

Financial  
Year  
2018-19



## Internal Audit Report for FY 2018-2019 of Madhubani Nagar Parishad

Internal Audit Conducted By  
**M/s Tibrewal Chand & Co. Chartered Accountants**  
From 01.04.2018 to 31.03.2019  
Flat No. 501, 5<sup>th</sup> floor, SS Bihar Apartment  
Near Karbighiya Station,  
Patna-Bihar 800001  
Mob. No. +91 8825110779  
Email- [tecbihar@gmail.com](mailto:tecbihar@gmail.com)

Report submitted date: 05.12.2019

INTERNAL AUDIT REPORT



Index

Sl. No.	Particulars	Page No.
1.	Executive Summary	
	• Introduction	5
	• Results and Findings	5-7
	• Opinion	7
	• Audit Recommendation	8
	• Management Comment	9-14
	• Acknowledgment	14
2.	Detailed Audit Report	15-36
3.	Annexure	37- 46



**Internal Audit Report- Nagar Parishad – Madhubani**

Urban Development and Housing Department in order to implement the best practices of internal audit of 140 ULBs through NIT No. IA 140ULBs/2018-19. This Internal audit report has been issued as a part of our appointment for internal audit.

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

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

**We have conducted the Internal Audit with the objective:-**

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

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

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

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

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

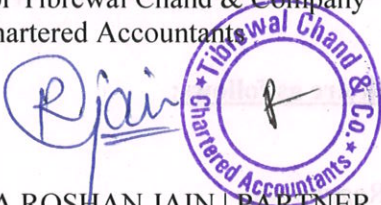
- ❖ Accountant cash Book
- ❖ Subsidiary Cash Book
- ❖ Bank Book
- ❖ Records related to revenue



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

- ❖ Vouchers along with supporting documents.
- ❖ Others related records and registers.

For Tibrewal Chand & Company  
Chartered Accountants



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

UDIN ÷ 20518422 AAAA FS 9173

Dated: - 17-10-2020

We have conducted the Internal Audit with the objectives:-

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

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

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

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

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

- ❖ Accountant cash Book
- ❖ Subsidiary Cash Book
- ❖ Bank Book
- ❖ Records related to revenue



### Executive Summary

1. **Introduction:** Madhubani Nagar Parishad, with population of about 75,736 thousand is located in district of Madhubani in the state Bihar. There are approximate 11,781 households. Smt. Sunaina Devi, Chairman from 09-06-2017 to till the date of Audit

Mr. Ashutosh Anand Chaudhary is the Executive officer holding post from 21-01-2019 to till the date of Audit.

2. **Results and Findings:** During our audit we observed below mentioned strengths and weakness in the functioning of ULB:

<b>Strengths observed during the audit engagement</b>	<ol style="list-style-type: none"><li>1. General Cash book has been prepared for the audited period</li><li>2. Cashier cash book has been prepared for the audited period</li><li>3. Few Revenue related records were prepared by the Parishad</li></ol>
<b>Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement</b>	<ol style="list-style-type: none"><li>1. Non-compliance of procurement norms.</li><li>2. Non co-operation of staff during audit period.</li><li>3. Non collection of outstanding rent on shop.</li><li>4. Non collection of outstanding rent on building.</li><li>5. Non preparation of bank reconciliation statements.</li><li>6. Lots of assets were not disposal which don't have any use in ULB.</li></ol>



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

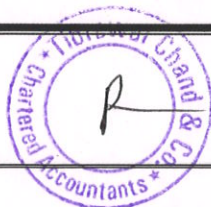
<p>1. General Cash book has been prepared for the audited period.</p> <p>2. Cashier cash book has been prepared for the audited period.</p> <p>3. Few Revenue related records were prepared by the Parishad.</p> <p>4. Non-compliance of procurement norms.</p> <p>5. Non co-operation of staff during audit period.</p> <p>6. Non collection of outstanding rent on shop.</p> <p>7. Non collection of outstanding rent on building.</p> <p>8. Non preparation of bank reconciliation statements.</p> <p>9. Lots of assets were not disposed which don't have any use in U.B.</p>	<p>7. Non Maintenance of subsidy books scheme wise details yearly wise.</p> <p>8. Non deduction of TDS in various cases such as Vehicle hire Charges, Repair &amp; Maintenance to building, vehicles etc., resulting in violation of tax provisions and attraction of interest and penalty.</p> <p>9. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes.</p> <p>10. Non deduction of TDS in salary cases checked on random basis.</p> <p>11. Non deposition of statutory dues such as labor cess, TDS, VAT, ESI/PF to the authorities after deduction from bills, resulting in huge penalties and interest.</p> <p>12. Stamp duty was not collected at the time of agreement of Sairat.</p> <p>13. Non-Performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.</p> <p>14. Non-Maintenance of assets registers in complete manner resulting in chances of mis-utilization of assets.</p> <p>15. Rent agreements were expired.</p> <p>16. No proper survey of properties has been conducted by the ULB to</p>
---	---



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

	<p>ascertain the property tax receivables from holdings.</p> <p>17. Loss of revenue due to Sairat was not held for reporting financial year at proper interval.</p> <p>18. Fuel distribution register was not prepared resulting in weakness in control over books of account.</p> <p>19. Daily wages register was not prepared resulting in weakness in control over books of account.</p> <p>20. Advance was not adjusted within reasonable time resulting in weakness in control over internal control.</p> <p>21. Huge outstanding of revenue including holding tax, tower tax, Sairats but no sincere efforts has been made by ULBs to recover the same.</p> <p>22. Huge Audit para's are outstanding but no efforts have been made by ULB for compliances.</p>
--	--

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



## Internal Audit Report for the year ended 31st March of F.Y. 2018-19

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

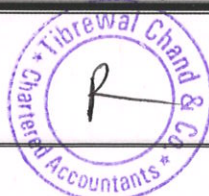
1. Books of accounts should be prepared on real time basis under double entry system and accrual basis should be followed.
2. Those assets which don't have use should be disposed.
3. Employees of all departments are required to be trained and monitored for updating of day to day transactions on regular basis in respective records and registers.
4. Stringent follow up and actions are necessary for recovering arrear relating to property tax, tower tax, rental income and other sources of income.
5. Bank statements or treasury statement shall be collected on regular intervals and bank reconciliation statement should be prepared on monthly basis. Balance confirmation certificate to be obtained from the respective bank treasury periodically.
6. Fixed assets register has to be prepared for all fixed assets owned by the ULB, assets should be numbered. Physical verification of such fixed assets has to be conducted every year.
7. Stock/store register should be updated as per the formats provided in BMAR.
8. Statutory compliances such as deduction and deposition with authorities should be complied strictly to avoid penalty and interests.
9. Log book and fuel issue register should be maintained properly indicating km runs, places covered, purpose of visit, signature of driver, city manager, sanitary inspector etc.
10. Revenue records should be maintained properly including demand and collection details.
11. Advance should be adjusted within reasonable time.
12. PF/ ESI should be timely deposited.



