 		
7	<p>Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22</p>	<p>As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax at bank.</p> <p>Therefore, management should implement a MIS Mechanism towards getting control over collection and deposit of Taxes. Further, we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000.</p>	<p>Many of time due to work load and filed survey the collector not submitted their collection for deposit into bank. However irrespective of fact we have directed the all collector to submit their collection amount as per Rule.</p>
8	<p>Non collecting Notice fee from defaulter</p>	<p>As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but In case of Koilwar Nagar Panchayat, ULB has not provided any information regarding charging and collection of notice fees.</p> <p>ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.</p>	<p>We have directed to concerned person for collecting the same. From now it is implemented at ULB.</p>
9	<p>Non-recovery of outstanding taxes</p>	<p>ULB has provided during audit the detail of outstanding tax and other income; we observed on the basis of the data that there is huge arrear of taxes at ULB.</p> <p>Therefore, the management should take proper step to boost collection of arrears. Further a weekly or fortnightly meeting with all tax collectors to be held for getting the reason of non-collection and resolving the same.</p>	<p>We have served several notices for payment of the arrear taxes and we are continuously try to collect the same.</p>



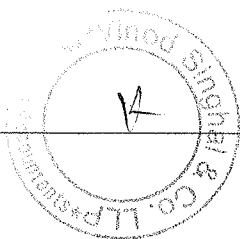
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10	Bifurcation of outstanding mobile tower tax & other taxes, are not provided. Also, details regarding Advertisement Tax and rental income are not provided.	ULB should prepare proper records for arrear amount and should take proper steps to collect arrears.	We are preparing these data on every time gap, we will provide the same at next Audit.
11	Non-preparation of payment vouchers	ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR -2014.	Due to lack of manpower it was not possible for us that comply with each and every rule. However, the same will be started at earliest.
12	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014	Detail 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.	We will maintain the same at earliest.
13	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	New DEAS Team is working for preparation of Financial Statement. We will update you after getting the data from them.
14	Irregularities in vendor payment process: <ul style="list-style-type: none"> ➤ Budget Control register was not updated ➤ Quality control test report was not available ➤ Completion certificate was not available in payment file in case of completed contract. 	Proper tender documents regarding tender approval and allotment was not properly maintained or made available for audit. In provided cases, we are unable to comment on channel of procurement of tender and their required compliances. Further, no statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, ULB should maintained proper tender register and file that include all related documents of tender. Statutory compliance register should be maintained for all statutory deductions made from parties' invoices.	We will provide the same on next audit.
15	Non-maintenance of register for all procurements with value above Rs. 15,000. During audit, we observed that no tender has been issued during the period under consideration.	ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000	We will maintain the register shortly.
16	Missing signature of wages worker and stamp of ULB on muster roll register	ULB should ensure proper maintenance of wages register by complying signature and stamping.	All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.
17	No maintenance of separate earnest & security deposit register	EMD and security deposit register help in tracking of balance payable to parties.	Register has been maintained by us. We will show the same on your next visit.
18	Non-compliance of 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.	With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or Missed by us. We will try to cover the same at earliest.

