

**INTERNAL AUDIT REPORT
OF ULB
(SUGAULI NAGAR PANCHAYAT)**

**FOR THE PERIOD
01/04/2020 TO 31/03/2021
(ANNUAL)**

CONDUCTED BY

**M/s R. N. Singh & Co.
208, Hem Plaza, Fraser Road
Near Dak Bungalow Chauraha,
Patna – 800001**

**From 02.06.2022 TO 06.06.2022
Report Issued on 14.06.2022**

1. Executive Summary

1. INTRODUCTION:

± Name of the Municipality	Sugauli Nagar Panchayat
± Period covered under current audit	Annual for the F.Y_2020-21
± Name of the Chairman of the ULB for the period under Audit.	Smt. Godavari Devi
± Name of Executive Officer for the period under Audit.	Mr. Sandeep Kumar

2. Results and Findings

± Strengths observed during the audit engagement:

1. Subsidiary cashbooks have been maintained properly.
2. Main cashbook has been maintained properly.
3. Office infrastructure is sufficient for operation.
4. Response from officer & Clerk are satisfactory.
5. All Transactions have supporting documents.

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

1. Royalty and Labour cess of ₹ 1136141/- and ₹ 641855/- have been deducted during financial year ended 31.03.2021 but it has not been deposited in time. As per Income Tax Act 1961, It is a statutory irregularity. Therefore, Penalty may be levied on ULB.
2. We observe that the Statutory Compliance has not been accomplished by ULB. These Statutory Irregularities are following: TDS Return has not been filed Labour Cess, Royalty and GST has not been deposited to concerned department which is deducted from payment.
3. BRS has not been prepared by ULB, hence it is difficult to monitor the fraud if any.
4. Fuel of ₹ 122721/- is purchased from Champaran Trading Co. without prior tender, agreement and work order. There is a chance of related party transaction. Further, Payment is made for fuel without reconciliation with vehicle log book.
5. Mobile Tower Tax has not been collected by the ULB which leads to huge revenue loss. As per details provided to us there are total 10 Mobile Towers registered with this ULB up to 31.03.2021 and ₹ 1653600/- has not been collected till the date of audit from these tower operators as Tower Tax.
6. Demand register is not maintained or up to date by the ULB. We are unable to quantify the total outstanding demand of Property Tax, Tower Tax, Advertisement Tax, Rent on Municipal Properties etc. Further, holding tax defaulters are not classified as demand register is not maintained by the



ULB. It leads to a huge revenue loss to the ULB.

7. Advertisement Tax has not been levied by the Sugauli Nagar Panchayat during this period. It leads to revenue loss to the ULB.

8. Professional tax is not deducted by the ULB. Moreover, ULB is not registered under THE BIHAR PROFESSIONAL TAX ACT, 2011.

9. Vehicle on hire is used without prior tender and agreement. It seems to be a related party transaction.

10. Various registers, books of records etc. are not prepared by the ULB. Such as Advance & Recovery Register, Fixed Asset Register, Inventory/ Store Register, Demand Register, Daily Collection Register Advertisement Taxes/Fees, Sairat etc.

11. Cashbook is not maintained on day-to-day basis, which is not as per Bihar Municipal Accounting Manual. It should be prepared on daily basis i.e. transaction wise. Executive Officer has not authorized Main Cash Book as well as Subsidiary Cash Book on daily basis.

12. There is lack of Internal Control on deduction and deposit of various taxes. On deduction of taxes, liability is not created hence it is difficult to ascertain tax payable at any point of time.

13. UC of ₹1888.65 lakhs of various schemes are pending for submission to the Urban Development & housing Department until 4th quarter of financial year 2020-21.

14. UC of ₹707.03 lakhs of various schemes are pending for submission to the Urban Development & housing Department till the end of 4th quarter of financial year 2019-20. Submission details of these during 4th quarter of F.Y. 2020-21 has not been submitted.

15. Details of Directives issued by UD & HD has not been provided to us during the course of audit, so we are unable to check compliance of the same.

16. Procurement Register has not been maintained for all procurements above Rs.15000.

17. Taxes collected by tax collector are not deposited on daily basis. We observed that it is being deposited in the next following month or 2 Month later which is not proper as per rule 27 of BMAR. It should be deposited on daily basis otherwise; penalty up to Rs.500 may be imposed for delayed deposit.

18. Previous AG (F.Y. 2018-19 and F.Y. 2019-20) & Internal audit compliance report has not been provided to us during the course of audit.

19. Vehicle Log Book has not been maintained by ULB. Due to this, it is not possible to track running of vehicles of the ULB.

20. Municipal Accounts Committee has not been constituted by the Sugauli Nagar Panchayat. It should be constituted in the first Board Meeting of the ULB every year.

21. There is no system of PF implemented at the ULB.



22. Register of suits by/against ULB has not been maintained by the ULB.
23. During Audit, it was observed that no biometric attendance was used for making attendance
24. TDS had not been deducted from salary payment to EO.
25. Interest on Late Payment of TDS for the of all quarter of 2020-21 is Rs. 63774/- and late filing fees of Rs.145288/-.
26. Demand of Rs. 3424200/- has been created till the financial year the F.Y. 2019-20 by Income tax dept. has not been settled yet.
- 27.ULB is not in practice of preparing Monthly Receipt and Payment.
- 28.ULB is not in practice of preparing of Annual F.S.
29. Assessment of Holding Tax has not been done since Long Time.

3. Opinion

As per Our Opinion the following improvements are required.

- ULB is not working properly, though internal control is poor.
- Revenue collection of the ULB is very poor it has scope to increase to much higher level. All cash collection from sources of revenue are not deposited in the bank on same day. It should be deposited on time as specified in Bihar Municipal Act.
- There should be proper segregation of duties to perform day-to-day work in efficient manner.
- We find that rules and regulation are there but ULB is not following them properly.
- Most of the Books of Accounts as prescribed by BMAR are not maintained by the ULB.
- There are serious lapses in deduction and deposit of statutory dues, such as Royalty, Labour Cess TDS and GST etc.
- Taxes should be remitted to the Govt. account as per their due dates specified in their respective Acts otherwise there may be levied Penalty & charges for delayed deposit by the concerned department.
- Procurement Register should have to be maintained so that we can quantify the amount incurred to Procure the Assets during the period.
- Vehicle Log Book should have to be maintained so that we can segregate the km. covered for the office purpose and for non-office purpose.
- There should be required to update the list of houses/properties for collection of Property Holding Tax.
- Demand and Collection register should be updated in regular basis.



4. Audit Recommendations:

The Recommendation of Audit Team on the Observed weakness.

SL. No.	We Recommend the followings: -
1.	ULB should comply the internal audit observations as soon as possible after getting information about audit observations and should also prepare compliance report of the same & submit it to the department.
2.	ULB should prepare receipt and payments accounts on monthly basis due to which it becomes very easy to find out how much fund has been received by the ULB.
3.	ULB have to deposit the deducted amount as specified in statutory law within prescribe time.
4.	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.
5.	ULB should maintain all the books of account, register, records etc. as prescribed in Bihar municipal accounts Act, Manual and Rules.
6.	ULB should collect mobile tower tax, advertisement tax, shop rent etc. as quick as possible and on regular basis.
7.	ULB should prepare UC in prescribed format of various schemes as soon as possible and submit the same to UD & HD Dept. on regular interval as per prescribed guidelines.
8.	ULB should prepare demand and arrear register of holding tax as soon as possible and on regular basis.
9.	ULB should maintain Daily Collection Register separately for each head of its own revenue sources for appropriate internal control and also for appropriate disclosures of books of accounts.
10.	ULB should file statutory return within time frame.
11.	ULB should assess the Holding & Property tax every year & do survey for assessment of the same.
12.	ULB must have to maintain advance register otherwise it would be very difficult to find out details regarding how much advance has been given to any particular person and how much recovery of same has been made from them.

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.

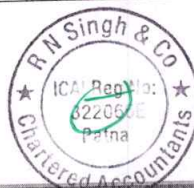
6. Acknowledgement: -

We thanks to Mr. Sandeep Kumar (Executive Officer) for her support during the period of our audit. We are also thankful to accountant and other staffs of the Nagar Panchayat for their co-operation during the period of audit.