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

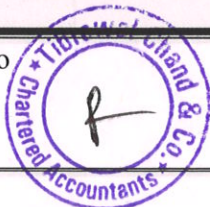
**5. Comments from Management:-**

S. No.	Observation	Management Comment	Recommendation
1	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10,000/- per year. During the course of audit it was observed that Rs 13,40,000 is due towards Tower Company for financial year 2018-19. <i>(Refer detailed audit report)</i>	This will be strictly taken care by next financial year and Nagar Parishad will take necessary steps to recover or boost revenue from towers.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	There is a long outstanding list of property tax collection. The amount of tax collected by the Tax collector is required to be handed over to the cashier by the next day of the collection. But it is not in practice currently. Tax collector hands over the collected cash to the cashier after a time gap of 20 to 30 days. <i>(Refer detailed audit report)</i>	Tax collectors are directed to deposit the tax.	Daily collection amount should be deposited in to bank on daily basic & appropriate action should be taken.
3	During the course of Audit, we observed that Nagar Parishad has conducted CAG audit (2016-17 & 2017-18) & Internal Audit for the year 2016-17 & 2017-18 but the compliance report for the same has not been prepared and also audit report were not provided to us <i>(Refer detailed audit report)</i>	Necessary action will be taken.	It should be prepared as soon as possible.



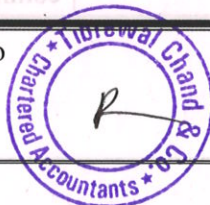
**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

4	Report on Findings of the field survey of property tax of minimum 20 high value properties. <i>(Refer detailed audit report)</i>	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Physical survey can't be conducted due to Non availability of ULB staff for conducting physical verification. Further SAF forms were also not provided for 20 high value properties as per list provided by us.
5	Expenditures vouchers were not provided to us.	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	It should be provided to auditors.
6	No increment in the rent on shop, government building & other building observed during audit.	Will be considered in next financial year.	Rate of rent should be increment at proper interval.
7	PF deducted from all permanent staff salary but not deposited in his PF account causing loss to the savings of the employees but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.	Will be considered in next financial year.	PF should be deposited immediately on particular PF account..
8	During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Parishad. Further it was also observed that return was also not filled for TDS & VAT. <i>(Refer detailed audit report)</i>	Will be considered in next financial year.	All statutory compliances related to deduction, deposition and return filling should be complied.
9	The municipality is not in a practice to prepare BRS on regular or periodical basis.	Will be considered in next financial year.	BRS should be maintained month wise.
10	FAR is not maintained/updated by the ULB	Will be considered in next financial year.	FAR including assets wise identification number should be maintained/ updated by Nagar Parishad.
11	Non preparation of stores register	Will be considered in next	Due to non – maintenance of



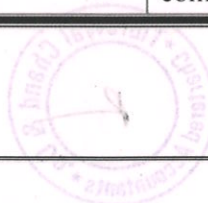
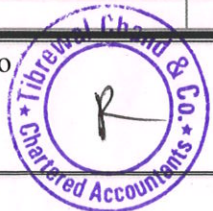
**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

		financial year.	FAR, it will become difficult to identify quantity of each class of stock. So, the ULB should maintain a store ledger including price of inward goods.
12	Insurance deduction from all permanent staff salary but not deposited but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.	Will be considered in next financial year.	Insurance should be deposited.
13	Madhubani Nagar Parishad is not in practice to prepare monthly receipt and payment account and the trial balance.	Will be considered in next financial year.	ULB should prepare receipts and payment account on monthly basis. It helps to find out that how much fund received by the ULB and whether its utilization was made properly or not.
14	Daily wages register were not produced to us for audit.	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Daily wages register should be made available to auditors.
15	Register of Petrol & Diesel was not maintained by ULB. So, we are unable to find how much liter of Petrol & Diesel consumed by ULB during the year. <i>(Refer detailed audit report)</i>	Necessary action will be taken.	Log book should be maintained by ULB.
16	Scheme register not prepared for the financial year 2018-19	Necessary action will be taken.	Separate register should be maintained for each scheme.
17	Shop rent was not collected on timely by authorized person. Total Shop rent outstanding as on 31 <sup>st</sup> March 2019 was Rs. 9,63,085. <i>(Details given in report)</i>	Nagar Parishad ensure that this will be taken care from now onwards. Necessary action will be taken.	Due shop rent should be collected as soon as possible.
18	Tax collector has collected holding tax but same has not been entered in daily collection register. Details given below <b>Receipt</b> <b>Amount</b>	Nagar Parishad ensure that this will be taken care from now onwards. Necessary action will be taken.	Tax collection amount should be recorded in DCR and deposited timely.



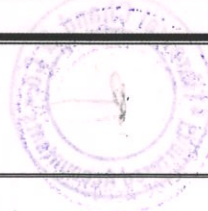
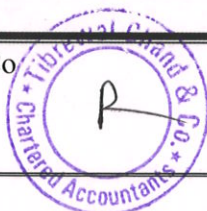
**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

No	(Rs)		
19908	1060:00		
19909	20:00		
19910	690:00		
19911	608:00		
<b>Total</b>	<b>2378:00</b>		
<b>(Refer detailed audit report)</b>			
19	Demand Register for collection of Trade License for the financial year 2018-19 is not yet prepared	All tax collector cashier, cashier and tax daroga is directed to make necessary attempt in this regard.	Demand register should be prepared.
20	Non-renewal of rent agreement	Will be considered in next financial year.	Shop rent is major revenue of Nagar Parishad and rent contribute huge amount of revenue but we have seen that approx all shop agreement has not been renewal till date of audit.
21	Non-Implementation of double entry accounting system (DEAS) We found the detail that double accounting system is implemented at Madhubani Nagar Parishad and AFS, FAR & PTR for 2017-18 has been submitted. However we not got any data for 2018-19 verification the same.	Implementation of DEAS is ongoing and ULB staff is directed to cooperate with auditors and to provide all necessary documents for audit.	As per requirement of BMAR-2014, Part-A, Chapter-2 Rule -4, "All ULB referred in schedule-1 shall maintain its books of account using the double entry system". Since Madhubani Nagar Parishad is covered under schedule-1, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule.
22	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.	ULB staff is directed to comply with BMA-2007	As per requirement of BMA-2007, Chapter-XII, ULB should hold a meeting of municipal accounts committee each year. During our audit no evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

			BMA-2007.
23	Non-maintenance of required registers as per Rule No.-3 of BMAR-2014	ULB staff is directed to follow and comply the guidelines of BMAR	Details of registers not maintained by ULB is mentioned under Part-A (a). ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.
24	During the period of audit we observed that no stamp duty collected by ULB this could be a huge loss to Nagar Parishad. <i>(Refer detailed audit report)</i>	Necessary action will be taken.	Stamp duty should be collected on timely.
25	Non-Compliance of Act & Rules	ULB staff is directed to ensure compliance of all applicable Act & Rules.	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.
26	Irregularity in procurement process: Procurement Register has not maintained by ULB so it is difficult to trace all Procurement above Rs. 15000 from various cash book. Non compliance of procurement policies, rules & regulations. <i>(Refer detailed audit report)</i>	Nagar Parishad ensure that this will be taken care from now onwards.	Register should be maintained properly and must follow procurement policies, rules & regulations.
27	<b>Lack of internal control measures</b> We observed that there is no internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling, and statutory compliances:  (i) Voucher file was not maintained.	Nagar Parishad ensure that this will be taken care from now onwards.	<b>We suggest that:</b> (i) MIS system should be implemented over daily collection and deposit. (ii) Need to identify a person to comply with the statutory compliance. In case of any failure to comply with statutory compliances he should also be penalized. The management has to take



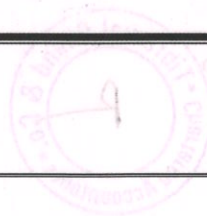
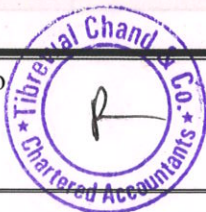
**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

	(ii) No internal mechanism for statutory compliance. (iii) No MIS was prepared for tracking of payments. (iv) Required books of Accounts as per BMAM, was not maintained (v) Statutory compliance reconciliation was not maintained.		serious effort in implementation of internal control mechanism for getting a better result from ULB working.
28	Advances register was not provided to us.	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Advance register should be produced to auditor for verification.