ULB



19	<p>Lack of Internal control measures :</p> <ul style="list-style-type: none"> ➤ Voucher file was not maintained ➤ No internal mechanism for statutory compliance ➤ No MIS was prepared for tracking of payments ➤ Required books of accounts as per BMAM was not maintained ➤ Statutory compliance reconciliation was not maintained ➤ Year-end reconciliation was not available ➤ Bank reconciliation of any bank account was not prepared. ➤ Bank balance as per cash book was not maintained. 	<p>We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances.</p> <p>We suggest that:</p> <ul style="list-style-type: none"> ✓ MIS System should be implemented over daily collection and deposit. ✓ Reason for non-deposit/ late deposit should be strongly need to be asked to minimize delay. ✓ Need to identify a person to comply with the statutory compliances. In case failure to comply with statutory compliances he should also be penalised. <p>Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.</p>	We will start the same at earliest.
20	<p>Non-compliance of statutory compliances:</p> <ul style="list-style-type: none"> ➤ Non preparation of statutory compliance register ➤ Non deposit of TDS on timely basis. ➤ Non filing of TDS return for due period ➤ Non providing details regarding VAT/GST, PF, Royalty, Labour Cess 	<p>Statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, ULB should maintained proper statutory compliance register. Statutory compliance register should be maintained for all statutory deductions made form parties invoices. Non-compliance with statutory dues will cause of penalty, interest and prosecution.</p> <p>Management should ensure that all statutory dues are paid on time and returns related thereof filed on time.</p>	Due to shortage of trained staff statutory compliances are handled by professional hired by us. We will present all file with you after getting data from them
21	<p>Deficiency in payroll system :</p> <ul style="list-style-type: none"> ➤ Non-preparation of salary payment voucher ➤ Non-maintaining salary payment reference number in cash book ➤ Non-implementation of Bio-metric device and payroll software 	<p>Every payment should be accompanied with payment voucher. Further as per Section 2(23) of the Indian Stamp Act 1899 makes it mandatory for affixing of stamp on any receipt as defined therein above Rs 5000.</p> <p>Therefore, management should ensure that the payment is accompanied with payment voucher.</p> <p>Meaning of Receipt :</p> <p>"Receipt" includes any note, memorandum or writing-</p> <ul style="list-style-type: none"> ✓ whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received, or ✓ whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or ✓ whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged, or ✓ which signifies or imports any such acknowledgment; and whether the same is or is not signed with the name of any person " 	We have directed to team to resolve the issue within 15 days. We will provide the same at next audit.

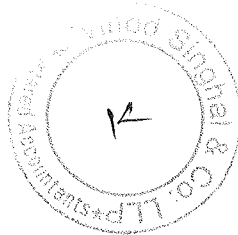


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22	Non-providing of Utilization certificate for the reporting audit period	<p>Grant is blood of ULB. Therefore, for getting grant and running the ulb working smoothly it is very important to comply with all necessary requirement of grant. Further timely submission of utilisation certificate helps the grant realising authority to send the money for fulfil the requirement of future.</p> <p>Therefore, management should ensure that UC has been submitted with concerned department on time.</p>	UC has been submitted to department. We will show you copy of the same for your verification at your next visit.
23	Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-rule 130.	Management should implement the control system over inventory and store. Stock register should be in place and get it verified by a responsible person as authorised by management time to time. Further any discrepancies arises/ found during such verification should be reported immediately.	We will maintain the same at earliest.
24	Non providing details of Advances, their adjustment & Recovery	To ensure timely recovery of advance with interest proper calculation should be there with proper recovery plan.	We have not provided any advance during the period under consideration.
25	Details of Directives are not provided	ULB should comply with all directive issued by UDHD or other.	No directive issued during Q-2 of FY 2019-20

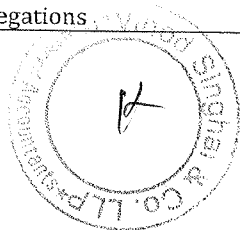
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उत्तराखण्ड राज्य सरकार
राज्य सरकार की कार्यवाही
पंजाब