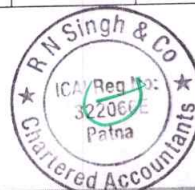


7. Management Discussion with Risk Assessment: -

Sr. No.	Observations (Sort the observations from high risk to low)	Risk Rating	Design Gap	System Gap	Operational Gap	Management (CMO) Comments	Ref. Page
1.	<p>Royalty and Labour cess have been deducted since F.Y.2019-20 TO 2020-21 but it has not been deposited on time. As per Building and Other Construction Workers Welfare Cess Act, It is a statutory irregularity. Therefore, Penalty may be levied on ULB.</p> <p>As per Building and Other Construction Workers Welfare Cess Act, If any employer fails to pay any amount of cess payable under section 3 within the time specified in the order of assessment, such employer shall be liable to pay interest on the amount to be paid at the rate of two percent, for every month or part of the month comprised in the period from the date on which such payment is due till such amount is actually paid.</p> <p>Further, Unpaid royalty interest in F.Y. 2018-19 is 9.96% and in F.Y. 2019-20, rate of URI is 9.54%.</p>	High	Yes	Yes	Yes	Royalty and labour cess deposited now.	
2.	<p>We observe that the Statutory Compliance has not been accomplished by ULB. These Statutory Irregularities are following:</p> <p>TDS Return has not been filed.</p> <p>Labor Cess , Royalty and GST has not been deposited to concerned department which is deducted from payment.</p>	High	Yes	Yes	Yes	It Will be Filed as soon as possible.	



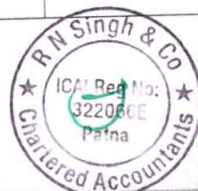
3.	BRS has not been prepared by ULB, hence it is difficult to monitor the fraud if any.	High	Yes	Yes	Yes	Prepared from next year.
4.	Mobile Tower Tax has not been collected by the ULB which leads to huge revenue loss. As per details provided to us there are total 10 Mobile Towers registered with this ULB up to 31.03.2021 and ₹1653600/- has not been collected till the date of audit from these tower operators as Tower Tax.	High	No	No	Yes	It is Under Processed. Notices had been sent and Collection processes are going on
5.	Demand register is not maintained properly or up to date by the ULB. We are unable to quantify the total outstanding demand of Property Tax, Tower Tax, Advertisement Tax, Rent on Municipal Properties etc. Further, Holding tax defaulters are not classified as demand register is not maintained by the ULB. It leads to a huge revenue loss to the ULB.	High	No	No	Yes	It will be prepared from next financial year. Survey is going on for the due amount of Property Tax, Rent on Municipal Property, Etc.
6.	Advertisement Tax has not been levied by the Sugauli Nagar Panchayat during this period. It leads to revenue loss to the ULB.	High	No	No	Yes	Discussion is going on, on this matter.
7.	Professional tax is not deducted by the ULB on the salary payments of more than ₹15,000. Moreover, ULB is not registered under THE BIHAR PROFESSIONAL TAX ACT, 2011.	High	No	Yes	Yes	ULB is not yet registered, it will be registered under the Bihar professional tax act.
8.	Vehicle on hire is used without prior tender and agreement. It seems to be a related party transaction.	High	No	Yes	Yes	Vehicle is hired as per Arms length Rate.



9.	Various registers, books of records etc. are not prepared by the ULB. Such as Advance & Recovery Register, Fixed Asset Register, File movement register, Inventory/ Store Register, Demand Register, Advertisement Taxes/Fees, Sairat etc.	High	No	Yes	Yes	It will be prepared from next FY.
10.	Cashbook is not maintained on day-to-day basis, which is not as per Bihar Municipal Accounting Manual. It should be prepared on daily basis i.e. transaction wise. Executive Officer has not authorized Main Cash Book as well as Subsidiary Cash Book on daily basis.	Medium	No	No	Yes	It will be considered. From next financial year onward it will be taken care.
11.	There is huge demand of Income tax which is not settled yet.	High	Yes	Yes	Yes	It will be settled soon.
12.	There is lack of Internal Control on deduction and deposit of various taxes. On deduction of taxes, liability is not created hence it is difficult to ascertain tax payable at any point of time.	Medium	No	No	Yes	Duties of Persons will be segregated in future.
13.	Financial guidelines of schemes of MOHUA and UD & HD, GOB have not been compiled by the ULB. UC of ₹ 1888.65 lakhs of various schemes are pending for submission to the Urban Development & housing Department till the end of financial year 2020-21.	Medium	No	No	Yes	Submission Process of UC is going on.



14.	UC of ₹688.10 lakhs of various schemes are pending for submission to the Urban Development & housing Department till the end of 4 th quarter of financial year 2019-20. Submission details of these has not been provided till the end of F.Y. 2020-21.	Medium	No	No	Yes	Submission Process of UC is going on.
15.	Procurement Register has not been maintained for all procurements above Rs.15,000. Further, Guidelines issued by UD&HD regarding procurements were also not provided to us during the course of audit.	Medium	No	No	Yes	It will be maintained in next F.Y.
16.	Taxes collected by tax collector are not deposited on daily basis. We observed that it is being deposited a later of week or ending of the month which is not proper as per rule 27 of BMAR. It should be deposited on daily basis otherwise; penalty up to Rs.500 may be imposed for delayed deposit.	Medium	No	No	Yes	At that time, everyday deposition was not possible due to Corona Pandemic.
17.	Previous AG (F.Y. 2018-19 and F.Y. 2019-20) & Internal audit compliance report has not been provided to us during the course of audit.	Medium	No	No	Yes	Previous AG (F.Y. 2017-18) has been sent. And (F.Y.2018-19) and (F.Y.2019-20) is in process.
18.	Municipal Accounts Committee has not been constituted by the Sugauli Nagar Panchayat. It should be constituted in the first Board Meeting of the ULB every year.	Low	No	No	Yes	It will be Discussed in next board meeting.
19.	Fuel is purchased from Champaran trading	High	Yes	Yes	Yes	Tendering is not applicable in this.



	Co.without prior tender, agreement and work order. There is a chance of related party transaction. Further, Payment of ₹122721/- is made for fuel without reconciliation with vehicle log book.						
20.	Register of suits by/against ULB has not been maintained by the ULB.	Low	No	No	Yes	Not necessary but it will be maintained from next F.Y.	
21.	Vinod Singhal & Co (Jaipur, Rajasthan & Boring Road, and Patna-800001) has started doing double entry accounting system from 15 TH April 2019 but it is in process & incomplete, it is not in auditable position. Year wise Status of DEAS are as follows; FY- 2014-15: Completed. FY- 2015-16: Completed. FY- 2016-17: Completed. FY- 2017-18: Completed. FY- 2018-19: Completed. FY- 2019-20: Completed. FY- 2020-21: Accounting in progress.	Low	No	No	Yes	It will be completed as soon as possible.	
22.	Vehicle Log Book has not been maintained by ULB. Due to this, it is not possible to track running of vehicles of the ULB.	Medium	No	No	Yes	It will be maintained from F.Y. 2021-22	
23.	Preparation of Cash Book is not in proper way.	Low	No	No	Yes	It will be taken care in future.	
24.	ULB is not in practice of preparing Monthly Receipt and Payment.	Low	No	No	Yes	It will be Prepared in Next Year.	



25.	ULB is not in practice of preparing of Annual F.S.	Low	No	No	Yes	It will be discussed with Accountant.
26.	Attendance Register is not verified on Monthly Basis by the EO officer.	Low	No	No	Yes	It will be done from next F.Y.
27.	Most of Filing procure of GST and TDS are pending to be filed.	High	No	Yes	Yes	Taxes deposition and filing is going on
28.	Assessment of Holding Tax has not been done since Long Time.	Low	No	No	Yes	Survey of houses and property is going on.
29.	Statutory deduction on salary (such as TDS and Professional Tax) payment to Executive officer has not been made.	Low	No	No	Yes	It is deposited in final payment at the time of return filing.
30.	During Audit , it was observed that no biometric attendance was used for making attendance.	Low	Yes	no	Yes	It will be considered.
31.	ULB isn't in practice to prepare summary of Daily Collection Receipt in Form GEN-13.	Low	No	No	Yes	It is prepared in Excel.
32.	Demand and Arrear Registers of Holding tax are not prepared by ULB.					
33.	Property Tax Due have not collected yet	High	Yes	Yes	Yes	Notices Had been sent and collection process is going on.

For R. N. SINGH & CO.

Chartered Accountant
ICAI Reg.No:322066E



CA Chanakya Shree
Partner

M.No: -079322

UDIN: 22079322AQESBW2954

Date: 29-08-2022



-SD-

Executive Officer
Nagar Panchayat Sugauli

Date:

Place: Sugauli

2. Auditee Profile

1. Introduction

The Internal Audit of (Sugauli Nagar Panchayat) covering the Period from 1st April, 2020 to 31st March, 2021 was conducted by following person under guidance of TL CA Ashok Kumar Pandey and MAE CA Birendra Kumar Singh:

(1) Anuj Kr. Paswan

2. Administration

The Present body of the ULB has taken charge on 8th January 2020. The incumbency in the key Administrative and Executive Positions was as under:

Smt. Godavari Devi, Chairman from 09st June 2017 to till date.

Mr. Sandeep Kumar, Executive Officer from 8th January 2020 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 paras where no action has been taken	No. and Date of Compliance Report
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Compliance reports of AG Audit and Internal Audit of previous financial years have not been provided to us during the course of Audit. Management's comment regarding this has been provided in the "Management discussion with risk assessment" para.



