

**URBAN DEVELOPMENT AND HOUSING
DEPARTMENT**

**INTERNAL AUDIT REPORT
OF ULB - MOKAMA NAGAR
PARISHAD, BIHAR**

01-04-2017 To 31-03-2018

FY 2017-18

M/S R.N.SINGH & CO.

CHARTERED ACCOUNTANTS.

208, HEM PLAZA; FRASER ROAD;

PATNA: 800001.

PHONE NO: 9431019502.

Report Issued on 20th August 2019

Executive Summary

1. Introduction

Name of the Municipality	Nagar Parishad Mokama
Period covered under current audit	01-04-2017 to 31-03-2018
Name of Chief Municipal Officer for the period under Audit	Sri. Ashutosh Kumar

2. Results and Findings

Strengths observed during the audit engagement

1.	Mokama Nagar Parishad has properly maintained the General Cash book which is the consolidated cash book of all the schemes
2.	Board meetings of Mokama Nagar Parishad are held regularly and problems faced in smooth operation are resolved by passing resolution
3.	Separate file of the parties to whom payments are made are properly maintained.

Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement.

Sl.No.	Observation
1.	We have observed that the collection of property tax (Holding Tax) is very poor there are total demand for the FY 2017-18 is 3,60,77,602.00 including the arrear of previous financial year is Rs. 2,99,38,692.00 but collected only Rs. 42,94,534.00 during the FY 2017-18 which is only 11.90% of total demand.
2.	Amount Collected from own sources revenue has not been deposited into bank by the ULB on the same date/next to the same date as required.
3.	Mokama Nagar Parishad is not in practice to procure all assets and stores above Rs. 5,00,000.00 through E-tendering.
4.	UC of various scheme for RS. 9,03,67,730.00 are pending for submission to the Urban Development & housing Department for financial year 2017-18.
5.	Tower tax has not been collected, since the establishment of the ULB even though number of tower is 23 as on 31-03-2018. Thus total outstanding tax amount is Rs. 21,48,000.00 For registration fee, renewal fee.
6.	No Separate Grant register is being maintained; hence, it is difficult to find out the



	amount of unutilized grant at any point of time.
7.	Double entry accounting system has not been implemented by the MOKAMA Nagar Parishad.
8.	ULB has not implemented computerized accounting system.
9.	MOKAMA Nagar Parishad is not in practice to prepare fixed asset register.
10.	MOKAMA Nagar Parishad is not in practice to charge depreciation on fixed asset.
11.	Stock Register is not properly maintained by the Nagar Parishad.
12.	MOKAMA Nagar Parishad is not in practice to prepare the Bank Reconciliation Statement of different schemes.
13.	ULB has not been in practice to prepare monthly receipt and payment account.
14.	Cash Book has not been authorized by the executive Officer on daily basis.
15.	Demand and collection register is not maintained by the ULB.
16.	ULB is not in practice to prepare summary of daily collection receipt in form GEN-13.
17.	During the audit we have observe that vouchers are not serially arranged and binded.
18.	Section 84 of the Bihar Municipal Act, 2007. Provides that Municipality shall submit its budget intimates for the ensuring year to the State Govt. by 15 th of the March. But information furnished by the Nagar Parishad revealed that budget estimates were not passed on time by the board, which resulted into delay transmission of the same to the State Government.
19.	Procurement register is not maintained by the MOKAMA Nagar Parishad.
20.	Various register books of records etc. are not being prepared by the ULB such as Demand Register, statutory register with regards TDS, VAT, Labour Cess and royalty, Bid register of shop, Survey register/files of hoardings.
21.	Municipal Accounts Committee has not been constituted by the MOKAMA Nagar Parishad.

3. Opinion

The ULBs functioning is not up to mark rather it has lots of scope of improvement. The ULB is required to improve a lot in the field of:

- a. Preparation of Accounts, Ledger, Books, Bank Reconciliation Statement, Various Registers and Records as required.
- b. It requires to improve its Internal Control Procedures with regards to Demand, Collection of Revenue, Deposit of Collected revenue in the Bank same day.
- c. It requires to pay all the statutory liabilities like TDS, Royalty, and VAT on timely basis.
- d. It requires Return of VAT, TDS will be filled on or before due date.
- e. ULB should reconcile balance Treasury with Bank at least once in a month.
- f. UC of schemes should be submitted on timely basis.



- g. Due to non-implementation of Double Entry Accounting System and following of Cash basis of Accounting, proper recognition of Income and expenses are not possible in accounts.
- h. Monthly receipt & Payment account should be prepared by ULB.
- i. Cheque issue register must have to maintain that will help in verification of payment process.