**Signed Discussion Report is enclosed with the Report.**

**6. Acknowledgement:-**

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



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

**Detailed Audit Report**

1. **Introduction:** Madhubani is a Nagar Parishad city in district of Madhubani, Bihar. The Madhubani city is divided into 30 wards for which elections are held every 5 years. The Madhubani Nagar Parishad has population of 75,736. Madhubani Nagar Parishad has total administration over 11,781 households.

Name of ULB	Period Covered	Team Deployed
Madhubani Nagar Parishad	1 <sup>st</sup> April 2018- 31 <sup>st</sup> March 2019	1) <b>Name of MAE:</b> CA Amit Ranjan 2) <b>TL:</b> CA Neerav Bhanushali 3) <b>Auditor:</b> Raman Kumar

2. **Administration: -**

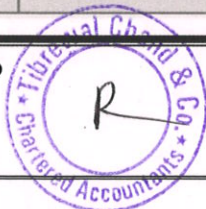
The Present governing body of the ULB has taken charge on 21-01-2019. The incumbencies in the key administrative and executive positions are as under:

- Smt. Sunaina Devi, Chairman from 09-06-2017 to till the date of Audit
- Mr. Ashutosh Anand Chaudhary Executive officer from 31-01-2019 to till the date of Audit.

3. **Review of outstanding Audit Paras :**

Status of Audit observations is as under:

S/N	Particulars of audit and date of report	Total no. of Audit paras.	Total No. of Audit Paras where necessary improvement/corrective measure is require	Total No. of Audit paras where recovery of cash is proposed	Total No. of Audit paras where recover has been made	Total amount of recovery	Total No. of outstanding paras where no action has been taken	No. & date of compliance report
1	AG Audit (2016 to 2017 & 2017-18)	0	0	0	0	0	0	Report not provided to us & also compliance report not



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

							prepared.
2	Internal Audit (2016-2017 & 2017-18)						Compliance Report not prepared

(Note: Refer point No. 3 of discussion note)

4. **FINANCE:** Financial related to previous years actual and current year's budget is as below :

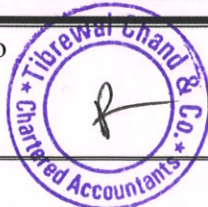
i. **Budgetary provisions and expenditure for the last three years :-**

Year	2018-19	2017-18	2016-17
<b>Final/Revised Budget</b>	27,96,47,905	21,95,74,672	32,84,00,000
<b>Actual Expenditure</b>	26,71,92,994	31,40,19,831	10,20,64,769
<b>Savings(+)/Excess(-)</b>	<b>1,24,54,911</b>	<b>(9,44,45,159)</b>	<b>22,63,35,231</b>

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

ii. **Volume of Transactions :-**

Period	Budgeted	Previous year (17-18)	Corresponding period of previous year	Current period	Cumulative for the current period
<b>Opening Balance</b>	14,66,25,694	13,57,39,268	3,84,71,294	13,59,82,566	13,59,82,566
<b>Receipts</b>	16,21,63,878	31,42,63,129	19,93,32,743	27,78,36,122	27,78,36,122
<b>Total</b>	<b>30,87,89,572</b>	<b>45,00,02,397</b>	<b>23,78,04,037</b>	<b>41,38,18,688</b>	<b>41,38,18,688</b>
<b>Net expenditure</b>	27,96,47,905	31,40,19,831	10,20,64,769	26,71,92,994	26,71,92,994
<b>Closing</b>	<b>2,91,41,667</b>	<b>13,59,82,566</b>	<b>13,57,39,268</b>	<b>14,66,25,694</b>	<b>14,66,25,694</b>



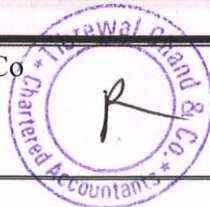
**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

**Balance**

*(Note: All figures are taken from books of accounts)*

**iii. Bank Reconciliation:** Un-reconciled balance between bank book and bank statement as on 31-03-2019 has been shown below:-

Name of scheme	Name of Bank	Balance as per pass book	Balance as per cash book	Differences	Status
Mukhya Mantri Sahri Pay Jal Nishya Yojana	Aandhra Bank 27837	3,55,68,592	3,55,68,592	-	Reconciled
Kabir Antyoshthi	Allahabad Bank 46757	32,25,066	32,25,066	-	Reconciled
Wishesh Angibhut Yojna	Bank of India 20165	2,919	2,919	-	Reconciled
NULM Grant	Bank of Maharastra 72235	19,31,102	19,31,102	-	Reconciled
13th Finance Commission	Canara Bank 14730	1,133	1,133	-	Reconciled
Other	Canara Bank 02875	13,581	13,581	-	Reconciled
Marriage Bhavan	Canara Bank 12984	4,739	4,739.00	-	Reconciled
Road Deve lopment	Central Bank of India 59551	25,355	25,355	-	Reconciled
Swachh Bharat Mission	ICICI Bank 00492	30,81,255	30,81,255	-	Reconciled
Sahri Naali Gaali Pakkikarn	Oriental Bank of Commerce 22180	25,518	25,518	-	Reconciled
SJSRY	Punjab National Bank 88847	16,353	16,353	-	Reconciled
Own Resources	State Bank of India 35417	3,64,794	3,64,794	-	Reconciled
MLC Fund	Union Bank 01104	11,61,371	11,61,371	-	Reconciled



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

House for All	Union Bank 04552	6,02,94,618	6,02,94,618	-	Reconciled
Various	Treasury 8448	3,51,83,559.19	3,51,83,559.19	-	Reconciled

*(Comments: ULB does not prepare bank reconciliation statement on monthly basis.)*