4. Finance

I. Budgetary provisions and expenditure for the last three years:

Year	2018-19	2019-20	2020-21
Final/Revised Budget	328570638.80	148905000.00	175380000.00
Actual Expenditure	55172282.20	67897850.46	109908991.94
Savings(+)/ Excess(-)	273398356.60	81007149.54	65441008.06

Note: Actual Expenditure for the year 2020-21 has been taken Annually as this is the report of Annual.

II. Volume of transactions: -

Period	Budgeted 2020-21	Previous Year (For one Year) 2019-20	Current Year (For one Year) 2020-21
Opening balance	297897827.00	162167382.39	203319644.80
Receipts	250544439.00	270629628.30	138638802.44
Total	548442266.00	432797010.69	341958447.24
Net expenditure	175380000.00	67897850.46	109908991.94
Closing balance	373062266.00	364899160.23	232049455.30

Note:- There is difference of RS 16,15,79,515.44 in opening and closing balances of cash books due to non updation of cash books in F.Y 2020-21. Also, differences of RS 60412592.30 in opening and closing balance of cash books has also reported in previous years report of F.Y 2019-20.

III. Bank Reconciliation: -

Details of Closing Balance:

Sl. NO.	Fund Name	Name of Bank	Account Number	Balance as Per cash book	Balance as per passbook	Difference	BRS Prepared / not Prepared
1	Office Establishment	Punjab National Bank	859000100176739	37539.44	37,539.44	-	not prepared
2	BRGF	Punjab National Bank	859000100176784	19,854.70	19,854.70	-	not prepared
3	BRGF	Uttar Bihar Gramin bank	1002561010005037/6649	7,155.00	7,155.00	-	not prepared



4	INTERNAL RESOURCE	Punjab National Bank	0859000100176757	11,97,083.75	2,66,230.80	9,30,852.95	Prepared
5	INTERNAL RESOURCE	Uttar Bihar Gramin bank	1002561010003774/5369	1,97,163	1,97,163.00	-	not prepared
6	12 & 13Th Finance comm.	Punjab National Bank	0859000100176720	25763.53	25,763.53	-	not prepared
7	City Manager Salary	Punjab National Bank	0859000100176766	27993.19	27,993.19	-	not prepared
8	Pension	Punjab National Bank	859000100176775	3,59,836.51	3,59,836.51	-	not prepared
9	Kanya Vivah Yojna			3,12,183.34	3,12,183.34	-	not prepared
10	Kanya Vivah Yojna			17,000.00	17,000.00	-	not prepared
11	SJSRY	Punjab National Bank	859000100080845	559130.79	559130.79	-	not prepared
12	CM NAGAR VIKAS FUND	Punjab National Bank	859000100176748	7,16,527.55	7,16,527.55	-	not prepared
13	CM NAGAR VIKAS FUND	Uttar Bihar Gramin bank	1002561010005492/7127	8,34,182	8,34,182	-	not prepared
14	IDSMT	Uttar Bihar Gramin bank	1002561010003011/4593	231775	231775	-	not prepared
15	Admin Building	Uttar Bihar Gramin bank	1002561010004401/6001	2645854	2645854	-	not prepared
16	N.S.D.P	Uttar Bihar Gramin bank	1002561010000865/2302	76153	76153	-	not prepared
17	N.S.D.P	Bank of India	444710100002099	11601	11601	-	not prepared
18	SBM	Punjab National Bank	0859000100237997	11934972.15	11934972.15	-	not prepared
19	NULM	Punjab National Bank	293805	1027915.9	1027915.9	-	not prepared
20	Housing For All	Punjab National Bank	267174	2371349.62	78,51,350	54,80,000.00	Prepared
21	Housing For All	ICICI Bank	0430	101240	101240	-	not prepared
22	Treasury	PLA	-	206923935	206515823	4,08,112.00	Prepared
TOTAL				229636208.5	23,37,77,243.52	-	-

Note: - The difference amount of Rs. (-2413246.83) is held up amount, not included in CFMS balance or cash book.



IV. Revenue & Capital Receipts Information: -

INCOME DETAILS (AMOUNTS TO BE PROVIDED IN RUPEES)							
SL. NO	DETAILS	2018-19		2019-20		2020-21	
		2018-19 (Annual)	2017-18 (Annual)	2019-20 (Annual)	2018-19 (Annual)	2020-21 (Annual)	2019-20 (Annual)
	TOTAL RECEIPTS (A+B)	29688155.00	73309149.00	270629628.30	29688155.00	138638802.44	270629628.30
A.	Revenue Receipts (1+2+3)	3540930.00	3939368.00	149325708.74	3540930.00	77268136.44	149325708.74
1	Own Revenue Receipts (a+b)	2760329.00	2978282.00	2024510.00	2760329.00	2041531.00	2024510.00
a)	Tax revenue (levied and collected by municipal body)	2760329.00	2978282.00	2002210.00	2760329.00	1729685.00	2002210.00
i)	Property tax	2760329.00	2978282.00	2002210.00	2760329.00	1728685.00	2002210.00
ii)	Other tax (levied and collected by municipal body)	0.00	0.00	0.00	0.00	1000	0.00
b)	Non-tax revenue (levied and collected by municipal body)	0.00	0.00	22300.00	0.00	313846	22300.00
i)	Fees and fines	0.00	0.00	19300.00	0.00	81786	19300.00
ii)	User charges	0.00	0.00	3000.00	0.00	0	3000.00
iii)	Other non-tax revenue (levied and collected by municipal body)	0.00	0.00	0.00	0.00	232060	0.00
2	Other Revenue Receipts	738716.00	961086.00	2059361.74	738716.00	435122.44	2059361.74
a)	Income from interest/investments	738716.00	961086.00	196124.04	738716.00	228887.44	196124.04
b)	Other Revenue Income	0.00	0.00	1863237.70	0.00	206235	1863237.70
3	Transfers/ Grants/ Assigned Revenues	41885.00	0.00	145241837.00	41885.00	74789483	145241837.00
a)	State Assigned Revenue	0.00	0.00	0.00	0.00	73429507	0.00
b)	State Finance Commission (SFC) Grants/ Devolution	0.00	0.00	144132559.00	0.00	0	144132559.00
c)	Octree	0.00	0.00	0.00	0.00	0	0.00



	compensation						
d)	Other State Govt. Transfer	0.00	0.00	0.00	0.00	1359976	0.00
e)	Central Finance Commission (CFC) Grant	41885.00	0.00	0.00	41885.00	0	0.00
f)	Other Central Govt. Transfer	0.00	0.00	0.00	0.00	0	0.00
g)	Others	0.00	0.00	1109278.00	0.00	0	1109278.00
B.	Capital Receipts	26147225.00	69369781.00	121303919.56	26147225.00	61370666	121303919.56
1	Sale of municipal land	0.00	0.00	0.00	0.00	0	0.00
2	Loans (from State Govt. Or Banks etc)	0.00	0.00	0.00	0.00	0	0.00
3	State Capital Account Grant (under State Schemes etc.)	2710818.00	46142078.00	26953299.03	2710818.00	60417105	26953299.03
4	Central Capital Account Grant (under Central Schemes etc.)	23436407.00	23227703.00	94350620.53	23436407.00	953561	94350620.53
5	Other Capital Receipts	0.00	0.00	0.00	0.00	0	0.00

V. Revenue and Capital Expenditure Information: -

Expenditure Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2018-19		2019-20		2020-21	
		2018-19 (Annual)	2017-18 (Annual)	2019-20 (Annual)	2018-19 (Annual)	2020-21 (Annual)	2019-20 (Annual)
	Total Expenditure (1+2)	55172282.20	99389482.45	67897850.46	55172282.20	109908991.94	67897850.46
1	Revenue Expenditure	3643892.20	5063699.40	6132879.87	3643892.20	27841248.94	6132879.87
1.1	Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	3323403.00	3837604.00	2739788.00	3323403.00	17588517.00	2739788.00
1.2	Operation and Maintenance (O&M)	183557.00	1125251.00	403016.00	183557.00	4440678.60	403016.00
1.3	Loan	0.00		409.63	-	-	409.63



	repayment (Interest payments)		0.00				
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	136932.20	100844.40	2989666.24	136932.20	5812053.34	2989666.24
2.	Capital Expenditure	51528390.0 0	94322783.05	61764970.59	51528390.00	82067743.00	61764970.59
2.1	All developmental works under Central/State specific schemes	50285149.0 0	91958847.35	61764970.59	50285149.00	81833462.00	61764970.59
2.2	Loan Repayments (Principal Amount)	0.00	0.00	0.00	0.00	0.00	0.00
2.3	Other Capital expenditure	1243241.00	2363935.70	0.00	1243241.00	2,34,281.00	0.00

VI. Status of implementation of Double Entry Accounting System.

Vinod Singhal & Co (Jaipur Rajasthan & Boring Road, Patna-800001) has started doing double entry accounting system. Year wise Status of DEAS are as follows;

FY- 2014-15: Completed.
FY- 2015-16: Completed.
FY- 2016-17: Completed.
FY- 2017-18: Completed.
FY- 2018-19: Completed.
FY- 2019-20: Completed.
FY- 2020-21: In Progress

- Interval of accounting entry passed in tally: Daily Basis
- Preparation of Fixed Asset Register: In Process.
- Opening Balance Sheet: Prepared.
- Annual Financial Statement: In Process.
- Tally License Id:-nagarpanchayat.sugauli@gmail.com
- Tally Serial No.: 716646994
- Installed In: Sugauli Nagar Panchayat

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 a Municipal 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 by the Nagar Panchayat till the date of our audit.