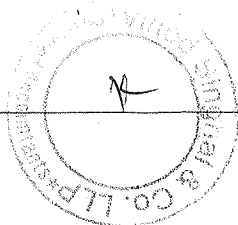
MANAGEMENT DISCUSSION NOTE

Name of the Municipality		Koilwar Nagar Panchayat	
Period covered under current audit		Quarter-3 of FY 2019-20 (i.e 01.10.2019 to 31.12.2019)	
Name of Executive Officer for the period under Audit		Mr. Zulfequar Ali Payami	
SL No.	Audit Observations	Auditor Recommendations	Management Comment
1	Compliance of Internal Audit report for the FY 2017-18 and 2018-19 are still pending.	ULB should comply all Internal/AG Audit paras on time.	I have directed to concerned person towards completion of all compliance work at earliest.
2	Budget not prepared in proper manner and guidance given by UD&HD GoB:	ULB should implement real time budget preparation in prescribed format of BMAM. Further, Budget variance report should be prepared for actual budget report.	I have directed to concerned person towards preparation of budget in prescribed format.
3	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.	<p><u>Bank Reconciliation help us to monitor over:</u></p> <ul style="list-style-type: none"> ✓ Difference between Bank Passbook and Cash Book ✓ Unauthorised withdrawal from Bank. ✓ Excessive debited by Bank ✓ Helps to know any other reasons of differences. <p>Therefore, ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.</p>	Bank reconciliation are under preparation and will submit to you at next Audit.
4	Non-Implementation of Double Entry Accounting System	As per requirement of BMAR-2014, Part -A, Chapter -2 Rule -4, "All ULB refereed in Schedule -I shall maintain its Books of Account using the double entry system".	Double entry system was implemented at ULB till FY 2015-16, M/s Manas Das & Co. was working here as DEAS consultant. Further M/s K.K. Chandani & Associates has been appointed as DEAS Consultant from Dec. 2019. However, We have not received any work progress report from the same till date.
5	No details were made available regarding meeting of municipal accounts committee held during the period	<p>As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of Municipal Accounts Committee each year. During our Audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee.</p> <p>ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.</p>	The Municipal Accounting committee is not formed here. We are under process to prepare municipal accounting committee shortly.
6	<p>Non-levy of following taxes:</p> <ul style="list-style-type: none"> ➤ Surcharge on transfer of lands and buildings ➤ Water tax ➤ Fire tax. ➤ Surcharge on electricity consumption within the municipal area ➤ Tax on congregations. 	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue.</p> <p>ULB should take steps to implement required taxes to boost their revenue boost their revenue</p>	Koilwar is a Nagar Panchayat and many of taxes as reported here are not applicable on it. Further, we ensure you that we will collect all applicable taxes as soon as possible.



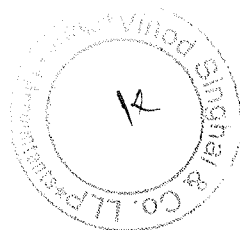
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	<ul style="list-style-type: none"> ➤ Tax on pilgrims and tourists. ➤ Tax on profession. ➤ Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy Goods vehicles, and buses, which shall be heavy passenger motor vehicles. ➤ User Charges for provision of water-supply, drainage and sewerage ➤ User Charges for Solid Waste Management ➤ User Charges for Parking Facility ➤ User Charges for Garbage Clearance ➤ Collection of fees for sanction of building plans and issue of completion certificates, ➤ Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings, ➤ Collection of Development Charges 		
7	Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22	<p>As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax at bank.</p> <p>Therefore, management should implement a MIS Mechanism towards getting control over collection and deposit of Taxes. Further, we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000.</p>	Many of time due to work load and filed survey the collector not submitted their collection for deposit into bank. However irrespective of fact we have directed the all collector to submit their collection amount as per Rule.
8	Non collecting Notice fee from defaulter	<p>As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but In case of Koilwar Nagar Panchayat, ULB has not provided any information regarding charging and collection of notice fees.</p> <p>ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.</p>	We have directed to concerned person for collecting the same. From now it is implemented at ULB.
9	Non-recovery of outstanding taxes	<p>ULB has provided during audit the detail of outstanding tax and other income; we observed on the basis of the data that there is huge arrear of taxes at ULB.</p> <p>Therefore, the management should take proper step to boost collection of arrears. Further a weekly or fortnightly meeting with all tax collectors to be held for getting the reason of non-collection and resolving the same.</p>	We have served several notices for payment of the arrear taxes and we are continuously try to collect the same.