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

*(Note: Refer Discussion Note point no.9.)*

**iv. Revenue & Capital Receipts :-**

		Income Details			
Sl. No.	Details	2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	<b>Total Receipts (A+B)</b>	<b>27,78,36,122</b>	<b>31,42,63,129</b>	<b>31,42,63,129</b>	<b>19,93,32,743</b>
<b>A</b>	<b>Revenue Receipts (1+2+3)</b>	<b>27,78,36,122</b>	<b>31,42,63,129</b>	<b>31,42,63,129</b>	<b>19,93,32,743</b>
<b>1</b>	<b>Own Revenue Receipts</b>	<b>94,75,170</b>	<b>2,89,19,761</b>	<b>2,89,19,761</b>	<b>2,07,29,412</b>
<b>a)</b>	<b>Tax Revenue (Levied &amp; Collected By municipal Body) (i+ii)</b>	<b>31,64,286</b>	<b>56,70,469</b>	<b>56,70,469</b>	<b>66,56,696</b>
<b>i)</b>	<b>Property Tax</b>	<b>31,64,286</b>	<b>30,30,234</b>	<b>30,30,234</b>	<b>35,43,348</b>
<b>ii)</b>	<b>Other Tax (Levied &amp; Collected By municipal Body)</b>	<b>-</b>	<b>26,40,234</b>	<b>26,40,234</b>	<b>31,13,348</b>
<b>b)</b>	<b>Non Tax Revenue (Levied &amp; Collected By municipal Body) (i+ii+iii)</b>	<b>20,41,961</b>	<b>64,79,730</b>	<b>64,79,730</b>	<b>23,84,267</b>
<b>i)</b>	<b>Fess &amp; Fines</b>	<b>16,52,486</b>	<b>24,83,427</b>	<b>24,83,427</b>	<b>5,66,858</b>
<b>ii)</b>	<b>User Charges</b>	<b>-</b>	<b>29,03,427</b>	<b>29,03,427</b>	<b>7,36,858</b>
<b>iii)</b>	<b>Other Non-Tax Revenue (Levied &amp; Collected By municipal Body)</b>	<b>3,89,475</b>	<b>10,92,876</b>	<b>10,92,876</b>	<b>10,80,550</b>
<b>2</b>	<b>Other Revenue Receipts</b>	<b>42,68,923</b>	<b>1,67,69,562</b>	<b>1,67,69,562</b>	<b>1,16,88,449</b>
<b>a)</b>	<b>Income from interest/Investments</b>	<b>4,83,462</b>	<b>17,76,000</b>	<b>17,76,000</b>	<b>5,62,645</b>
<b>b)</b>	<b>Other Revenue Income</b>	<b>37,85,461</b>	<b>1,49,93,562</b>	<b>1,49,93,562</b>	<b>1,11,25,804</b>
<b>3</b>	<b>Transfers/grants/Assigned Revenues</b>	<b>26,83,60,952</b>	<b>28,53,43,368</b>	<b>28,53,43,368</b>	<b>17,86,03,331</b>
<b>a)</b>	<b>State Assigned Revenues</b>	<b>96,59,312</b>	<b>72,21,346</b>	<b>72,21,346</b>	<b>94,88,079</b>



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

b)	State Finance Commission (SFC) Grants/Devolution	25,87,01,640	27,81,22,022	27,81,22,022	16,91,15,252
c)	Octroi Compensation	-	-	-	-
d)	Other State Government transfers	-	-	-	-
e)	Central Finance Commission (CFC) Grants	-	-	-	-
f)	Other Central Government transfers	-	-	-	-
g)	Others	-	-	-	-
<b>B</b>	<b>Capital Receipts (1+2+3+4+5)</b>	-	-	-	-
1	Sale of Municipal Land	-	-	-	-
2	Loan (From state Govt. or Banks etc.)	-	-	-	-
3	State Capital Account Grant (Under state Scheme etc.)	-	-	-	-
4	Central Capital Account Grant (Under central Scheme etc.)	-	-	-	-
5	Other Capital Receipts	-	-	-	-

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

**v. Revenue & Capital Expenditure Information :-**

Sl. No.	Details	Expenditure Details			
		2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	<b>Total Expenditure (1+2)</b>	<b>26,71,92,994</b>	<b>31,40,19,831</b>	<b>31,40,19,831</b>	<b>10,20,64,769</b>
1	Revenue Expenditure	15,91,33,869	21,87,31,069	21,87,31,069	6,94,34,666
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	5,10,74,744	7,57,97,926	7,57,97,926	5,77,55,365
1.2	Operation & Maintenance (O & M)	10,80,59,125	14,29,33,143	14,29,33,143	1,16,79,301
1.3	Loan Repayment (Interest Payments)	-	-	-	-
1.4	Others ( any other revenue Expenditure which is not salaries,	-	-	-	-

**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

	O&M & or interest payment)				
<b>2</b>	<b>Capital Expenditure</b>	<b>10,80,59,125</b>	<b>9,52,88,762</b>	<b>9,52,88,762</b>	<b>3,26,30,103</b>
<b>2.1</b>	All developmental works under central/state specific schemes	10,80,59,125	9,52,88,762	9,52,88,762	3,26,30,103
<b>2.2</b>	Loan Repayments	-	-	-	-
<b>2.3</b>	Other capital expenditure	-	-	-	-

*(Note: All figures are taken from books of accounts)*

- vi. Status of implementation of double entry accounting system:** The ULB has not yet implemented real time double entry accounting system. However below books of accounts has been submitted by A P Sanzgiri & Co  
**PTR:** PTR for the year 2017-18 is completed.  
**FAR:** FAR for the year 2017-18 is completed.  
**AFS:** AFS for the year 2017-18 is completed.  
 But we did not get data of 2018-19 for verification.

*(Note: Refer point No. 21 of discussion note)*

- vii. Status of Municipal Accounts Committee: if meeting is held:** As per section 98 of Bihar Municipal Act, 2007 it is necessary for the Municipality to constitute accounts committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto but no municipal accounts committee has been constituted till the date of our audit.

*(Note: Refer point no.22 of discussion not)*



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

**5. Audit Observations: -**

**I. Part-A**

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

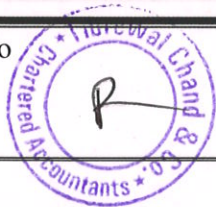
**Tower Tax:**

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

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

**Condition:** As per notification of Bihar Government, the Governor of Bihar made the rules for the mobile tower under the Act. The mobile operator has to install tower only after obtaining necessary approvals and paying a Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10,000/- per year, while checking the files and other relevant records company wise outstanding was not maintained properly and o/s detail of Rs. 13.40 Lakh was found. In absence of proper demand and collection register it was difficult to find the exact demand and outstanding.

S.N.	Name of tower	No of tower	Registration fee & Renewal Fees	Total due
1	Aircel	4	1,60,000	2,20,000
2	Airtel	6	2,40,000	2,20,000
3	BSNL	3	1,20,000	1,80,000
4	Relience Jio	10	4,00,000	92,000
5	Relience	2	80,000	1,00,000
6	Vodafone	7	2,80,000	1,48,000
7	Tolit Telecom	1	40,000	40,000
8	Tata Teleservice	1	40,000	40,000



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

9	Tata Indicom	2	80,000	1,10,000
10	Tata Docomo	1	40,000	40,000
11	Smart Phone	1	40,000	50,000
12	CNIL	2	80,000	60,000
13	IDEA	1	40,000	40,000
<b>TOTAL</b>				<b>13,40,000/-</b>

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

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

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

*(Note: Refer point no. 01 of discussion note)*

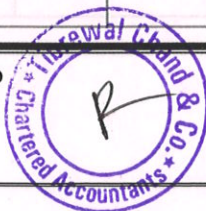
**Holding and Property tax not deposited:**

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

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

**Condition:** During the audit we observed that tax collector has collected holding tax but same has not been entered in daily collection register and Casher Cash book, Due to this reason Revenue loss of Rs 2378/- to concerned ULB. Details of such are given here:

SI No.	Date of collection	MR No.	Amount	Tax collector Name	Remarks
1	15-07-2018	19908	1,060	Md. Naseem	Not Deposited in to accounts
2	15-07-2018	19909	20	Md. Naseem	Not Deposited in to accounts



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

3	15-07-2018	19910	690	Md. Naseem	Not Deposited in to accounts
4	15-07-2018	19911	608	Md. Naseem	Not Deposited in to accounts
<b>Total</b>			<b>2,378</b>		

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

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

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

*(Note: Refer point no.2 & 18 of discussion note)*

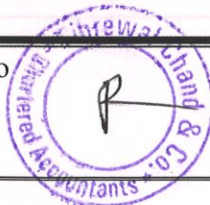
**Shop rent Outstanding**

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

**Criteria:** As per Bihar Municipal Act.

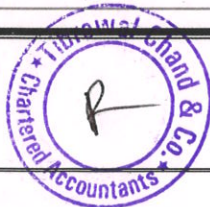
**Condition:** During audit period observed that huge outstanding shop rent is showing in the books of ULB but Nagar Parishad did not take reasonable step for collection of outstanding rent.