3. Summary Audit Observations

“PART – A” (Monetary Implication):

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.

(i) Mobile Tower Collection: -

Audit Objective – As per Point No. – 5 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 Panchayat is Rs. 30,000/- per tower and annual renewal fee is Rs. 8,000/- per annum per tower.

Condition –As per details provided to us there are total 9 (Nine) Mobile Towers registered with this ULB up to 31.03.2021 and Rs.1653600/- has not been 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, 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.

<u>SL No.</u>	<u>Company Name</u>	<u>Name of Assessee</u>	<u>Date of Establishment</u>	<u>Outstanding Fee as on 01.04.2020</u>	<u>Renewal Fees</u>	<u>Collection</u>	<u>Total Amount Due</u>
1	BSNL	District Manager BSNL Motihari	2007-08	2,03,120.00	8,000.00	-	2,11,120.00
2	Reliance	Bhola Prasad	2007-08	2,03,120.00	8,000.00	-	2,11,120.00
3	Aircel	Jitendra Kumar Singh	2008-09	1,79,280.00	8,000.00	-	1,87,280.00
4	Idea	Ram Gopal Jee	2008-09	1,87,280.00	8,000.00	-	1,95,280.00



5	Tata Indicom	Madhu Devi	2007-08	1,72,880.00	8,000.00	-	1,80,880.00
6	ATC Telecom (Reliance)	Upendra Kumar	2015-16	66,480.00	8,000.00	-	74,480.00
7	Airtel	Laxman Prasad	2008-09	1,84,120.00	8,000.00	-	1,92,120.00
8	Airtel	RamaShray Das	2008-09	1,84,120.00	8,000.00	-	1,92,120.00
9	Airtel	Rameswar Sahni	2008-09	1,84,120.00	8,000.00	-	1,92,120.00
Total Dues (As on 31.03.2021)							1653600.00

(ii) **Advertisement Tax: -**

Audit Objective – As per Point No. – 5 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.

(iii) **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 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 updation 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. Also receipt number should be mentioned on the deposit slip and to be mentioned on cashbook.

Details of Some of the cases where Property Tax collected by tax inspector is not deposited on the same date:

Receipt no.	Amount	Receipt date	Deposit date
824-826	58186	Apr-20	04/05/2020
837-845	1065	May-20	08/06/2020
915	1599	Oct-20	04.11.2020

(iv) Holding & Property Tax Collection: -

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

Criteria – Non-Collection of Property Tax/Holding Tax by the concerned ULB.

Condition – Demand and Arrear register of holding tax are not prepared by Sugauli Nagar Panchayat.

Consequence/ Effect/ Impact - Holding / Property Tax is collected by the tax collector from all wards but in some cases, property tax is not being collected from long period by the tax collector. Due to non-collection of Property/Holding Tax, there is a major operational revenue loss to ULB and there is no record / register to know total current & arrear demand of holding tax. Demand / Arrear Register have also not been prepared by Sugauli Nagar Panchayat.

Cause – This happens due to lack of proper follow up and monitoring of activities of Tax Inspector / Collector by the concerned officers on regular interval.

Corrective Action / Recommendation – There should be day to day monitoring on Collection of Taxes and also Prepared Demand & Arrear of holding tax Collection Register.

(v) 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 Panchayat.

Consequence / Effect / Impact- Due to non-collection 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 Rent which results in Revenue leakage.

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

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

- No such cases found where any excess payments were made against any bill during the course of audit.
Details of some cases checked during the course of audit;

Date	Particulars	Amount	Cheque No.
05.05.2020	Fuel Expenses (Champaran Trading Co.)	61358	034008
08.06.2020	Battery Purchase	29130	034017
07.07.2020	Banner Printing Charges (Yogantar Press)	8834.00	034020
15.07.2020	Vehicle Insurance (Vehicle National Insurance Co.)	12405.00	818812
16.11.2020	Stationery Purchsed (K.P. Gupta & Co.)	31780.00	416934
13.10.2020	Tractor Repairing (Sharma & Sons)	27149.00	818828
02.03.2021	Printer & Stationery (K.P. Gupta & Co.)	41588.00	416936
17.03.2021	Stationery(Yogantar Press)	22876.00	818857

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

Report on field survey of 20 high value

<u>SI.No.</u>	<u>Owner Property Name</u>	<u>Holding Number</u>	<u>Ward No.</u>	<u>Type of construction</u>	<u>Taxabl e area</u>	<u>Ann ual rent</u>	<u>Annual Property Tax@9%</u>	<u>Housing Commercial</u>
1	Radha rishna Prasad	174	3	RCC	3456	4540	408.6	Commercial
2	Raghuvendra Kumar Ranjan	256	3	RCC	7380	3746	337.14	Commercial
3	Ashok Kumar	90	4	RCC	720	2385	214.65	Residential/ Comm
4	Gauri Shankar Singh	184	5	RCC	2880	514	46.26	Residential
5	Jai Narayan Singh	314	6	RCC	34560	13967	1257.03	Commercial
6	Upendra Sahni	168	6	RCC	5184	4941	444.69	Commercial



7	Vijay Prasad	165	6	RCC	1008	3917	352.53	Commercial
8	Madhuren Kumar	133	7	RCC	216	4233	380.97	Commercial/Resi.
9	Vijay Kumar Nayak	3	7	RCC	17280	35895	3230.55	Commercial
10	Md. Jahir	571	7	RCC	2160	15396	1385.64	Commercial
11	Mahanth Jai Ram Das	289	8	RCC	5500	16133	1451.97	Commercial
12	Ajay Kumar	429	8	RCC	864	3579	322.11	Commercial/Resi.
13	Sujit Kumar	319	8	ACC	15840	5029	452.61	Commercial
14	Manju Devi	290	8	RCC	15555	69193	6227.37	Commercial
15	Raj Kumar	512	10	RCC	1008	1314	118.26	Residential
16	Ashgarali	249	12	RCC	2880	2281	205.29	Residential
17	Ram Narayan Sahni	133	13	RCC	1045.5	432	38.88	Residential
18	Noor Alam Miya	210	14	Asbesto r	2304	432	38.88	Residential
19	Bhikhari Sahni	243	15	RCC	5760	10667	960.03	Commercial
20	Ram Ekbalkhanedelwal	10	19	RCC	4320	3702	333.18	Commercial

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.

d. Implementation of Self-Assessment System (SAS) of Property Tax in the ULB;

Self-Assessment System (SAS) of Property Tax has been implemented in Sugauli Nagar Panchayat but we have found that assessee is very less aware of that. ULB should conduct time-to-time awareness program to make people aware of SAS.

“PART-B” (Non-Monetary Implication):

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: -

It has been noticed during the audit that the following Books of Accounts & Registers has not been maintained or not properly maintained (Status as mentioned).



Sl. No.	Particulars	Status
1	Daily Collection Register	Not Maintained
2	File Movement Register	Not Maintained
3	Advance Register	Not Maintained
4	Pay-Roll Register	Not Maintained
5	Vehicle Log Book	Not Maintained
6	Stock Register	Not Maintained
7	Fixed Assets Register	Not Maintained
8	Demand & Collection Register of Property Tax, Mobile Tower Tax, Shop Rent etc.	Not Maintained

(b) Irregularity in procurement process: -

There are serious lapses in procurement process:

- (i) Fuel is purchased without proper tender, acceptance order, work order, etc.
- (ii) Payment of E.O. Vehicle is made without agreement of the terms and conditions between the vehicle owner and the ULB.

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

Details of Directives issued by UD & HD have not been provided to us during the course of audit, so we are unable to check compliance of the same.

(d) Non-compliance of Act & Rules: -

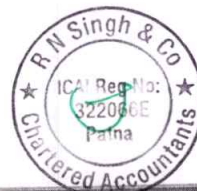
As per section 127 of the Bihar Municipal Act, the Municipality can levy the following taxes: -

- Property tax on land and building
- Surcharge on transfer of land and building,
- Tax on deficit in parking space in any non-residential building,
- Water tax,
- Fire tax,
- Tax on advertisement,
- Surcharges on entertainment tax,

We observed that only property tax, Water tax, and parking fees, has been collected during the year, other taxes have not been levied till date.

(e) Lack of internal control measures: -

1. During the course of our Audit, we have observed various discrepancies in the Cash Book, which are enumerated below: -
 - Main Cash Book as well as Subsidiary Cash Book has not been closed/authorized by Executive Officer on daily basis.