4. Audit Recommendations

SL. No.	Recommendations
1.	<ul style="list-style-type: none"> • ULB should adopt double entry accounting system. Double entry accounting allows accounting department to prepare financial statement easily. • Double entry accounting system present accurate report of book of accounts of the income statement, balance sheet, cash flow statement and other financial statements and reports. • It provides check and balance which prevent fraudulent activity and reduce errors. Double entry accounting system prevents fraud in a greater way than single-entry accounting because it makes it difficult to manipulate accounts. You can easily detect accounts manipulation by examining the journal entries and comparing them to previous journal entries for the same or similar transactions.
2.	ULB must have to implement computerized accounting system. It provides automatic ledger entries, accuracy and speed of automatic calculation, automatic production of trial balance from ledger entries, potential to create customized reports and provide additional analysis.
3.	<p>Mokama Nagar Parishad must have to maintain fixed asset register that will help in: -</p> <ul style="list-style-type: none"> • Track and identify the asset. • Security of the asset specifically to prevent theft. • Calculate depreciation annually. • Track gross book value and net value of asset. • Assists in conducting audit of assets and asset verification. • Help in estimating the repairs and maintenance cost. • Assists in estimating the future capital investment in fixed assets. • Comply with statutory requirements.
4.	ULB must have to maintain Material Receipt notes, Store ledger, Statement of closing stock and statement of material issued respectively in Form No. ST-1, ST-2, ST-3, ST-4. and regularly authorized from executive officer.



5.	ULb must have to maintain Bank Reconciliation statement as per UD & HD guidelines, which will help in: - <ul style="list-style-type: none"> • Accurate balance. • Prevent Theft. • Prevent mistakes. • Accounts in good standing.
6.	ULB should prepare receipt and payments accounts on monthly basis. Due to which it become very easy to find out how much fund has been received by the ULB.
7.	Cash book should be daily balanced and authorized by the executive officer.
8.	ULb Should maintain demand and collection Register as per UDHD guidelines.
9.	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.
11.	ULB should be prepare summary of daily collection in form GEN-13.
12.	ULB should have to be prepare UC in prescribe format of various scheme as soon as possible and submit the same UD & HD Dept. also on regular interval as per prescribe guideline.
13.	Mokama Nagar Parishad must have to vouchers are serially arranged and binded because it creates difficulties during verification of payment.
14.	ULb should procured any Equipment's above Rs. 5,00,000.00 through E-Tendering process.
15.	Mokama Nagar Parishad must collect mobile tower tax which comes under its jurisdiction otherwise it leads to loss of revenue to Mokama Nagar Parishad.
16.	ULb should maintained separate grant register for each scheme.
17.	Mokama Nagar Parishad must have to maintain procurement register as per UDHD guidelines and also without procurement register verification of procurement process is very difficult.
18.	ULB should maintain all the books of account, register, records etc. as prescribe in Bihar municipal accounts Act, Manual and Rules.
19.	Municipal accounts committee must be constituted by the Mokama Nagar Parishad.



5. Comments from Management

As per discussion with Management, they have ensured that they are looking into the matter and proper action will be taken for all the irregularities coming out from audit.

Detailed discussions on this are given in *Discussion Note* as attached below.

6. Acknowledgement: -

We thank Sri. Ashutosh kumar (Executive Officer), for his support during the period of our audit. We are also thankful to accountant and other staff of the Nagar Parishad for their co-operation during the period of audit.

For R. N. SINGH & CO.
Chartered Account
ICAI Reg.No:322066E



CA Chanakya Shree
Partner
M.No: -079322

VDIN-20079322AAAAFH1160

Date - 21/05/2020

Detailed Audit Report

1. Introduction

The Internal audit of Mokama Nagar Parishad, covering the period from 1st April 2017 to 31st March 2017 was conducted by following persons under guidance of TL CA Chanakya Shree and MAE CA Ashok Kumar Pandey:

- i. Mr. Santosh Kumar

2. Administration

The present body of the ULB has taken charge on 11-02-2019. The incumbency in the key administrative and executive positions was as under:

Mr. Krishna Balav kumar Chairman from 21/06/ 2017 to till date.

Sri. Ashutosh kumar Executive Officer from 11/02/2019 to till date.