SI. No.	Particular of shop	Outstanding Amount
1	Ram Narayan panjiyar	12,824
2	Harinarayan Panjiyar	12,824
3	Saurav Akash	27,314
4	Kunal Raj	24,389
5	Rambabu Sah	16,128
6	Raj kumar Sah	17,252



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

7	Sanjeev Kumar	17,252
8	Sitaram Karak	24,974
9	Kameshwar Panjiyar	5,425
10	Kameshwar Panjiyar	22,610
11	Ram Lakhan Purvey	50,778
12	Mala Bhagwat	17,252
13	Visho Pradhan	23,219
14	Sujit Purvey	40,599
15	Budhdev Purvey	18,252
16	Bharat Purvey	16,848
17	Ramlakhan	27,144
18	Prashant Kumar	21,464
19	Pravendra Kumar	21,464
20	Amana	6,488
21	Amar chand Pradhan	27,899
22	Lakshman Hami	21,500
23	Ramchandra sah	29,232
24	Ramchandra Sah	12,240
25	Mahendra Sah	19,440
26	Mahendra Sah	40,824
27	Anant Sah	9696.00
28	Sandeep Kumar Purvey	20,600
29	Satya narayan Sah	14,070
30	Lambodar Jha	87,838
31	Ravindra Kumar Das	32,838
32	Lal sah b/o Gulab Sah	1,11,500
33	Sakil Ahmad	16,460
34	Dinesh Kumar Yadav	9,000



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

35	Md. Eshmtullha	45,250
36	Saroj Kumar Das	18,700
37	Rama Devi	21,498
	<b>Total</b>	<b>9,63,085</b>

**Consequence / Effect / Impact:** Due to non-Agreement of Shop rent there is a revenue loss to ULB.

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

**Corrective Action/Recommendations:** There should be day to day monitoring on Collection of Taxes by concerned authorities /Collectors and make new agreements & deposit of collection into Bank.

*(Note: Refer point no.6 & 17 of discussion note)*

**Stamp Duty**

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

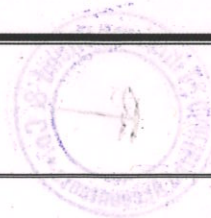
**Criteria:** As per Bihar Municipal Act.

**Condition:** During the audit of Sairat files it was observed that stamp duty @ 3% of Sairat amount was not recovered from successful bidders at the time of agreement. Few cases are:

Sl. No	Name of Sairat	Amount	Remarks
1	Pond	1,80,000	Stamp Duty not collected

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

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



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

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

*(Note: Refer point no.24 of discussion note)*

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

During the course of audit we checked invoices of fuel supply, for verification of the same we also checked few logbooks and fuel supply register, log books were not complete and fuel supply register was not maintained properly, thus we were not able to verify the correctness of the bills paid.

Date of Bill	Details of Bills	Supplier	Amount	Remarks
2018-19	Fuel & Diesel	Rohini enterprises	89,503	Details of bill not found
2018-19	Fuel & Diesel	Rohini enterprises	2,48,519	Details of bill not found
<b>TOTAL</b>			<b>3,38,022</b>	

*(Note: Refer point no.15 of discussion note)*

During audit period observed that huge outstanding shop rent is showing in the books of ULB and also shop rent agreement is expired but non renewal till the date of audit.

SI. No.	Particular of shop	Rent agreement expired date or not agreement
1	Ram Narayan panjiyar	Expired
2	Harinarayan Panjiyar	Expired
3	Saurav Akash	Expired
4	Kunal Raj	Expired
5	Rambabu Sah	Expired
6	Raj kumar Sah	Expired
7	Sanjeev Kumar	Expired
8	Sitaram Karak	Expired
9	Kameshwar Panjiyar	Expired



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

10	Kameshwar Panjiyar	Expired
11	Ram Lakhan Purvey	Expired
12	Mala Bhagwat	Expired
13	Visho Pradhan	Expired
14	Sujit Purvey	Expired
15	Budhdev Purvey	Expired
16	Bharat Purvey	Expired
17	Ramlakhan	Expired
18	Prashant Kumar	Expired
19	Pravendra Kumar	Expired
20	Amana	Expired
21	Amar chand Pradhan	Expired
22	Lakshman Hami	Expired
23	Ramchandra sah	Expired
24	Ramchandra Sah	Expired
25	Mahendra Sah	Expired
26	Mahendra Sah	Expired
27	Anant Sah	Expired
28	Sandeep Kumar Purvey	Expired
29	Satya narayan Sah	Expired
30	Lambodar Jha	Expired
31	Ravindra Kumar Das	Expired
32	Lal sah b/o Gulab Sah	Expired
33	Sakil Ahmad	Expired
34	Dinesh Kumar Yadav	Expired
35	Md. Eshmtullha	Expired
36	Saroj Kumar Das	Expired
37	Rama Devi	Expired



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

*(Note: Refer point no.20 of discussion note)*

- c. Report on Findings of the field survey of property tax of minimum 20 high value properties is given here:** - Our team on the basis of information available asked the SAF, demand collection detail of below mentioned properties:

SAF forms of above few properties were provided but no arrangements were made for physical verification so, SAF forms can't be verified. Further demand collection register which was produced to us was in complete and not having required information.

Details of 20 high value properties provided by the ULB are as below.

SI. No.	Holding No.	Ward No.	Type of Properties	Property Tax
1	99/07	05	Residential	43,729
2	162/190/145	05	Commercial	22,831
3	31A/205/403	06	Commercial	23,708
4	109/498/98	10	Commercial	23,220
5	53/552/154	10	Commercial	20,959
6	N/3/278	10	Residential	31,272
7	149/530/231	15	Commercial	79,237
8	154B/57	16	Residential	22,728
9	108/229	16	Residential	26,446
10	250/75	18	Residential	20,932
11	342/61	20	Residential	45,940
12	111/93/69	27	Commercial	30,334
13	3/23/89	29	Residential	33,745
14	255A/203/194	14/19	Commercial	78,570
15	N/218	14/19	Residential	46,664
16	48/59/37	16/19	Residential	25,311
17	105/38/55	16/19	Residential	43,544
18	11A/30/63	16/19	Residential	39,154
19	266/142/131	16/19	Residential	22,243
20	76A/144/133	16/19	Residential	20,780

*(Note: Refer point no.4 of discussion note)*



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

---

**II. Part B**

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

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

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

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

*(Note: Refer point No. 23 of discussion note)*

**b. Irregularity in procurement process:** Procurement Register has not maintained by ULB so it is difficult to trace all Procurement above Rs. 15000 from various cash book.

- ❖ Stationery and other items were purchased not entered into stores registers and also not verified from concerned officer.
- ❖ Non certification of lottery system registers by concerned officer during reporting period.

**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

---

❖ **Following deficiency observed in the file of Daljeet Kumar (side drain) Rs. (3,53,000)**

- Non availability of advertisement in news paper of tender.
- Non availability labour license.
- Non availability work map.

❖ **Following deficiency observed in the file of Kamlesh Kumar Jha (side drain) Rs. (3,15,968)**

- Single bidder participated only.
- However work allotted whereas it should be cancel and should be process for re-tender.

❖ **Following deficiency observed in the file of Prabhat Shekhar (Pcc road & side drain) Rs. (9,56,600)**

- Non availability of advertisement in news paper of tender.
- Non availability labour license.
- Non availability work map.