- Cashbook is not maintained on day to day basis which is not proper as per Bihar Municipal Accounting Manual. It should be prepared & closed on daily basis.
2. After analyzing operating control, it was observed that there is shortage of Man Power in ULB. Consequently, it is not functioning smoothly with respect to completion of works on time, provide and review the service efficiently which is the main function of ULB, preparation of books and records on time etc.
 3. During verification of property tax collection receipt and tax deposit receipt we have found that property tax collected by the tax collector is not deposited to the ULB on the same date.
 4. Advance and Recovery register is not maintained by Sugauli Nagar Panchayat.

(f) Non-compliance of TDS, GST and other relevant statute: -

There is lack of Internal Control on deduction and deposit of various taxes Such as Professional tax, Royalty, Labour Cess. On deduction of taxes, liability is not created hence it is difficult to ascertain tax payable at any point of time.

Royalty and Labour Cess have been deducted since F.Y. 2018-19 but it has not been deposited on time.

Further, ULB is not in practice to deduct and deposit Professional tax from the salary payments above ₹15000 per month.

Moreover, ULB is not registered under THE BIHAR PROFESSIONAL TAX ACT, 2011.

(g) Deficiency in pay-roll system: -

There is no system of Pay-Roll implemented at the ULB. So, we are unable to comment on the same.

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

As per details provided by Sugauli Nagar Panchayat Some UC's of Previous FY's & up to 4th Quarter of FY 2019-20 was not prepared & submitted to the Urban Development & Housing Department till the date of audit. We have given direction & helped Sugauli Nagar Panchayat for the preparation of UC's, they have started to prepare UC's.

The detail of Pending UC: -

Sl. No.	Financial Year	Name the Scheme	Letter No.	UC Pending Amount	UC Not Submitted
1	2019-20	नागरिक	47/06-08-2019	46.02	Not Submitted



		सुविधा मद			
2	2019-20	पेशाकर मद	51 / 09-08-2019	17.92	Not Submitted
3	2019-20	पंचम राज्य वित्त आयोग	53 / 13-08-19	186.30	Not Submitted
4	2019-20	पंचम राज्य वित्त आयोग	57 / 13-08-2019	180.00	Not Submitted
5	2019-20	प्रधानमंत्री आवास (शहरी) योजना	60 / 13-08-2019	16.20	Not Submitted
6	2019-20	वार्ड पार्षद के भत्ता	82/20.09.2019	3.48	Not Submitted
7	2019-20	कार्यपालक पदाधिकारी का वेतन	84/20.09.2019	4.39	Not Submitted
8	2019-20	14वें वित्त आयोग	128/27-11-2019	130.16	Not Submitted
9	2019-20	14वें वित्त आयोग	3974(38) /30.07.2019	130.15	Not Submitted
10	2019-20	कार्यपालक पदाधिकारी का वेतन मद	3999(42) /30.07.2019	2.20	Not Submitted
11	2020-21	सहायक अनुदान	334/12.3.2021	3.48	Not Submitted
12	2020-21	स्वच्छता अनुदान	344/13/3.2021	23.01	Not Submitted
13	2020-21	15 वें वित्त	351/15.03.2021	114.06	Not Submitted
14	2020-21	15 वें वित्त	352/15.03.2021	114.06	Not Submitted
15	2020-21	नाली गली	355/15.03.2021	20.26	Not Submitted
16	2020-21	नाली गली	356/12.03.2021	36.46	Not Submitted
17	2020-21	15th Finance	146/11.11.2020	116.86	Not Submitted
18	2020-21	15th Finance	147/11.11.2020	116.86	Not Submitted
19	2020-21	पेशाकर	405/18.03.21	25.52	Not Submitted
20	2020-21	15 वे वित्त आयोग	295/02-03-21	117.25	Not Submitted
21	2020-21	15 वे वित्त आयोग	296/02-03-21	117.25	Not Submitted
22	2020-21	HFA	307/06-03-21	10.2	Not Submitted
23	2020-21	पंचम राज्य वित्त आयोग	36/13-05-20	115.73	Not Submitted
24	2020-21	15वीं वित्त आयोग	50/26-05-20	235.13	Not Submitted
25	2020-21	जल जीवन हरियाली	177/18.01.2021	5.70	Not Submitted
Total				1888.65	



We are providing all help to the ULB so that UC shall be prepared on time and submitted to UD&HD.

(i) **Physical verification of inventory/stores: -**

Inventory/ Stores Register 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: -**

Advance Register has not been maintained by the concerned ULB and in the absence of above register; it is difficult to check or comments on adjustment and recovery of advances.

Further, No any advance related payment has been found in the Cashbook.

(k) **Comment on management of Fixed and other Assets: -**

Fixed Assets Register has not been maintained in concerned ULB and in the absence of above register; it is difficult to verify the same.

(l) **Report on compliance of financial guidelines of schemes of MOHUA and UD & HD, GOB: -**

Financial guidelines of schemes of MOHUA and UD & HD, GOB have not been compiled by the ULB:

Such as UC of Rs. 1888.65 lakhs of various schemes are pending for submission to the Urban Development & housing Department till the end of financial year 2020-21. However, we are trying our best to help the ULB to get all the UCs prepared and submitted in due course.

Such discrepancies have been reported in the Discussion Note.

(m) **Any other matter as may be prescribed in due course: - Nil.**

“PART – C” (Others)

Sl. No	Particular	Remarks/ Observation
(a)	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above ₹ 10,000/-.	There is a lack of documentation in payments on or above ₹10,000 (i) Fuel is purchased without proper tender, acceptance order, work order, etc. (ii) Payment of E.O. Vehicle is made without agreement of the terms and conditions between the vehicle owner and the ULB.



<p>(b) 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 ₹ 15,000/-.</p>	<p>Procurement is made through GEM Portal. Further, Procurement register has not been maintained by the ULB with value above ₹15,000 so it is difficult to verify the procurements made during the quarter.</p> <p>We have checked some procurements from the cash book and cheque issue register, such as:</p> <table border="1" data-bbox="784 436 1426 705"> <thead> <tr> <th>Date</th> <th>Particular</th> <th>₹</th> <th>Party</th> <th>Cheque No.</th> </tr> </thead> <tbody> <tr> <td>08.06.20</td> <td>Battery</td> <td>29130</td> <td>Sharma & Sons</td> <td>034017</td> </tr> <tr> <td>02.09.20</td> <td>Motor Purchase</td> <td>26162.00</td> <td>Sharma & Sons</td> <td>818818</td> </tr> <tr> <td>02.03.2021</td> <td>Printer</td> <td>41588.00</td> <td>K.P. Gupta & Co.</td> <td>416936</td> </tr> </tbody> </table>	Date	Particular	₹	Party	Cheque No.	08.06.20	Battery	29130	Sharma & Sons	034017	02.09.20	Motor Purchase	26162.00	Sharma & Sons	818818	02.03.2021	Printer	41588.00	K.P. Gupta & Co.	416936
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02.03.2021	Printer	41588.00	K.P. Gupta & Co.	416936																	
<p>(c) Verify instances of losses, failures or inefficiencies and recommendations and/or measures, which can be taken to avoid their recurrence in future.</p>	<p>We have verified such instances and found some irregularities. Details of irregularity have been annexed in Executive Summary in Observation Para, and recommendations have also been annexed in Recommendation in Executive Summary.</p>																				
<p>(d) Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. has been deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.</p>	<p>We observed that statutory compliance has not been accomplished by ULB regarding deduction, deposit and return also.</p> <p>Details of major statutory irregularities are:</p> <ul style="list-style-type: none"> • Labour cess has not been deposited appropriately. • Royalty has not been deposited to the govt. account. • Professional tax is not deducted and deposited by the ULB. <p>Penalty and Interest may be levied on ULB as per Statutory Laws.</p>																				
<p>(e) Whether all the C&AG audit & Internal audit Paras has been compiled by the ULBs</p>	<p>No, Internal audit paras till FY 2019-20 & C&AG previous years audit reports has not been compiled by the ULB. As Compliance report of the same has not been prepared by the ULB till the date of audit we are unable to check the exact status of compliance of the same.</p>																				
<p>(f) Any Other deficiencies noticed during the audit to improve internal control systems</p>	<p>It was observed that there is shortage of Man Power in ULB. Consequently, it is not functioning smoothly with respect to completion of works on time, provide and review the service efficiently which is the main function of ULB, preparation of books and records on time etc.</p>																				



4. Detail Audit Observations

RISK ASSESSMENT

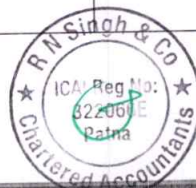
	Name of the ULB	SUGAULI NAGAR PANCHAYAT					
Sr. No.	Observations	Risk Rating	Design Gap	System Gap	Operating Gap	Mgt. Comment	Auditor Recommendation

DEMAND GENERATION:

1.	Loss of Revenue due to under Assessment /wrong Generation Of demand.	HIGH	No	No	Yes	It will be taken care in future.	Demand register was not maintained. It is necessary to maintain demand register for correct assessment of demand.
2.	Collusion with Citizen regarding Assessment.	MEDIUM	No	No	No	-	No Such cases found.
3.	Non-Updating Various Register like hand book,DCB register, Assessment registered.	MEDIUM	Yes	Yes	Yes	It is in printing process. It will be maintained in future.	Hand Book & DCB register are not up to date. Assessment Register has not been maintained.
4.	Others	-	-	-	-	-	-

RECEIPTS AND BANKING:

1.	Error in collections, loss of receipts and perpetrated frauds	HIGH	Yes	Yes	Yes	It will be taken care in future.	Due to non-maintenance of Demand Register, collection is also not done on timely basis. Also the collected amount is not deposited into the bank on the same
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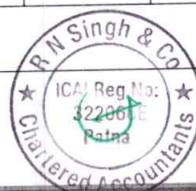


							day. It may leads to revenue loss.
2.	Non-updating various register like hand book, DCB register, cash book, etc.	MEDIUM	Yes	Yes	Yes	It will be taken care in future.	Hand Book & DCB register are not up to date. It should be updated on daily basis.
3.	Collusion with the citizen and the ULBs staff to make wrong assessments of income	HIGH	No	No	No	-	No Such cases found.
4.	Others	-	-	-	-	-	-

REVENUE EXPENDITURE:

1.	Error in over payment	HIGH	No	No	No	-	No Such cases found.
2.	Loss of supporting document	HIGH	No	No	No	-	No Such cases found.
3.	Loss of authentication	HIGH	No	No	No	Its payment is done as per the office order.	Vehicle on hire is used without prior tender and agreement. It seems to be a related party transaction.
4.	Perpetrated fraud (Like payment more than one time on same bill)	HIGH	No	No	No	-	No Such cases found.
5.	Non-updating various register like Bill register with payment fig., etc.	MEDIUM	No	No	No	-	No Such cases found.
6.	Others	-	-	-	-	-	-

ESTABLISHMENT EXPENDITURE:



1.	Error in over payment	HIGH	No	No	No	-	No Such cases found.
2.	Loss of supporting document	HIGH	No	No	No	-	No Such cases found.
3.	Loss of authentication	HIGH	No	No	No	-	No Such cases found.
4.	Collusion with employee	HIGH	No	No	No	-	No Such cases found.
5.	Perpetrated fraud (Like payment more than one time to same or ghost employee)	HIGH	No	No	No	-	No Such cases found.
6.	Non-updating various register like salary register, PF register, Service book/record, advance register, etc.	HIGH	Yes	Yes	Yes	It will be taken care in future.	These registers are not updated on daily basis.
7.	Others	-	-	-	-	-	-

CAPITAL EXPENDITURE:

1.	Error in over payment	HIGH	No	No	No	-	No Such cases found.
2.	Loss of supporting document	HIGH	No	No	No	-	No Such cases found.
3.	Loss of authentication	HIGH	No	No	No	-	No Such cases found.
4.	Collusion with contractor	HIGH	No	No	No	-	No Such cases found.
5.	Perpetrated fraud (Like payment more than one time to same contractor).	HIGH	No	No	No	-	No Such cases found.
6.	Non-updating various register like work register, MB, bill register, Fixed Assets register, Service book/record, advance register, etc.	MEDIUM	Yes	Yes	Yes	It will be taken care in future.	These registers are not updated on timely basis. It should be updated on real time basis.
7.	Others	-	-	-	-	-	-

PROCUREMENT AND INVENTORY:



1.	Error in over payment	HIGH	No	No	No	-	No Such cases found.
2.	Loss of supporting document	HIGH	No	No	No	-	No Such cases found.
3.	Loss of authentication/Procedural error	HIGH	No	Yes	Yes	Due to non-availability of nearby petrol pumps, tender and work order is not issued. And also Tendering is not applicable in this.	Fuel is purchased from Tiwari service station without prior tender, agreement and work order. There is a chance of related party transaction. Further, Payment is made for fuel without reconciliation with vehicle log book.
4.	Collusion with contractor	HIGH	No	No	No	-	No Such cases found.
5.	Perpetrated fraud (Like payment more than one time to same contractor)	HIGH	No	No	No	-	No Such cases found.
6.	Non-updating various register like store register, issue register, bill register with payment fig., advance register, etc.	MEDIUM	Yes	Yes	Yes	It will be taken care in future.	These registers are not maintained. Only payment files are maintained. There should be separate register for the same.



7.	Others	-	-	-	-	-	-
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GRANT AND LOANS AND UTILISATION THEREOF:

1.	Non utilization of grant or grant unspent.	MEDIUM	No	No	No	-	No Such cases found.
2.	Not furnishing of UC	HIGH	No	No	Yes	With the help of internal auditor we have started preparing it.	Some of the UC's has not been furnished to UD & HD.
3.	Non fulfillment of condition part thereto	MEDIUM	No	No	No	-	No Such cases found.
4.	Perpetrated fraud (Like payment more than one time same contractor)	HIGH	No	No	No	-	No Such cases found.
5.	Non-updating various register like grant register, work register, bill register with payment fig., advance register, etc.	MEDIUM	Yes	Yes	Yes	It will be taken care in future.	These registers are not maintained. Only Contractor files are maintained.
6.	Others	-	-	-	-	-	-

FIXED DEPOSITS AND INVESTMENTS:

1.	Not deposited at appropriate time (loss of revenue)	HIGH	Yes	Yes	Yes	Unspent amount does not exist that can be deposited.	No tradition of Fixed Deposit & Investments in SUGAULI NAGAR PANCHAYAT.
2.	Loss of Investment certificate	HIGH	Yes	Yes	Yes	Unspent amount does not exist that can be invested.	No such investment were made by the ULB.
3.	Non fulfillment of condition part thereto	MEDIUM	Yes	Yes	Yes	-	No Such cases found.
4.	Collusion with bank	HIGH	Yes	Yes	Yes	-	No Such



	officials to invest at lower rate						cases found.
5.	Deposit into Current account	MEDIUM	Yes	Yes	Yes	-	No Such cases found.
6.	Non-updating various register like investment register, Bank book, cash book, etc.	MEDIUM	Yes	Yes	Yes	It will be taken care in future.	Investment Register, Bank Book are not updated on daily basis by the ULB.
7.	Others	-	-	-	-	-	-

LOANS AND ADVANCES:

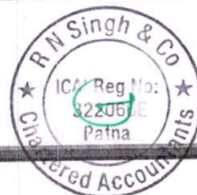
1.	Unauthorized release of advance	HIGH	No	No	No	-	No Such cases found.
2.	Release of advance beyond authority	HIGH	No	No	No	-	No Such cases found.
3.	Non-adjustment of loan or advance during the year	MEDIUM	No	No	No	-	No Such cases found.
4.	Collusion with employee/party to release advance/loan beyond authority	HIGH	No	No	No	-	No Such cases found.
5.	Advance/loan not account for	HIGH	No	No	No	-	No Such cases found.
6.	Non-updating various register like Loan & advance, Bank book, cash book, etc.	MEDIUM	Yes	Yes	Yes	It will be taken care in future.	Loans & Advances Register, Bank Book has not been maintained by the ULB.
7.	Others	-	-	-	-	-	-

List of Important Registers

Name of the ULB	SUGAULI NAGAR PANCHAYAT
RISK RATING:	MEDIUM
CAG OBSERVATIONS STATUS	NOT AVAILABLE



PERIOD: 01/04/20 to 31/03/21					
Sl. No.	Particulars	Audit Observation	Associates Risk	MGT. Comment	Status (Resolved/ or not)
1.	Cash Book	General Cash Book is maintained by the ULB & Subsidiary Cash Book has been maintained by the ULB but it is not authorized by the executive officer on daily basis.	Due to non- authorisation of cash book on daily basis there may be chance of making back dated entry. This may leads to fraud & defalcation.	It will be taken care in future.	Not Resolved
2.	Ledger	Ledger is being prepared by DEAS team in tally not by ULB.	Due to this segregation of head wise balance is difficult.	It will be taken care in future.	Not Resolved
3.	Journal	Journal Register has not been maintained.	Due to this amount receivable & payable is not ascertainable.	It will be taken care in future.	Not Resolved
4.	Register for Journal/ Magazines/Newspapers	Not-Maintained	This may leads to misplacement of Journal, Magazines & Newspapers.	It will be taken care in future.	Not Resolved
5.	Register for Temporary Advances	Not-Maintained	It may leads to fraud & Defalcation.	It will be taken care in future.	Not Resolved
6.	Register of Money Orders/Bank Draft Received	Maintained	-	-	-
7.	Cheque Issue Register	Maintained	-	-	-
8.	Register of Remittances made into bank	Maintained	-	-	-
9.	Bank Passbook	Maintained	-	-	-
10.	Register of Bank drafts Dispatched	Maintained	-	-	-
11.	Bill Register	Not-Maintained separately, bills are attached in	It may leads to fraud & Defalcation.	It will be taken care in future.	Not Resolved