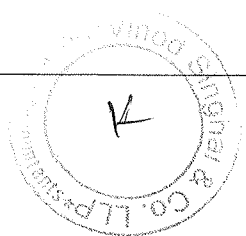
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10	Bifurcation of outstanding mobile tower tax & other taxes, are not provided. Also, details regarding Advertisement Tax and rental income are not provided.	ULB should prepare proper records for arrear amount and should take proper steps to collect arrears.	We are preparing these data on every time gap, we will provide the same at next Audit.
11	Non-preparation of payment vouchers	ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR -2014.	Due to lack of manpower it was not possible for us that comply with each and every rule. However, the same will be started at earliest.
12	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014	Detail 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.	We will maintain the same at earliest.
13	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	New DEAS Team is working for preparation of Financial Statement. We will update you after getting the data from them.
14	Irregularities in vendor payment process: ➤ Budget Control register was not updated ➤ Quality control test report was not available ➤ Completion certificate was not available in payment file in case of completed contract.	Proper tender documents regarding tender approval and allotment was not properly maintained or made available for audit. In provided cases, we are unable to comment on channel of procurement of tender and their required compliances. Further, no statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, ULB should maintained proper tender register and file that include all related documents of tender. Statutory compliance register should be maintained for all statutory deductions made from parties' invoices.	We will provide the same on next audit.
15	Non-maintenance of register for all procurements with value above Rs. 15,000. During audit, we observed that no tender has been issued during the period under consideration.	ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000	We will maintain the register shortly.
16	Missing signature of wages worker and stamp of ULB on muster roll register	ULB should ensure proper maintenance of wages register by complying signature and stamping.	All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.
17	No maintenance of separate earnest & security deposit register	EMD and security deposit register help in tracking of balance payable to parties.	Register has been maintained by us. We will show the same on your next visit.
18	Non-compliance of 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.	With the help of available manpower we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or Missed by us. We will try to cover the same at earliest.



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19	<p>Lack of Internal control measures :</p> <ul style="list-style-type: none"> ➤ Voucher file was not maintained ➤ No internal mechanism for statutory compliance ➤ No MIS was prepared for tracking of payments ➤ Required books of accounts as per BMAM was not maintained ➤ Statutory compliance reconciliation was not maintained ➤ Year-end reconciliation was not available ➤ Bank reconciliation of any bank account was not prepared. ➤ Bank balance as per cash book was not maintained. 	<p>We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances.</p> <p>We suggest that:</p> <ul style="list-style-type: none"> ✓ MIS System should be implemented over daily collection and deposit. ✓ Reason for non-deposit/ late deposit should be strongly need to be asked to minimize delay. ✓ Need to identify a person to comply with the statuary compliances. In case failure to comply with statuary compliances he should also be penalised. <p>Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.</p>	We will start the same at earliest.
20	<p>Non-compliance of statutory compliances:</p> <ul style="list-style-type: none"> ➤ Non preparation of statutory compliance register ➤ Non deposit of TDS on timely basis. ➤ Non filing of TDS return for due period ➤ Non providing details regarding VAT/GST, PF, Royalty, Labour Cess 	<p>Statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, ULB should maintained proper statutory compliance register. Statutory compliance register should be maintained for all statutory deductions made form parties invoices. Non-compliance with statuary dues will cause of penalty, interest and prosecution.</p> <p>Management should ensure that all statuary dues are paid on time and returns related thereof filed on time.</p>	Due to shortage of trained staff statuary compliances are handled by professional hired by us. We will present all file with you after getting data from them
21	<p>Deficiency in payroll system :</p> <ul style="list-style-type: none"> ➤ Non-preparation of salary payment voucher ➤ Non-maintaining salary payment reference number in cash book ➤ Non-implementation of Bio-metric device and payroll software 	<p>Every payment should be accompanied with payment voucher. Further as per Section 2(23) of the Indian Stamp Act 1899 makes it mandatory for affixing of stamp on any receipt as defined therein above Rs 5000.</p> <p>Therefore, management should ensure that the payment is accompanied with payment voucher.</p> <p>Meaning of Receipt :</p> <p>"Receipt" includes any note, memorandum or writing-</p> <ul style="list-style-type: none"> ✓ whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received, or ✓ whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or ✓ whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged, or ✓ which signifies or imports any such acknowledgment; and whether the same is or is not signed with the name of any person " 	We have directed to team to resolve the issue within 15 days. We will provide the same at next audit.