*(Note: Refer point No. 26 of discussion note)*

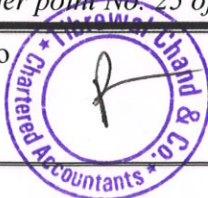
**c. Non Compliance of directives of UD&HD:** We observed several non-compliance of the directions of the UDHD which includes-

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

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

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

*(Note: Refer point No. 25 of discussion note)*



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

**e. Lack of Internal Control Measures:**

- 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.
- Expenditures vouchers were not provided to us.
- FAR is not maintained/updated by the ULB
- Daily wages register were not produced to us for audit.
- Demand Register for collection of Trade License for the financial year 2018-19 is not yet prepared
- Scheme register not prepared for the financial year 2018-19

*(Note: Refer point No. 5, 10, 14, 16, 19 & 27 of discussion note)*

**f. Non- Compliance of TDS, VAT, and other relevant statute:** During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Parishad. Further it was also observed that return was also not filled for TDS & VAT.

• **TDS:** Cases in which TDS not deducted

Details of Bills	Amount	Remarks
Legal fees	50,000	TDS not deducted
Electric item	4,06,443	TDS not deducted
Reparing of jcb	4,56,449	TDS not deducted
Reparing of tractor	41,278	TDS not deducted
Generator hire charges	15,000	TDS not deducted
Advertisement bill	31,500	TDS not deducted
Advocate fee	1,29,614	TDS not deducted
Advocate fee	50,000	TDS not deducted
Computer services	50,900	TDS not deducted
Repair & mantanance	4,06,443	TDS not deducted
Generator hire services	15,000	TDS not deducted
Jcb repairing	4,56,449	TDS not deducted
Vapor light repairing	4,62,484	TDS not deducted
Tractor reparing & mantanance	41,278	TDS not deducted



## Internal Audit Report for the year ended 31st March of F.Y. 2018-19

- **Royalty:** it was observed that royalty was deducted for the period 1<sup>st</sup> April to 31<sup>st</sup> October 2018 of Rs. 1,99,772 which was deposited on the date 27.10.2018 against check no. 104179. Rest of details was not presented to us even after asking many times from account officer.
- **Labor Cess:** it was observed that labour cess was deducted for the period 1<sup>st</sup> April to 31<sup>st</sup> October 2018 of Rs. 1,03,193 which was deposited on the date 27.10.2018 against check no. 104180. Rest of details was not presented to us even after asking many times from account officer.
- **GST:** It was observed that GST deducted amount Rs. 25,102 for the financial year 2018-19 which was very low amount of GST. Therefore it needs to be give special attention on the statutory deduction.
- Non filling of TDS & GST return by ULB which may attract penalty & interest.
- **VAT:** During the reporting period no VAT was deducted.

(Note: Refer point No. 8 of discussion note)

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

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

**Insurance:** Insurance deduction from all permanent staff salary but not deposited but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.

**Further, during the audit of salary vouchers it was observed that TDS was not deducted in few cases mentioned & DA is excess deducted below:**

Name of Employee	Basic	DA	HRA	Medical	PF	TDS
Jata shankar jha	28,610	38,910	2,870	200	3,433	Not deducted
Shankar kr jha	19,360	26,330	1,940	200	2,323	Not deducted

**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

Uday chand jha	17,780	24,180	1,780	200	2,134	Not deducted
Pramod kr verma	17,780	24,180	1,780	200	2,134	Not deducted

*(Note: Refer point No. 7 & 12 of discussion note)*

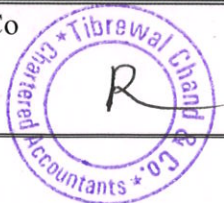
**h. Utilization certificate report on grants allotted during the year:** Details of UCs related to FY: 2018 – 2019 are given as annexure.

**i. Physical Verification of the inventories and stores:** Stores registers has not been prepared by the ULB. During the year 2018-19 no physical verification was carries out of the stores.

*(Note: Refer point No. 11 of discussion note)*

**j. Advances:** Advances register was not provided to us but observed from previous report, huge advance were not adjusted till the reporting year.

*(Note: Refer point No. 28 of discussion note)*



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

**Part C**

S N	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Chapter xi, rule 84 (Budget has not been sanctioned by empowered standing committee) & Chapter xii, rule 86 (Prepare and maintain accounts of receipts and expenditure), 87 (Preparation of Municipal Accounting Manual), 88 (Financial Statement.) 89 (Balance sheet.), 90 (Submission of financial statement and balance sheet to auditor.) and 98 (Municipal accounts committee.) are not follow by the ULB.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment procedures to check any in-consistencies in assessment at least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not).	SAF forms of the properties mentioned in Part- A were provided but no arrangements were made for physical verification so, SAF forms can't be verified.
3	<p>Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR</p> <p>Rule 22: All moneys to be brought to account</p> <p>Rule: 27: Collections to be deposited into Bank on the same day</p> <p>Rule 69: Grant Related Compliance</p> <p>Rule 120-121: Monthly Receipt &amp; Payment Account and Trial Balance</p> <p>Rule 130: Audit to be completed &amp; reported within 6 month</p>	<p>Rule 22: we have found that all money has been brought to account but delayed.</p> <p>Rule 27: we have observed that the collected money has not to be deposited into Bank Account on same day.</p> <p>Rule 69: Grant related compliance has been done properly.</p> <p>Rule 120-121: Monthly Receipt &amp; Payment Account and Trial Balance are not being prepared.</p> <p>Rule 130 is not being followed.</p>
4	Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob has been complied.	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob has been complied.
5	If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax,	It has been discussed in discussion notes and audit report under part A.



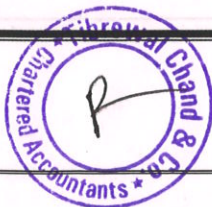
**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

	Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc. have incurred then quantify the same.	
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	No observation found in this regard.
7	Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	No observation found in this regard.
8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	It has been provided in discussion notes as well as in audit report under part A.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	It has been provided in discussion notes as well as in audit report under part A.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	It has been provided in discussion notes as well as in audit report under part A.
11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No fixed deposit made during the F.Y. 2017-18. All funds held by ULB are maintained at Nationalized Banks and rate of interest is per banking norms.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses.	It has been provided in discussion notes as well as in audit report under part A.
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	It has been provided in discussion notes as well as in audit report under part A.
14	Whether C&AG and Internal audit paras have	It has been discussed with management to prepare



**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

	<p>not been complied, if not assistance has been provided in this regard.</p>	<p>compliance report in regards of C&amp;AG Audit paras but management says that it will take few week or month. We suggested management to communicate if any difficulty arises in preparing compliance report We will guide and provide all assistance in this regard.</p>
	<p>No observation found in this regard.</p>	<p>7 Whether all procurement made including through E-Tendering and E-Auction including exception if any and whether a register is kept for all procurement with value above Rs. 12,000/-</p>
	<p>It has been provided in discussion notes as well as in audit report under part A.</p>	<p>8 An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period. Where there is no system for issuance of UCA, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&amp;HD website.</p>
	<p>It has been provided in discussion notes as well as in audit report under part A.</p>	<p>9 Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.</p>
	<p>It has been provided in discussion notes as well as in audit report under part A.</p>	<p>10 Whether all such payments have been made according to payment terms &amp; conditions of tenders and rate offers are according to procurement law and policies.</p>
	<p>No fixed deposit made during the F.Y. 2017-18. All funds held by ULB are maintained at nationalized banks and rate of interest is per banking norms.</p>	<p>11 Whether the fixed deposit and other funds should be kept in nationalized banks/approved financial institutions and should earn maximum interest at their gestation period.</p>
	<p>It has been provided in discussion notes as well as in audit report under part A.</p>	<p>12 Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses.</p>
	<p>It has been provided in discussion notes as well as in audit report under part A.</p>	<p>13 Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly, and also should be properly recorded in appropriate ledgers.</p>
	<p>It has been discussed with management to prepare</p>	<p>14 Whether C&amp;AG and internal audit paras have</p>