		their respective files only.			
12.	Establishment Register	Maintained	-	-	-
13.	Stock Register	Not Maintained	It may leads to fraud & Defalcation.	It will be taken care in future.	Not Resolved
14.	Capital Goods/Consumable articles, non-consumable articles and	Not-Maintained	It may leads to misplacement of Capital Goods/Consumable articles & non-consumable article.	It will be taken care in future.	Not Resolved
15.	Statutory Deduction Register	Statutory deduction registers are not maintained by the ULB.	Due to non-booking of statutory deduction, there is chances of delay in their payments & filing of returns.	It will be taken care in future.	Not Resolved
16.	Fixed Assets Register	Not-Maintained	It may leads to misplacement of fixed assets.	It is in printing process.	Not Resolved
17.	Grant Register	Maintained (not in proper manner)	It leads to difficulty in tracking of grants.	It will be taken care in future.	Not Resolved
18.	Scheme Register	Maintained	-	-	-
19.	Monthly accounts of Receipts/Payments	Not-Maintained	Due to this segregation of head wise balance is difficult.	Being Prepared by DEAS team.	Not Resolved
20.	Temporary Advances Register for Staff, Customers/supplier/VEC and TA/DA Advance	Not-Maintained	It may leads to fraud & Defalcation.	It will be taken care in future.	Not Resolved
21.	Dispatch Register	Maintained	-	-	-
22.	File Register	Not-Maintained	It may leads to misplacement of files.	It will be taken care in future.	Not Resolved
23.	Any other (Name of the register)	-	-	-	-



Cash and Bank

	Name of the ULB	SUGAULI NAGAR PANCHAYAT				
	RISK RATING:	MEDIUM				
	CAG OBSERVATIONS STATUS	NOT AVAILABLE				
		PERIOD: 01/04/20 to 31/03/21				
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved/ or not)
1.	Check whether there is no any undue delay in presentation of cheque/DD received, to bank,	No Such cases Found.	-	-	-	-
2.	Whether cheque/ draft issue/ receipt/ dishonored register have been maintained as per prescribed form (As Per BMAM) & entry are made on properly, accurately & timely basis.	Only Cheque issue register maintained.	-	Due to non-maintenance of cheque receipt & dishonored register preparation of bank reconciliation statement is very difficult.	It will be taken care in future.	Not Resolved
3.	Whether banking transactions (receipts & Payments) are matched with cash book, Cheque issue register, collection register, etc., Verify the same with Bank statement & BRS,	Yes	-	-	-	-
4.	Whether cheque issue register are matched with cash book.	Yes	-	-	-	-
5.	Whether proper steps has been taken for dishonored cheque, it was realized in cash or not,	Yes	-	-	-	-



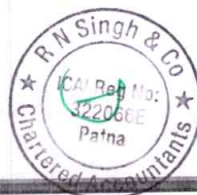
6.	Whether Bank Reconciliation has been made for each account, verify the status of BRS, (attached BRS as annexure)	Bank Prepared.	-			
7.	Check whether no any fraud payment or payment to other person has been made,	No such cases found.	-	-	-	-
8.	Whether bank statement for all account have been promptly received from bank.	Yes	-	-	-	-
9.	Number of Bank account maintained	9	-	-	-	-
10.	Original copy of cancelled receipt is attached with duplicate copy with "CANCELLED" marked on it.	No such cases found.	-	-	-	-
11.	Liability for stale cheques account review is done and necessary reversal entries are passed	No such cases found.	-	-	-	-
12.	Any other	-	-	-	-	-

Public Works

Name of the ULB		SUGAULI NAGAR PANCHAYAT				
RISK RATING:		MEDIUM				
CAG OBSERVATIONS STATUS		NOT AVAILABLE				
		PERIOD: 01/04/20 to 31/03/21				
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved/ or not)
1.	Whether bill has been prepared as per actual	Yes	-	-	-	-



	measurement & page no. of the MB in which detailed measurement have been quoted has mentioned in first page of MB,					
2.	Whether bill has been signed by proper in charge,	Yes	-	-	-	-
3.	Whether the bill has been checked by the accountant with the MB (also compare the qty.), estimate, agreement, previous bill (in case of running agreement)	Yes	-	-	-	-
4.	Verify whether any payment made for removing /dismantling material which have scrap value must be indicated in the bill,	No such cases found.	-	-	-	-
5.	Whether measuring has done by the engineer concerned,	Yes	-	-	-	-
6.	Whether expenditure on construction of work was debited to WIP & verified with MB maintained,	Yes	-	-	-	-
7.	Whether master roll(machine numbered & authorized) has been maintained for details of store, specifying:	Not Maintained	-	It may leads to fraud & Defalcation.	It will be prepared in future.	Not Resolved
	Date of Issue,	No	-	-	-	Not Resolved
	Name of subordinate,	No	-	-	-	Not Resolved
	Name of work,	No	-	-	-	Not Resolved
	Number of labour,	No	-	-	-	Not Resolved
	Period of engagement,	No	-	-	-	Not Resolved
	Details of payment(date, Amount, Cheque no, etc.)	No	-	-	-	Not Resolved



8.	Whether the same has been periodically verified.	No	-	-	-	Not Resolved
9.	Whether payment are as per defined approval level sanctioned u/s 75 of BMA, 2007,	Yes	-	-	-	-

Cash Book

Name of the ULB		SUGAULI NAGAR PANCHAYAT				
RISK RATING:		MEDIUM				
CAG OBSERVATIONS STATUS		NOT AVAILABLE				
		PERIOD: 01/04/20 to 31/03/21				
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Whether Opening Balance & Closing Balance was worked out or not,	Updated from Bank passbook and BRS has not been prepared by ULB and the same is not authorized on daily basis.	-	Due to non- authorisation of cash book on daily basis there may be chance of making back dated entry. This may leads to fraud & defalcation.	It will be taken care in future.	Not Resolved
2.	Whether posting of receipt & payment side of cash book are properly maintained & it was matched with proper evidence like Receipt Voucher, Cheque issue Register, Bank Statement, etc.,	Yes	-	-	-	-
3.	Whether posting in on daily basis,	No	-	-	-	-
4.	Whether there is any clerical error (casting or/and posting error, etc)	No	-	-	-	-



	or not,					
5.	Whether any delay in deposit of amount of collection by cashier,	In most of the cases any amount collected is deposited about a week delay.	-	It leads to interest revenue loss to the ULB.	It will be taken care in future.	Not Resolved
6.	Conduct physical verification of cash and report heavy cash balance if any	No discrepancies found in this regard.	Not Resolved	Not Resolved	Not Resolved	Not Resolved
7.	Any Other	No	-	-	-	-

Collection

Name of the ULB		SUGAULI NAGAR PANCHAYAT				
RISK RATING:		MEDIUM				
Name of Tax Collector		Lalan Kumar				
		PERIOD: 01/04/20 to 31/03/21				
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Whether collection procedure are as per guidelines/direction of ULB,	Yes	-	-	-	-
2.	Whether collections are made on the basis of Demand & Collection Register,	Demand & Collection register has not been maintained.	-	It may leads revenue loss to the ULB.	It will be prepared in future.	Not Resolved
3.	Whether collection are made in the same receipt Vouchers which has been issued/authorized by ULB /state government & it should be clearer mentioned of different	Yes	-	-	-	-



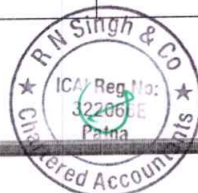
	head & not any alteration, & the carbon copy of receipt vouchers are properly vouched so that no any variation in posting the same,					
4.	Whether collections are bifurcated in different heads as required,	Yes	-	-	-	-
5.	Whether a separate bank account has been maintained for each circle, (for PMC only)	-	-	-	-	-
6.	Whether all collections are made in proper "Receipt Voucher Book" having same serial number which was actually issued to TC,	Yes	-	-	-	-
7.	Whether all collections made during the day are account for & banked on next working day or there is any teaming & lading,	In most of the cases any amount collected is deposited about a week delay	-	It leads to interest revenue loss to the ULB.	It will be taken care in future.	Not Resolved
8.	Whether no any collection are directly expended without prior approval,	No	-	-	-	-
9.	Whether collections are made by all the holding fall under the same TC or Civics Centre,	Yes	-	-	-	-
10.	Whether government share of collections (like Education cess & health cess) are properly & timely deposited in its own account, (if applicable)	No Such cases found.	-	-	-	-
11.	Whether there is any short/non collection or short deposit or not deposit,	No Such cases found.	-	-	-	-