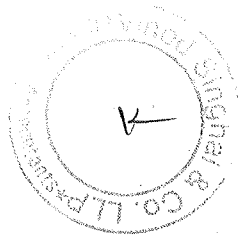


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22	Non-providing of Utilization certificate for the reporting audit period	<p>Grant is blood of ULB. Therefore, for getting grant and running the ulb working smoothly it is very important to comply with all necessary requirement of grant. Further timely submission of utilisation certificate helps the grant realising authority to send the money for fulfil the requirement of future.</p> <p>Therefore, management should ensure that UC has been submitted with concerned department on time.</p>	UC has been submitted to department. We will show you copy of the same for your verification at your next visit.
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24	Non providing details of Advances, their adjustment & Recovery	To ensure timely recovery of advance with interest proper calculation should be there with proper recovery plan.	We have not provided any advance during the period under consideration.
25	Details of Directives are not provided	ULB should comply with all directive issued by UDHD or other.	No directive issued during Q-3 of FY 2019-20

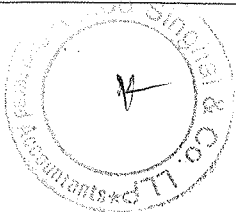
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नगर कार्यपालक पदाधिकारी
नगर पंचायत कोईलवार
मोजपुर



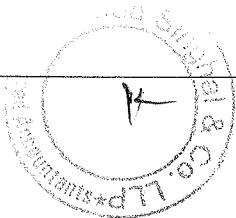
MANAGEMENT DISCUSSION NOTE

Name of the Municipality		Koilwar Nagar Panchayat	
Period covered under current audit		Quarter-4 of FY 2019-20 (i.e 01.01.2020 to 31.03.2020)	
Name of Executive Officer for the period under Audit		Mr. Zulfequar Ali Payami	
SL No.	Audit Observations	Auditor Recommendations	Management Comment
1	Compliance of Internal Audit report for the FY 2017-18 and 2018-19 are still pending.	ULB should comply all Internal/AG Audit paras on time.	I have directed to concerned person towards completion of all compliance work at earliest.
2	Budget not prepared in proper manner and guidance given by UD&HD GoB:	ULB should implement real time budget preparation in prescribed format of BMAM. Further, Budget variance report should be prepared for actual budget report.	I have directed to concerned person towards preparation of budget in prescribed format.
3	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.	<p>Bank Reconciliation help us to monitor over:</p> <ul style="list-style-type: none"> ✓ Difference between Bank Passbook and Cash Book ✓ Unauthorised withdrawal from Bank. ✓ Excessive debited by Bank ✓ Helps to know any other reasons of differences. <p>Therefore, ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.</p>	Bank reconciliation are under preparation and will submit to you at next Audit.
4	Non-Implementation of Double Entry Accounting System	As per requirement of BMAR-2014, Part -A, Chapter -2 Rule -4, "All ULB refereed in Schedule -I shall maintain its Books of Account using the double entry system".	Double entry system was implemented at ULB till FY 2015-16, M/s Manas Das & Co. was working here as DEAS consultant. Further M/s K.K. Chandani & Associates has been appointed as DEAS Consultant from Dec. 2019.
5	No details were made available regarding meeting of municipal accounts committee held during the period	<p>As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of Municipal Accounts Committee each year. During our Audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee.</p> <p>ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.</p>	The Municipal Accounting committee is not formed here. We are under process to prepare municipal accounting committee shortly.
6	<p>Non-levy of following taxes:</p> <ul style="list-style-type: none"> ➤ Surcharge on transfer of lands and buildings ➤ Water tax ➤ Fire tax. ➤ Surcharge on electricity consumption within the municipal area ➤ Tax on congregations ➤ Tax on pilgrims and tourists. ➤ Tax on profession. ➤ Toll-tax on roads, bridges, ferries 	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue.</p> <p>ULB should take steps to implement required taxes to boost their revenue boost their revenue</p>	Koilwar is a Nagar Panchayat and many of taxes as reported here are not applicable on it. Further, we ensure you that we will collect all applicable taxes as soon as possible.