3. Review of outstanding audit paras:

Status of Audit Observations is as under:

Sl. No.	Particulars of Audit and date of report	Total no. of audit Paras	Total no. of audit Paras where necessary improvement/ corrective measure is 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 outstanding para where no action has been taken	No. and Date of Compliance Report
1.	AG Audit for the 2014-2016	19	19	01	01	337509.00	19	Not Complied
2.	Internal Audit for the Year 2016-2017 (Qtr. 1)	28	28	05	00	00	28	Not Complied
3.	Internal Audit for the Year 2016-2017.(Qtr.2)	28	28	02	00	00	28	Not Complied



4.	Internal Audit for the Year 2016-2017.(Qtr3)	14	28	01	00	00	14	Not Complied
5.	Internal Audit for the Year 2016-2017.(Qtr4)	15	15	01	00	00	15	Not Complied

Detailed Report on Compliance of Previous Internal Audit Report: -

Sr.No.	Audit Observation	Persisting Since	Complied/ Not Complied
1.	<p>Tower Tax</p> <ul style="list-style-type: none"> Mokama Nagar Parishad has not made survey that how many tower installed under this Nagar Parishad. A lot of Tower tax and renewal charges have not been collected. Total outstanding amount is Rs.21,68,000.00 till the date 31.03.2016 Details are given in detailed audit report. No any action for recovery of tower tax has taken during the Financial Year 2016-17. 	2016-17	Not complied
2.	Holding tax collected by Tax collector, it should be reviewed by Tax Daroga at least once in month. But we observed that no any review taken by Tax Daroga about holding tax collection.	2016-17	Not complied
3.	From Receipt number 3701 to 3710 total holding tax collected for Rs 9167.00 but deposited only 9127.00	2016-17	Not complied



4.	From Receipt number 3129 to 3158 total amount collected for Rs 42623 but not deposited till date.	2016-17	Not complied
5.	In Receipt number 1946 for Rs 469 collected but deposited only 369.00	2016-17	Not complied
6.	Fixed assets register has not been maintained properly at Nagar Parishad level.	2016-17	Not complied
7.	TDS & VAT return for the 1 st 2 nd 3 rd & 4 th quarter has not filled till the audit report date. There are two penalties has levied under Income Tax Act 1961 if TDS return not filed on due date: - <ul style="list-style-type: none"> • U/S 234E, Rs 200 per day charged till the date of return filed. • U/S 271H, Minimum penalty Rs 10000 has charged. 	2016-17	Not complied
8.	As per BMAR, the actual balance in the Bank shall be compared from treasury at least once at the end of the month. However, Mokama Nagar Parishad is not in practice to reconciliation between Treasury cash book balances with Treasury.	2016-17	Not complied
9.	Accounting process adopted by Mokama Nagar Parishad is Single Entry System based on cash basis of accounting. It is not as per Bihar Municipal Act Manual. Bihar Municipal Act Manual requires adoption on Accrual Basis Double entry system of Accounting.	2016-17	Not complied



10.	The amount of tax collected by the Tax collector is required to be handed over to the cashier next day of the collection. The same process is not followed. Tax collector hands over the collected cash to the cashier after a time gap of 15 to 30 days. Details are given in detailed audit report.	2016-17	Not complied
11.	Mokama Nagar Parishad is not in practice to prepare monthly receipt and payment.	2016-17	Not complied
12.	Mokama Nagar Parishad has not made Compliance of AG Report for the FY 2014-15 & 2015-16 and Internal Audit Report.	2016-17	Complied
13.	Total Rs 1,52,12,546.00 UC for the scheme has not submitted till the 31 st March 2017.	2016-17	Not complied
14.	Physical verification of inventory & Fixed assets has not been done by ULB on regular interval.	2016-17	Not complied
15.	Mokama Nagar Parishad is not in practice to Prepare Bank reconciliation statement.	2016-17	Not complied

4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2015-16	2016-17	2017-18
Final/Revised Budget	89,91,29,947.00	1,06,23,71,210.00	1,11,67,45,000.00
Actual Expenditure	44,78,60,090.00	56,32,39,700.00	22,51,84,771.00
Savings(+)/ Excess(-)	45,12,69,857.00	49,91,31,510.00	89,15,60,229.00



II. Volume of transactions

Period	Budgeted 2017-18	Previous year (For one Year) (2016-17)	Current period 2017-18
Opening balance	24746.00	22,62,27,168.00	42,45,79,613.00
Receipts	1,11,67,45,000.00	76,15,92,145.00	13,19,72,598.00
Total	1,11,67,69,746.00	98,78,19,313.00	55,65,52,211.00
Net expenditure	1,11,67,45,000.00	56,32,39,700.00	22,51,84,771.00
Closing balance	24746.00	42,45,79,613.00	33,13,67,440.00

III. Bank Reconciliation: -

We have observed that Mokama Nagar Parishad is not in practice to maintain subsidiary cash book for treasury scheme. However, bank reconciliation statement has also not been prepared by the ULB. Moreover, the balance of different bank accounts has been provided which are as follows.