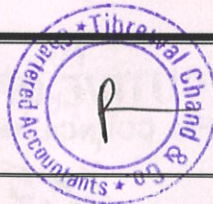


**Internal Audit Report for the year ended 31st March of F.Y. 2018-19**

**ANNEXURE**

**Annexure: Details of UC's of Financial Year 2018 – 2019**

SN	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2018-19	Civic Amenities	01/06/2018	97.21	97.21	NIL	UC Submitted
2	2018-19	Nali-Gali	30/05/2018	209.6	NIL	209.6	Un-Utilized Amount Rs. 209.6 transferred to PL A/C
3	2018-19	14th Finance	31/10/2018	146.87	NIL	146.87	Un-Utilized Amount Rs. 146.87 transferred to PL A/C
4	2018-19	5th Finance	10/07/2018	310.93	NIL	310.93	Un-Utilized Amount Rs. 310.93 transferred to P A/C
5	2018-19	5th Fin	03/07/2018	304.03	NIL	304.03	Un-Utilized Amount Rs. 304.03 transferred to P A/C
<b>Grand Total</b>				<b>1068.64</b>	<b>97.21</b>	<b>971.43</b>	



S. No.	Observation	Management Comment	Recommendation
1	As per notification of Bihar Government. The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10,000/- per year. During the course of audit it was observed that Rs 13,40,000 is due towards Tower Company for financial year 2018-19. <i>(Refer detailed audit report)</i>	This will be strictly taken care by next financial year and Nagar Parishad will take necessary steps to recover or boost revenue from towers.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	There is a long outstanding list of property tax collection. The amount of tax collected by the Tax collector is required to be handed over to the cashier by the next day of the collection. But it is not in practice currently. Tax collector hands over the collected cash to the cashier after a time gap of 20 to 30 days. <i>(Refer detailed audit report)</i>	Tax collectors are directed to deposit the tax.	Daily collection amount should be deposited in to bank on daily basic & appropriate action should be taken.
3	During the course of Audit, we observed that Nagar Parishad has conducted CAG audit (2016-17 & 2017-18) & Internal Audit for the year 2016-17 & 2017-18 but the compliance report for the same has not been prepared and also audit report were not provided to us <i>(Refer detailed audit report)</i>	Necessary action will be taken.	It should be prepared as soon as possible.
4	Report on Findings of the field survey of property tax of	ULB staff is directed to cooperate with auditors and	Physical survey can't be conducted due to Non



	minimum 20 high value properties. (Refer detailed audit report)	to provide all the necessary documents for audit.	availability of ULB staff for conducting physical verification. Further SAF forms were also not provided for 20 high value properties as per list provided by us.
5	Expenditures vouchers were not provided to us.	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	It should be provided to auditors.
6	No increment in the rent on shop, government building & other building observed during audit.	Will be considered in next financial year.	Rate of rent should be increment at proper interval.
7	PF deducted from all permanent staff salary but not deposited in his PF account causing loss to the savings of the employees but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.	Will be considered in next financial year.	PF should be deposited immediately on particular PF account..
8	During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Parishad. Further it was also observed that return was also not filled for TDS & VAT. (Refer detailed audit report)	Will be considered in next financial year.	All statutory compliances related to deduction, deposition and return filling should be complied.
9	The municipality is not in a practice to prepare BRS on regular or periodical basis.	Will be considered in next financial year.	BRS should be maintained month wise.
10	FAR is not maintained/updated by the ULB	Will be considered in next financial year.	FAR including assets wise identification number should be maintained/ updated by Nagar Parishad.
11	Non preparation of stores register	Will be considered in next financial year.	Due to non - maintenance of FAR, it will become difficult to identify quantity of each class of stock. So, the ULB should



<p>12 Insurance deduction from all permanent staff salary but not deposited but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.</p>	<p>Will be considered in next financial year.</p>	<p>maintain a store ledger including price of inward goods. Insurance should be deposited.</p>								
<p>13 Madhubani Nagar Parishad is not in practice to prepare monthly receipt and payment account and the trial balance.</p>	<p>Will be considered in next financial year.</p>	<p>ULB should prepare receipts and payment account on monthly basis. It helps to find out that how much fund received by the ULB and whether its utilization was made properly or not.</p>								
<p>14 Daily wages register were not produced to us for audit.</p>	<p>ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.</p>	<p>Daily wages register should be made available to auditors.</p>								
<p>15 Register of Petrol &amp; Diesel was not maintained by ULB. So, we are unable to find how much liter of Petrol &amp; Diesel consumed by ULB during the year. <i>(Refer detailed audit report)</i></p>	<p>Necessary action will be taken.</p>	<p>Log book should be maintained by ULB.</p>								
<p>16 Scheme register not prepared for the financial year 2018-19</p>	<p>Necessary action will be taken.</p>	<p>Separate register should be maintained for each scheme.</p>								
<p>17 Shop rent was not collected on timely by authorized person. Total Shop rent outstanding as on 31<sup>st</sup> March 2019 was Rs. 9,63,085. <i>(Details given in report)</i></p>	<p>Nagar Parishad ensure that this will be taken care from now onwards. Necessary action will be taken.</p>	<p>Due shop rent should be collected as soon as possible.</p>								
<p>18 Tax collector has collected holding tax but same has not been entered in daily collection register. Details given below</p> <table border="1" data-bbox="207 1657 638 1859"> <thead> <tr> <th>Receipt No</th> <th>Amount (Rs)</th> </tr> </thead> <tbody> <tr> <td>19908</td> <td>1060:00</td> </tr> <tr> <td>19909</td> <td>20:00</td> </tr> <tr> <td>19910</td> <td>690:00</td> </tr> </tbody> </table>	Receipt No	Amount (Rs)	19908	1060:00	19909	20:00	19910	690:00	<p>Nagar Parishad ensure that this will be taken care from now onwards. Necessary action will be taken.</p>	<p>Tax collection amount should be recorded in DCR and deposited timely.</p>
Receipt No	Amount (Rs)									
19908	1060:00									
19909	20:00									
19910	690:00									



EXECUTIVE OFFICER  
MUNICIPAL COUNCIL, MADHUBANI  
28.06.2020

19911 608:00

Total 2378:00*(Refer detailed audit report)*

- |    |  |  |   |
|----|--|--|---|
| 19 | Demand Register for collection of Trade License for the financial year 2018-19 is not yet prepared   | All tax collector cashier, cashier and tax daroga is directed to make necessary attempt in this regard.                                  | Demand register should be prepared.   |
| 20 | Non-renewal of rent agreement  | Will be considered in next financial year.   | Shop rent is major revenue of Nagar Parishad and rent contribute huge amount of revenue but we have seen that approx all shop agreement has not been renewal till date of audit.  |
| 21 | Non-Implementation of double entry accounting system (DEAS) We found the detail that double accounting system is implemented at Madhubani Nagar Parishad and AFS, FAR & PTR for 2017-18 has been submitted. However we not got any data for 2018-19 verification the same. | Implementation of DEAS is ongoing and ULB staff is directed to cooperate with auditors and to provide all necessary documents for audit. | As per requirement of BMAR-2014, Part-A, Chapter-2 Rule -4, "All ULB referred in schedule-1 shall maintain its books of account using the double entry system". Since Madhubani Nagar Parishad is covered under schedule-1, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule. |
| 22 | No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.   | ULB staff is directed to comply with BMA-2007  | As per requirement of BMA-2007, Chapter-XII, ULB should hold a meeting of municipal accounts committee each year. During our audit no evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.  |
| 23 | Non-maintenance of required registers as per Rule No.-3 of BMAR-2014   | ULB staff is directed to follow and comply the guidelines of BMAR  | Details of registers not maintained by ULB is mentioned under Part-A (a).   |

Tibrewal Chand &amp; Co.