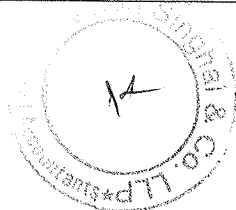
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	<p>and navigable channel and on heavy trucks which shall be heavy Goods vehicles, and buses, which shall be heavy passenger motor vehicles.</p> <ul style="list-style-type: none"> ➤ User Charges for provision of water-supply, drainage and sewerage ➤ User Charges for Solid Waste Management ➤ User Charges for Parking Facility ➤ User Charges for Garbage Clearance ➤ Collection of fees for sanction of building plans and issue of completion certificates, ➤ Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings, ➤ Collection of Development Charges 		
7	Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22	<p>As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax at bank.</p> <p>Therefore, management should implement a MIS Mechanism towards getting control over collection and deposit of Taxes. Further, we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000.</p>	<p>Many of time due to work load and filed survey the collector not submitted their collection for deposit into bank. However irrespective of fact we have directed the all collector to submit their collection amount as per Rule.</p>
8	Non collecting Notice fee from defaulter	<p>As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but In case of Koilwar Nagar Panchayat, ULB has not provided any information regarding charging and collection of notice fees.</p> <p>ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.</p>	<p>We have directed to concerned person for collecting the same. From now it is implemented at ULB.</p>
9	Non-recovery of outstanding taxes	<p>ULB has provided during audit the detail of outstanding tax and other income; we observed on the basis of the data that there is huge arrear of taxes at ULB.</p> <p>Therefore, the management should take proper step to boost collection of arrears. Further a weekly or fortnightly meeting with all tax collectors to be held for getting the reason of non-collection and resolving the same.</p>	<p>We have served several notices for payment of the arrear taxes and we are continuously try to collect the same.</p>



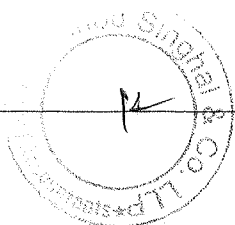
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10	Bifurcation of outstanding mobile tower tax & other taxes, are not provided. Also, details regarding Advertisement Tax and rental income are not provided.	ULB should prepare proper records for arrear amount and should take proper steps to collect arrears.	We are preparing these data on every time gap, we will provide the same at next Audit.
11	Non-preparation of payment vouchers	ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR -2014.	Due to lack of manpower it was not possible for us that comply with each and every rule. However, the same will be started at earliest.
12	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014	Detail 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.	We will maintain the same at earliest.
13	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	New DEAS Team is working for preparation of Financial Statement. We will update you after getting the data from them.
14	Irregularities in vendor payment process: <ul style="list-style-type: none"> ➤ Budget Control register was not updated ➤ Quality control test report was not available ➤ Completion certificate was not available in payment file in case of completed contract. 	Proper tender documents regarding tender approval and allotment was not properly maintained or made available for audit. In provided cases, we are unable to comment on channel of procurement of tender and their required compliances. Further, no statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, ULB should maintained proper tender register and file that include all related documents of tender. Statutory compliance register should be maintained for all statutory deductions made from parties' invoices.	We will provide the same on next audit.
15	Non-maintenance of register for all procurements with value above Rs. 15,000. During audit, we observed that no tender has been issued during the period under consideration.	ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000	We will maintain the register shortly.
16	Missing signature of wages worker and stamp of ULB on muster roll register	ULB should ensure proper maintenance of wages register by complying signature and stamping.	All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.
17	No maintenance of separate earnest & security deposit register	EMD and security deposit register help in tracking of balance payable to parties.	Register has been maintained by us. We will show the same on your next visit.
18	Non-compliance of 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.	With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or Missed by us. We will try to cover the same at earliest.