Details of closing balance

Sl. No.	Name of Scheme	Bank Name	Balance as per cash book As on 31-03-2018	Balance as per pass book As on 31-03-2018	Difference	Reconciled/ Not Reconciled
1.	Treasury P& L	Treasury	182775660	182775660	0.00	Not Required
2.	13/14 th finance	BOB/12724	1393	1393	0.00	Not Required
3.	Sjsry	PNB/155666	7574739	7567425	7314	Not Reconciled
4.	BRGF	CANARA/28230	735771	4590765	3854994	Not Required
5.	IHSDP HOUSING	PNB (243244)	19452812	19925294	472482	Not Reconciled
6.	IHSDP HOUSING	BOB (12721)	2779775	3252273	472498	Not Reconciled
7.	IHSDP HOUSING	UNION BANK (3246)	2437068	2437068	0.00	Not Required



8.	IHSDP INFRASTRUCTURE	BOB (13974)	108557422	109239617	682195	Not Reconciled
9.	KABIR ANTHETHI	BOB (12722)	2094745	2094727	18.00	Not Reconciled
10.	SOCIAL SECURITY	AXIS BANK (20514)	0.00	8126	8126	Not Required
11.	E-GOVERANANCE	BOB (10912)	5669	5969	300.00	Not Reconciled
12.	SWACHH MISSION	AXIS BANK	602170	942670	340500.00	Not Reconciled
13.	SBM	ICICI (620)	132839	2509862	2377023	Not Reconciled
14.	SBM	BOB (12723)	54452	54432	20	Not Reconciled
15.	HFA	ALLAHABAD BANK	262625	312619	49994	Not Reconciled
16	BRGF	AXIS Bank	4200000	4200000	0.00	Reconciled

IV. Revenue Receipts: -

Income Details (Amounts provided in Rupees)							
Sl. No	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Receipts (A+B)	131972598	761592145				
A.	Revenue Receipts (1+2+3)	57693915	76417372				
1.	Own Revenue Receipts (a+b)	13932665	14379858				
a)	Tax Revenue(levied and collected by municipal body)	13488908	9080632				
i)	Property tax	11297785	9027632				
ii)	Other tax (levied and collected by municipal body)	2191123	53000				
b)	Non-tax revenue (levied and collected by municipal body)	443757	5299226				



i)	Fees & fines	-	-	Not Applicable
ii)	User Charges	395757	1318226	
iii)	Other non-tax revenue (levied and collected by municipal body)	48000	3981000	
2	Other Revenue Receipts	6879434	3193746	
a)	Income from interest/investments	6879434	3193746	
b)	Other Revenue income	-	-	
3.	Transfers/ Grants/ Assigned Revenues	36881816	58843768	Not Applicable
a)	State Assigned Revenue	32372864	3374835	
b)	State Finance Commission (SFC) Grants/ Devolution	0	55294305	
c)	Octroi compensation	-	-	
d)	Other State Govt. Transfer	4508952	174628	
e)	Central Finance Commission (CFC) Grant	-	-	
f)	Other Central Govt. Transfer	-	-	
g)	Others	-	-	
B.	Capital Receipts	74278683	685174773	
1	Sale of Municipal Land	-	-	
2	Loans (from State Govt. or Banks etc.)	-	-	
3	State Capital Account Grant (under State Schemes etc.)	44477171	45000259	
4	Central Capital Account Grant (under Central Schemes etc.)	29801512	640174514	
5	Other Capital Receipts	-	-	



V. Revenue and Capital Expenditure Information:-

Expenditure Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
Total Expenditure (1+2)		225184771	563239700	Not Applicable for this period			
1	Revenue Expenditure	39163076	39361290				
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and Contractual Staff)	33311328	35400687				
1.2	Operation and Maintenance (O&M)	3068812	1982711				
1.3	Loan repayment (Interest payments)	-	-				
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	2782936	1977892				
2.	Capital Expenditure	186021695	523878410				
2.1	All developmental works under Central/State specific schemes	186021695	523878410				
2.2	Loan Repayments (Principal Amount)	-	-				
2.3	Other Capital expenditure	-	-				



VI. Status of implementation of Double Entry Accounting System

Double Entry Accounting System is not implemented by the Mokama Nagar Parishad during the financial year 2017-18. However, DEAS consultancy has doing work on double entry accounting in Nagar Parishad since 17 December 2018.

VII. Status of Municipal Accounts Committee; if meeting is held

MOKAMA Nagar Parishad has not constituted Municipal Accounts Committee under section 98 of the Municipal Act, 2007. And Minutes of such Municipal Accounts Committee has not been provided to us to report.