**EXECUTIVE OFFICER**  
MUNICIPAL COUNCIL, MADHUBANI

Page 4

			ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.
24	During the period of audit we observed that no stamp duty collected by ULB this could be a huge loss to Nagar Parishad. <i>(Refer detailed audit report)</i>	Necessary action will be taken.	Stamp duty should be collected on timely .
25	Non-Compliance of Act & Rules	ULB staff is directed to ensure compliance of all applicable Act & Rules.	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.
26	Irregularity in procurement process: Procurement Register has not maintained by ULB so it is difficult to trace all Procurement above Rs. 15000 from various cash book. Non compliance of procurement policies, rules & regulations. <i>(Refer detailed audit report)</i>	Nagar Parishad ensure that this will be taken care from now onwards.	Register should be maintained properly and must follow procurement policies, rules & regulations.
27	<b>Lack of internal control measures</b> We observed that there is no internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling, and statutory compliances:  (i) Voucher file was not maintained. (ii) No internal mechanism for statutory compliance. (iii) No MIS was prepared for tracking of payments. (iv) Required books of Accounts	Nagar Parishad ensure that this will be taken care from now onwards.	<b>We suggest that:</b> (i) MIS system should be implemented over daily collection and deposit. (ii) Need to identify a person to comply with the statutory compliance. In case of any failure to comply with statutory compliances he should also be penalized. The management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.



25-8-2020

as per BMAM, was not maintained  
(v) Statutory compliance reconciliation was not maintained.

- 28 Advances register was not provided to us. ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit. Advance register should be produced to auditor for verification.

Details of 20 high value properties:-

Sl. No.	Holding No.	Ward No.	Type of Properties	Property Tax
1	99/07	05	Residential	43,729
2	162/190/145	05	Commercial	22,831
3	31A/205/403	06	Commercial	23,708
4	109/498/98	10	Commercial	23,220
5	109/498/98	10	Commercial	20,959
6	53/552/154	10	Residential	31,272
7	N/3/278	15	Commercial	79,237
8	149/530/231	16	Residential	22,728
9	154B/57	16	Residential	26,446
10	108/229	18	Residential	20,932
11	250/75	20	Residential	45,940
12	342/61	27	Commercial	30,334
13	111/93/69	29	Residential	33,745
14	3/23/89	14/19	Commercial	78,570
15	255A/203/194	14/19	Residential	46,664
16	N/218	16/19	Residential	25,311
17	48/59/37	16/19	Residential	43,544
18	105/38/55	16/19	Residential	39,154
19	11A/30/63	16/19	Residential	22,243
20	266/142/131	16/19	Residential	20,780
	76A/144/133			



25-11-2020

Details of statutory deduction:-

## i. TDS: Cases in which TDS not deducted

Details of Bills	Amount	Remarks
Legal fees	50,000	TDS not deducted
Electric item	4,06,443	TDS not deducted
Repairing of job	4,56,449	TDS not deducted
Repairing of tractor	41,278	TDS not deducted
Generator hire charges	15,000	TDS not deducted
Advertisement bill	31,500	TDS not deducted
Advocate fee	1,29,614	TDS not deducted
Advocate fee	50,000	TDS not deducted
Computer services	50,900	TDS not deducted
Repair & maintenance	4,06,443	TDS not deducted
Generator hire services	15,000	TDS not deducted
Job repairing	4,56,449	TDS not deducted
Vapor light repairing	4,62,484	TDS not deducted
Tractor repairing & maintenance	41,278	TDS not deducted

Name of Employee	Basic	DA	HRA	Medical	PF	TDS
Jatashankarjha	28,610	38,910	2,870	200	3,433	Not deducted
Shankar krjha	19,360	26,330	1,940	200	2,323	Not deducted
Udaychandjha	17,780	24,180	1,780	200	2,134	Not deducted
Pramodkrverma	17,780	24,180	1,780	200	2,134	Not deducted

Tibrewal Chand &amp; Co.



Page 7

**EXECUTIVE OFFICER**  
MUNICIPAL COUNCIL, MADHI RAH

Bank Reconciliation Statement

Name of scheme	Name of Bank	Balance as per pass book	Balance as per cash book	Differences	Status
MukhyaMantriSahri Pay JalNishyaYojana	Aandhra Bank 27837	3,55,68,592	3,55,68,592	-	Reconciled
KabirAntyoshthi	Allahabad Bank 46757	32,25,066	32,25,066	-	Reconciled
WisheshAngibhutYojna	Bank of India 20165	2,919	2,919	-	Reconciled
NULM Grant	Bank of Maharastra 72235	19,31,102	19,31,102	-	Reconciled
13th Finance Commission	Canara Bank 14730	1,133	1,133	-	Reconciled
Other	Canara Bank 02875	13,581	13,581	-	Reconciled
Marriage Bhavan	Canara Bank 12984	4,739	4,739.00	-	Reconciled
Road Deve lopment	Central Bank of India 59551	25,355	25,355	-	Reconciled
Swachh Bharat Mission	ICICI Bank 00492	30,81,255	30,81,255	-	Reconciled
SahriNaaliGaaliPakkikarn	Oriental Bank of Commerce 22180	25,518	25,518	-	Reconciled
SJSRY	Punjab National Bank 88847	16,353	16,353	-	Reconciled
Own Resources	State Bank of India 35417	3,64,794	3,64,794	-	Reconciled
MLC Fund	Union Bank 01104	11,61,371	11,61,371	-	Reconciled
House for All	Union Bank 04552	6,02,94,618	6,02,94,618	-	Reconciled
Various	Treasury 8448	3,51,83,559	3,51,83,559	-	Reconciled



EXECUTIVE OFFICER  
MUNICIPAL COUNCIL, MADHUBANI

25.6.2020

Details of UC's of Financial Year 2018 - 2019

SN	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2018-19	Civic Amenities	01/06/2018	97.21	97.21	NIL	UC Submitted
2	2018-19	Nali-Gali	30/05/2018	209.6	NIL	209.6	Un-Utilized Amount Rs. 209.6 transferred to PL A/C
3	2018-19	14th Finance	31/10/2018	146.87	NIL	146.87	Un-Utilized Amount Rs. 146.87 transferred to PL A/C
4	2018-19	5th Finance	10/07/2018	310.93	NIL	310.93	Un-Utilized Amount Rs. 310.93 transferred to P A/C
5	2018-19	5th Fin	03/07/2018	304.03	NIL	304.03	Un-Utilized Amount Rs. 304.03 transferred to P A/C
Grand Total				1068.64	97.21	971.43	



*[Handwritten Signature]*  
**EXECUTIVE OFFICER**  
 MUNICIPAL COUNCIL, MADHUBANI  
*[Handwritten Signature]*  
 28-5-2019