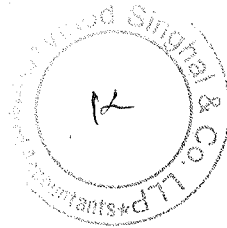
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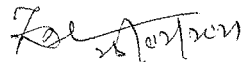
19	<p>Lack of Internal control measures :</p> <ul style="list-style-type: none"> ➤ Voucher file was not maintained ➤ No internal mechanism for statutory compliance ➤ No MIS was prepared for tracking of payments ➤ Required books of accounts as per BMAM was not maintained ➤ Statutory compliance reconciliation was not maintained ➤ Year-end reconciliation was not available ➤ Bank reconciliation of any bank account was not prepared. ➤ Bank balance as per cash book was not maintained. 	<p>We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances.</p> <p><u>We suggest that:</u></p> <ul style="list-style-type: none"> ✓ MIS System should be implemented over daily collection and deposit. ✓ Reason for non-deposit/ late deposit should be strongly need to be asked to minimize delay. ✓ Need to identify a person to comply with the statuary compliances. In case failure to comply with statuary compliances he should also be penalised. <p>Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.</p>	We will start the same at earliest.
20	<p>Non-compliance of statutory compliances:</p> <ul style="list-style-type: none"> ➤ Non preparation of statutory compliance register ➤ Non deposit of TDS on timely basis. ➤ Non filing of TDS return for due period ➤ Non providing details regarding VAT/GST, PF, Royalty, Labour Cess 	<p>Statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, ULB should maintained proper statuary compliance register. Statutory compliance register should be maintained for all statutory deductions made form parties invoices. Non-compliance with statuary dues will cause of penalty, interest and prosecution.</p> <p>Management should ensure that all statuary dues are paid on time and returns related thereof filed on time.</p>	Due to shortage of trained staff statuary compliances are handled by professional hired by us. We will present all file with you after getting data from them
21	<p>Deficiency in payroll system :</p> <ul style="list-style-type: none"> ➤ Non-preparation of salary payment voucher ➤ Non-maintaining salary payment reference number in cash book ➤ Non-implementation of Bio-metric device and payroll software 	<p>Every payment should be accompanied with payment voucher. Further as per Section 2(23) of the Indian Stamp Act 1899 makes it mandatory for affixing of stamp on any receipt as defined therein above Rs 5000.</p> <p>Therefore, management should ensure that the payment is accompanied with payment voucher.</p> <p><u>Meaning of Receipt :</u> "Receipt" includes any note, memorandum or writing-</p> <ul style="list-style-type: none"> ✓ whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received, or ✓ whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or ✓ whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged, or ✓ which signifies or imports any such acknowledgment; and whether the same is or is not signed with the name of any person " 	We have directed to team to resolve the issue within 15 days. We will provide the same at next audit.



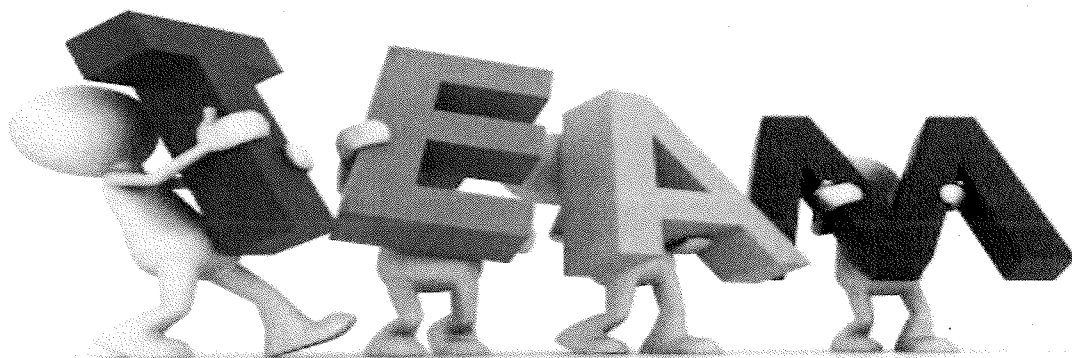
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22	Non-providing of Utilization certificate for the reporting audit period	<p>Grant is blood of ULB. Therefore, for getting grant and running the ulb working smoothly it is very important to comply with all necessary requirement of grant. Further timely submission of utilisation certificate helps the grant realising authority to send the money for fulfil the requirement of future.</p> <p>Therefore, management should ensure that UC has been submitted with concerned department on time.</p>	UC has been submitted to department. We will show you copy of the same for your verification at your next visit.
23	Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-rule 130.	Management should implement the control system over inventory and store. Stock register should be in place and get it verified by a responsible person as authorised by management time to time. Further any discrepancies arises/ found during such verification should be reported immediately.	We will maintain the same at earliest.
24	Non providing details of Advances, their adjustment & Recovery	To ensure timely recovery of advance with interest proper calculation should be there with proper recovery plan.	We have not provided any advance during the period under consideration.
25	Details of Directives are not provided	ULB should comply with all directive issued by UDHD or other.	No directive issued during Q-4 of FY 2019-20




 नगर कार्यपालक पदाधिकारी,
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