5. Audit Observations

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.

a. Mobile Tower Collection: -

Audit Objective – As per Point No. – 5.00 of TOR

Criteria – Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for communication tower erected within municipal area. Currently the registration fee for Nagar Parishad is Rs. 40,000/- per tower and annual renewal fee is Rs. 10,000/- per annum per tower.

Condition –As per details provided to us there are total 23 Mobile Towers installed within the Area of Mokama Nagar Parishad up to 31.03.2018 and Rs. 21,48,000.00 has been due but not collected till the date of audit from these tower operators as Tower Tax.

Consequence Effect / Impact - Due to non-collection of Tower Rent with in prescribe time line, ULB incurred interest loss and also the due to non-collection of taxes, 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 regular interval. The ULB has not proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage.



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

Si.No	Name of Company	Date of Installation	Dues	Renewal	Amount Collected	Amount Due
1	Airtel	17.08.2007	100000	10000	0	110000
2	Airtel	17.08.2007	115000	10000	0	125000
3	Airtel	03.09.2007	115000	10000	0	125000
4	Airtel	20.04.2006	125000	10000	0	135000
5	Airtel	31.10.2005	155000	10000	0	165000
6	Airtel	17.08.2007	135000	10000	0	145000
7	Tata Teleservice	2005	110000	10000	0	120000
8	Tata Teleservice	2005	160000	10000	0	170000
9	Tata Teleservice	11.02.2006	160000	10000	0	170000
10	Tata Teleservice	2013	5000	10000	0	15000
11	Tata Teleservice	2013	5000	10000	0	15000
12	Idea	10.09.2007	115000	10000	0	125000
13	Idea	08.09.2007	120000	10000	0	130000
14	Idea	2007	140000	10000	0	15000
15	Aircel	2007	100000	10000	0	110000
16	Aircel	16.08.2007	85000	10000	0	95000
17	Aircel	11.09.2007	125000	10000	0	135000
18	Reliance Jio Info	21.02.2013	0.00	10000	0	10000
19	Reliance Jio Info	26.11.2013	0.00	10000	00	10000
20	Reliance Jio Info	28.10.2013	0.00	10000	0	10000
21	Reliance Jio Info	28.10.2013	31000	10000	0	10000
22	Reliance Jio Info	22.04.2013	6000	10000	0	10000
23	Reliance Jio Info	02.08.2013	11000	10000	0	21000
Total			1918000	230000	0.00	2148000



b. Advertisement Tax

Audit Objective – As per Point No. – 5.00 of TOR

Criteria – Non – levied of advertisement tax by the ULB.

Consequence / Effect / Impact - Due to non - levied of collection of advertisement tax, there is a revenue loss to ULB.

Cause – This happens due to lack of awareness of imposition of advertisement tax of concerned person of the ULB.

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

c. Holding & Property Tax Deposit – Irregularity: -

Audit Objective – As per Point No. – 5 of TOR

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 - Tax Amount is not deposited timely into Bank. In some cases, collected amount has been retained by the Tax Collectors for a period of 1-2 month from the date of collection of taxes.

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

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

Corrective Action / Recommendation – 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.

d. Holding & Property Tax Collection – Irregularity: -

Audit Objective – As per Point No. – 5.00 of TOR

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 – We have observed that the collection of property tax (Holding Tax) is very poor there are total demand for the FY 2017-18 is 3,60,77,602.00 including the arrear of previous financial year is Rs. 2,99,38,692.00 but collected only Rs. 42,94,534.00 during the FY 2017-18 which is only 11.90% of total demand.

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

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

Corrective Action / Recommendation – 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.

e. Market/Shop Rent Collection: –

Audit Objective– As per Point No. – 5 of TOR

Criteria– Non-Collection of Market/Shop Rent and imposition of late fine by the concerned ULB.

Condition– ULB has no any own shop in their Nagar Parishad.

Consequence / Effect / Impact- As there is no any own shop in the Nagar Parishad, this is not applicable.

Cause– As there is no any own shop in the Nagar Parishad, this is not applicable.

Corrective Action / Recommendation– As there is no any own shop in the Nagar Parishad, this is not applicable.

B. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULB's:

No observation found during the course of audit.



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

Property / Holding tax are assessed by the ULB. There for property tax on Minimum 20 high value could be determined.

Sl. No	Owner Property Name	Ward No	Housing/ Commercial	Taxable area	Annual rent	Correct/Incorrect
1.	Jadish Singh	04	Commercial	70*50	2280	Correct
2.	Ramdev Yadav	04	Residential	85.5*58	1292	Correct
3.	Ramsagar Singh	21	Residential	52*127	1565	Correct
4.	Dinesh Prasad	21	Residential	48*62	1557	Correct
5.	Trishul Dhari	22	Residential	20*57	1732.40	Correct
6.	Shitalray	22	Residential/commercial	38*56.5	2132	Correct
7.	Balmiki Pandey	23	Residential	8.D	1197	Correct
8.	Murari Pd Singh	23	Residential	20.5 D	1373.44	Correct
9.	Raja Kumar	24	Residential/commercial	62.66*20	1323	Correct
10.	Maheshwar Pd Singh	24	Residential	19D	1216.80	Correct
11.	Anandsahi	26	Residential/commercial	107.5*53	6967	Correct
12.	Pasupalan Bhibag	27	Commercial	182*108	6209	Correct
13.	Ranjan Kr Singh	27	Commercial	7 D	3713	Correct
14.	Krishna Devi	28	Residential/commercial	9.5 D	4019.32	Correct
15.	Rajnandan Singh	28	Commercial	9.5D	4019.32	Correct
16.	Sakuntala Devi	02	Commercial	685*22	4131	Correct
17.	Gita Devi	03	Residential	54*35+33	4520.21	Correct
18.	Bina Devi	03	Residential/commercial	91*33+41	5991.98	Correct
19.	Rakesh Nandan Pd Singh	06	Commercial	19*41+72*66.8D	11572.68	Correct
20.	Kamal Dhari Singh	06	Residential/commercial	44*41+20.25	3733.50	Correct

Note: Property / Holding tax are assessed by the ULB. On test check basis, we have calculated the area and no variance found. However, it is very difficult to do the Field Survey due to resentment of property holders and sometimes it gets very ugly.

Part-B

All Audit objections/regularities which has no monetary implication, but significant violation of act, Rules directives of UD&HD. Mention the reference to Act &Rules wherein remedial measure is required.

a. Non –maintenance of books of accounts, subsidiary registers: -

We have observed that following register which are given below that have not been maintained by the Mokama Nagar Parishad: -

1.	ULb is not in practice to maintain subsidiary cash book of all scheme.
2.	Monthly receipt and payment account is not prepared by the Mokama Nagar Parishad.
3.	Monthly income and expenditure account is not prepared by the ULb.
4.	Grant register is not maintained by the Mokama Nagar Parishad
5.	Scheme register is not maintained at the ULb level.
6.	Advance issue and recovery register is not maintained by the ULb.
7.	Pay-roll register is maintained by the ULb.
8.	Assessment register of property tax.
9.	Provision made register of all taxes/user charges/ fees & fines.
10.	Demand and collection register of shop rent.
11.	Rent register of shop.
12.	Demand and collection of mobile towers and registration files of mobile tower.
13.	ULb is not in practice to maintain procurement register.
14.	Bid register is not maintained by the ULb.
15.	Cheque issue register is not maintained by the Mokama Nagar Parishad.
16.	Records and revision of Taxes and rent.
17.	Civil suit register is not maintained at the ULb level.
18.	Demand and collection register of Hoardings.
19.	ULb is not in practice to maintain fixed asset register.
20.	Stocks register are not properly maintained.
21.	Sairat register is not maintained at the ULb level.
22.	Log book is not prepared at the ULb level.



b. Irregularity in procurement process:

We have checked all procurements made with value above Rs. 15000.00 and we have observed that Mokama Nagar Parishad is not in practice to procure all assets and stores above Rs. 5,00,000.00 through E-tendering.

c. Non-compliance of directives by UD &HD, Government of Bihar: -

No observation is found on this regard.

d. Non-compliance of Act & Rules: -

- i. The ULB is not preparing the Accounts and Financial Statement as per Section 86 & 88 of the Bihar Municipal Act, 2007. As required under section 88 of the said Act, the ULB is required to prepare within four months from the close of the year, Financial Statement Containing an Income & Expenditure Accounts and a Receipt and Payment Account for the previous year w.r.t. the accounts of the ULB.
- ii. The ULB is not preparing Fund Wise Receipts & Payments under BMAR Form No. 71 within 20th day of the subsequent months as per Rule 120 of the Bihar Municipal Accounts Rule 2014.
- iii. The ULB is not preparing following Financial Statement of the Preceding years as required under Rule 122 of the Bihar Municipal Accounts Rule, 2014:
 - a. Receipt & Payment Accounts for the Year (BMAR Form No 71).
 - b. Income & Expenditure Account for the Year (BMAR Form No 73).
 - c. Balance Sheet as on 31st March of the Year (BMAR Form No 74).
- iv. The ULB is not depositing the Collection of revenue from its own sources on the same day on which it is being collected. \

e. Lack of internal control measures: -

- It requires to improve its Internal Control Procedures with regards to Demand, Collection of Revenue, Deposit of Collected revenue in the Bank same day.
- Bank reconciliation statement is not prepared by the Mokama Nagar Parishad.
- Cash book has not been balanced and authorized by the executive officer on daily basis.

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

No observation found in this regard. We have observed that TDS, VAT, Royalty and Labour-cess for the financial year 2017-18 has been deducted and deposited to appropriate authority timely.



(g). Deficiency in pay-roll system: -

The pay-roll system at the ULB is satisfactory. The register, records relating to statutory deduction like PF, ESIC, Income tax are maintained. The PF, ESIC with respect to permanent and contractual employee are deducted and deposited to the statutory authority.

(h). Utilizations of grant and report on missing Utilization certificates:

As per the information and explanation given by Nagar parishad Mokama and record examine by us to Fund Rs.105807396 allotted during the year 2016-17 Rs.83425550 of UC has been submitted to the department and Rs.22381819 pending relating to the F.Y-16-17 as on date.

The detail of Pending UC: -

Sl. No.	Name of Scheme	Financial Year	Letter No/Date	Allotment of Fund	UC submitted	UC Pending Amount
1.	MSN Nali gali	2016-17	-	6709094	2873246	3835848
2.	MSN pension yojna	2016-17	114/20-01-2020	19819980	1274009	18545971
Total						22381819

As per the information and explanation given by Nagar parishad Mokama and record examine by us to Fund Rs.80428210 allotted during the year 2017-18 Rs.73259516 of UC has been submitted to the department and Rs.7168694 pending relating to the F.Y-17-18 as on date.

The detail of Pending UC: -

Sl. No.	Name of Scheme	Financial Year	Letter No/Date	Allotment of Fund	UC submitted	UC Pending Amount
1.	MSN Nali gali	2017-18	-	11375768	4207074	7168694
Total						7168694



i. Physical verification of inventory/stores: -

Inventory/ Stores Register is not properly maintained and Fixed Assets Register have not been maintained in concerned ULB and in the absence of above register; it is difficult to verify the same.

j. Advances, their adjustment & recovery: -

No advanced and recovery register is maintained by the Mokama Nagar Parishad. Advances are given to the employees without any requisition form. Approval is given by the executive officer on the concerned file. After the submission of bills, concerned advances are adjusted with the concerned files. ULB does not summery details of the amount of advances given to the Employees.

k. Any other matter as may be prescribed in due course: -

ULB has idle fund remaining in its account since the financial year 2016-17. If these funds be transferred to other account or utilised in other scheme, there would not be any blockage of fund. Details of idle fund are as follows: -

Si. No.	Scheme	Amount	Pending Since
1.	Nagar Sarkar Bhawan	4129000.00	01.10.2016
	Total	4129000.00	



PART – C

Scope of Audit

Sl. No	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	No observation found in this regard.
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).	We have been witnessed the 20 high value of property same has been reported in "Sheet A"
3	Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR Rule 22: All moneys to be brought to account Rule: 27: Collections to be deposited into Bank on the same day Rule 69: Grant Related Compliance Rule 120-121: Monthly Receipt & Payment Account and Trial Balance Rule 130: Audit to be completed & reported within 6 month	All the compliance has been made at ULB except Rule: 27 & Rule 120-121.
4	Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.
5	If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sai rat etc. have incurred then quantify the same.	Loss of Rs. 21,48,000.00 has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.



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/-	We have checked all procurements made with value above Rs. 15000.00 and we have observed that Mokama Nagar Parishad is not in practice to procure all assets and stores above Rs. 5,00,000.00 through E-tendering. Also, we observed that procurement register is not being maintained in the ULB.
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.	UC of Rs 29550513.00 of various scheme are pending for submission to the Urban Development & housing Department till financial year 2017-18.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	We have been verified such instances and found some irregularities. Details of irregularity have annexed in Executive Summary in Observation Para, and recommendations have also been annexed in Recommendation in Executive Summary.
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.	Yes, all payment has been made according to payment terms & conditions of tenders. However, we have observed that Mokama Nagar Parishad is not in practice to procure all assets and stores above Rs. 5,00,000.00 through E-tendering.
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, Such type of issued found in this regards.
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.	We have verified all major areas of ULB and assessed some revenue losses, same have been reported in "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.	No observation found in this regard. We have observed that TDS, VAT, Royalty and Labour-cess for the financial year 2017-18 has been deducted and deposited to appropriate authority timely.
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General Observations: -

There is lots of scope for improvement with respect to maintenance of Records and Registers. The important and basic records like Advance register, annual accounts, assets register were not maintained. Effective steps may be taken to improve the maintenance of accounts and increasing of its own sources of revenues.

For R.N. Singh & Co.
Chartered Accountants
FRN: 322066E



(Handwritten signature)
CA Chanakya Shree

Partner
Mem No: 079322

UDIN - 20079322AAAAFH1160

Date - 21/05/2020

Discussion note of Mokama Nagar Parishad

For the FY 2017-18

Sr. No.	Observation	Management Comment
1.	We have observed that the collection of property tax (Holding Tax) is very poor there are total demand for the FY 2017-18 is 3,60,77,602.00 including the arrear of previous financial year is Rs. 2,99,38,692.00 but collected only Rs. 42,94,534.00 during the FY 2017-18 which is only 11.90% of total demand.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
2.	Amount Collected from own sources revenue has not been deposited into bank by the ULB on the same date/next to the same date as required.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
3.	MokamanagarParishad is not in practice to procure all assets and stores above Rs. 5,00,000.00 through E-tendering.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
4.	UC of various scheme for RS. 9,03,67,730.00 are pending for submission to the Urban Development & housing Department till the 4 th Qtr. of financial year 2017-18.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
5.	Tower tax has not been collected, since the installation of tower, even though number of tower is 23 as on 31-03-2018. Thus total outstanding tax amount is Rs. 19,75,000.00 For registration fee, renewal fee.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
6.	No Separate Grant register is being maintained; hence, it is difficult to find out the amount of unutilized grant at any point of time.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
7.	During the audit we have observe that they have passed bill on invoice submitted by the junior engineers in case of departmental work.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
8.	Double entry accounting system has not been implemented by the MOKAMA Nagar Parishad.	In order to rectify the objections raised in the audit report necessary action will be taken in future.



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9.	ULB has not implemented computerized accounting system.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
10.	MOKAMA Nagar Parishad is not in practice to prepare fixed asset register.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
11.	MOKAMA Nagar Parishad is not in practice to charge depreciation on fixed asset.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
12.	Stock Register is not properly maintained by the nagarParishad.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
13.	MOKAMA Nagar Parishad is not in practice to prepare the Bank Reconciliation Statement of different schemes.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
14.	ULB has not been in practice to prepare monthly receipt and payment account.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
15.	Cash Book has not been authorized by the executive Officer on daily basis.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
16.	Demand and collection register is not maintained by the ULB.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
17.	ULB is not in practice to prepare summary of daily collection receipt in form GEN-13.	In order to rectify the objections raised in the audit report necessary action will be taken in future.
18.	During the audit we have observe that vouchers are not serially arranged and binded.	In order to rectify the objections raised in the audit report necessary action will be taken in future.



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<p>19. Section 84 of the Bihar Municipal Act, 2007. Provides that Municipality shall submit its budget intimates for the ensuring year to the State Govt. by 15th of the March. But information furnished by the Nagar Parishad revealed that budget estimates were not passed on time by the board, which resulted into delay transmission of the same to the State Government.</p>	<p>In order to rectify the objections raised in the audit report necessary action will be taken in future.</p>
<p>20. Procurement register is not maintained by the MOKAMA Nagar Parishad.</p>	<p>In order to rectify the objections raised in the audit report necessary action will be taken in future.</p>
<p>21. Various register books of records etc. are not being prepared by the ULB such as Demand Register, statutory register with regards TDS, VAT, Labour Cess and royalty, Bid register of shop, Survey register/files of hoardings.</p>	<p>In order to rectify the objections raised in the audit report necessary action will be taken in future.</p>
<p>22. Municipal Accounts Committee has not been constituted by the MOKAMA Nagar Parishad.</p>	<p>In order to rectify the objections raised in the audit report necessary action will be taken in future.</p>

Ashubosh,

29-7-19.

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NAME OF NAGAR PARISHAD - MOKAMA

As per the information and explanation given by Nagar Parishad Mokama and records examined by us relating to Fund of RS 80428210 allotted during the year 2017-18, RS 73259516 of UC has been submitted to the department and RS 7168694 pending relating to the F.Y. 2017-18 as on date. Details as given :

S. No.	Name Of Scheme	Allotment Of Fund	Amount Of Ucs	U.C.Pending	letter no and date of submission
1	Council member allowances	684000	684000	0	527/06-05-19
2	14th Finance	11318187.00	11318187.00	0	527/06-05-19
3	MSN Naafi gali	11375768	4207074	7168694	
4	State Plan	23174400	23174400	0	1358/25-06-18
5	Sabdahgrih	5678100	5678100	0	20-01-2020
6	5th Finance	28197755	28197755	0	20-01-2020
TOTAL		80428210.00	73259516	7168694	

A. K. Singh

3-6-2020

कार्यपालक पदाधिकारी

नगर परिषद मोकामा



Date

Place