12.	Whether penalty(@2% P.M/ 1.5%) has been duly charged on late payment,	No Such cases found.	-	-	-	-
13.	Whether daily collections are entered into hand book, collection register maintained by TC & it should be properly entered in demand & collection register,	Daily Collection register has Not been Maintained.	-	It leads to interest revenue loss to the ULB	It will be taken care in future.	Not Resolved
14.	Whether collection by way of cheque are properly banked & credited into account,	Yes	-	-	-	-
15.	Whether any refund/remission granted are admissible under the law and that have been duly sanctioned,	No Such cases found.	-	-	-	-
16.	Whether any immediate steps has been taken or not for cheque dishonored received,	No Such cases found.	-	-	-	-
17.	Whether reversal of payment has been made for any dishonored cheque.	No Such cases found.	-	-	-	-

Demand

Name of the ULB		SUGAULI Nagar Panchayat				
RISK RATING:		MEDIUM				
Name of Tax Collector		LALAN KUMAR				
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Ensure whether closing balance of previous year is accurately brought forward,	Demand Register Not Maintained	-	It may leads revenue loss to the ULB.	It will be taken care in future.	Not Resolved



2.	Whether determination of demand is on manual or computerized way, & it would be as per updated rules, regulation, guidelines & other required details for proper calculation,	Demand Register Not Maintained	-	It may leads revenue loss to the ULB.	It will be taken care in future.	Not Resolved
3.	Whether data for calculation is correct & properly verified by appropriate authority/ Internal Auditor by way of physical survey,	Yes	-	-	-	-
4.	Whether revision of valuation of holding properly made after specified period	Last Updated in 2018.	-	-	-	-
5.	Whether any refund/remission granted are admissible under the law and that have been duly sanctioned,	No Such cases found.	-	-	-	-
6.	Ensure whether there is any clerical error in calculation,	No Such cases found.	-	-	-	-
7.	Whether demand register in prescribed format is maintained or not,	Demand Register Not Maintained	-	It may leads revenue loss to the ULB.	It will be taken care in future.	Not Resolved
8.	Whether persons involve in calculation/ collection have knowledge of their responsibility,	Yes	-	-	-	-
9.	Whether there is proper distribution of responsibility for calculation, recovery & updation of register for demand, so that no single person have control on two or process at the same time,	Due to lack of Manpower all these work has been controlled single handedly.	-	It may leads to fraud & Defalcation.	It will be taken care in future.	Not Resolved



10.	Whether there is any under/no assessment,	No	-	-	-	-
11.	Whether there is appropriate measures(As Per section 155 & 158 of BMA, 2007) are adopted for recovery of Government/bid dues,	No Such cases found.	-	-	-	-
12.	Whether notice for demand has been made in prescribed format (As Per BMAR) & as per rules & regulations,	No Such cases found.	-	-	-	-
13.	Whether penalty(@2% P.M/ 1.5%) has been charged on late payment,	No Such cases found.	-	-	-	-
14.	Whether Demand, Collection & Balance Register has been prepared on daily basis for all receipts or not, & it would be authorized by proper authority or not,	Not Maintained in prescribed format & also not updated.	-	-	-	-
15.	Whether there are adequate safeguard on data has been operated or not,	No	-	-	-	-
16.	Whether self-assessment property tax return for payment of property tax has been filed by the assesses in the prescribed format,	Yes	-	-	-	-
17.	Whether there is any collusion with customer/holding w.r.t., assessment, payment, etc.	No Such cases found.	-	-	-	-
18.	Any Other	No	-	-	-	-



Establishment

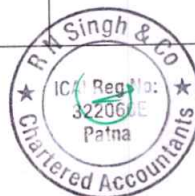
SUGAULI NAGAR PANCHAYAT

Name of the ULB

RISK RATING:

MEDIUM

Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Whether establishment expenditure is sanction by authorized person & it has been within sanctioned limit,	Yes	-	-	-	-
2.	Whether service log book has been maintained & up to date or not,	Not Maintained	-	It may leads to over/less payments.	It will be taken care in future.	Not Resolved
3.	Audit whether apart from comparing the pay & allowance drawn by each employee in the pay bill with the corresponding entries in the pay column of the service book and checking the acquants roll of employee who have been paid in cash,	Service book not prepared.	-	It may leads to over/less payments.	It will be taken care in future.	Not Resolved
4.	Whether each employee has unique identification number & it has be referred in all matter in relation to service book Whether payment made to employee has been verified with attendance register/logbook,	Yes	-	-	-	-
5.	Whether service book for calculation of payable has been authorized by the proper person,	Service Book not maintained.	-	It may leads to over/less payments.	It will be taken care in future.	Not Resolved
6.	Whether account depart has prepared the advice & instructed the bank for the payment as per advice,	Yes	-	-	-	-



7.	Whether undistributed amount of pay & allowance as shown in cash book matched with balance of undistributed salary balance,	Undistributed salary amount not maintained in cashbook.	-	It may leads to over/less payments.	It will be taken care in future.	Not Resolved
8.	Whether undistributed amount of pay & allowance are not for more than 3 months as cash in hand,	No Such cases found.	-	-	-	-
9.	Whether disbursement of pay & allowance are duly recorded in books & accepted by employee specifying separate hade with date of receive (In case of arrear),	No Such cases found.	-	-	-	-
10.	Whether the bill prepared according to sanctioned scale,	Yes	-	-	-	-
11.	Whether no any payment is made to Employee whose service retired in any manner,	No Such cases found.	-	-	-	-
12.	Whether no any withdrawal is made unless supported by last pay-in-slip, except in case of new appointment,	Pay-In-Slip not prepared.	-	It becomes difficult to trace last payment. It may leads to over/less payments.	It will be taken care in future.	Not Resolved
13.	Whether all statutory deduction or adjustment has been made before payment,	Yes	-			
14.	To check compliance of rules in regard to establishment matters viz., travel, daily allowance, leave, advances (House building and vehicle advance etc.) and settlement thereof.	No Such cases found.	-	-	-	-
15.	To check salary bills.	Salary Bills not prepared.	-	It may leads to over/less	It will be taken care	Not Resolved



				payments.	in future.	
16.	Position of outstanding advances paid to employees	No Such cases found.	-	-	-	-
17.	To check deduction of provident fund and ESI has been made as per rules	Yes	-	-	-	-
18.	Whether PF slips are issued to the employees on yearly basis and to see whether all statutory returns for PF are submitted to the concerned authorities.	Yes	-	-	-	-
19.	To check whether salary bill is prepared in such a manner that it gives breakup of the amount of bill and all adjustments such as deduction of PF, TDS and other advances and loans etc.	Not prepared.	-	It may leads to over/less payments.	It will be taken care in future.	Not Resolved
20.	Check Retirement benefit to employee	No Such cases found.	-	-	-	-
21.	Personnel Appointments and to see whether all records are updated from time to time.	No Such cases found.	-	-	-	-
22.	Dismissal and Resignation/ Termination	No Such cases found.	-	-	-	-
23.	Temporary workers	No Such cases found.	-	-	-	-
24.	Overtime	No Such cases found.	-	-	-	-
25.	Attendance Register To check number of persons mentioned in the attendance register tally with the sanctioned strength of a unit.	Yes	-	-	-	-
26.	Personnel Files	Yes	-	-	-	-
27.	Training of employees(including Skill development Levy)	No Such cases found.	-	-	-	-



28.	Leave Register – To check whether a leave register is maintained as per types of leave as medical Leave/CL/EL/maternity/paternity leave.	Not Maintained	-	It may leads to over/less payments.	It will be taken care in future.	Not Resolved
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Grant

Name of the ULB		SUGAULI NAGAR PANCHAYAT				
RISK RATING:		MEDIUM				
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Maintenance/Updation register regarding details of funds received and expenditure.	Grant register not prepared.	-	It leads to difficulty in tracking the unutilized grant at a point of time.	It will be prepared in future.	Not resolved.
2.	Any diversion/re-appropriation of funds not covered under the provision of BMA, 2007 should be pointed out for remedial action.	No Such cases found.	-	-	-	-
3.	To check whether utilization certificate is for actual utilization of funds received .	Yes	-	-	-	-
4.	It should also be checked that utilization certificate is issued as per prescribed time frame given in the Manual and issue of UCs is not delayed.	We have found some cases where UCs is not prepared on time. However we have guided to prepare it.	-	It may leads to mis-utilization of fund.	With the guidance of internal auditor, we have started preparing UC's. It will be submitted to department very soon.	In Process
5.	Internal Auditor should also check whether	No Such cases found.	-	-	-	-



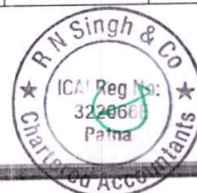
expenditure incurred on each activity does not exceed the budget.

Payment of bills of contractors

Name of the ULB **SUGAULI NAGAR PANCHAYAT**

RISK RATING: **MEDIUM**

Sl. No.	Particulars	Audit Observation	Amount involved	Associates Risk	MGT. Comment	Status (Resolved/ or not)
1.	Original bill duly signed by contractors is submitted.	Yes	-	-	-	-
2.	Contractor has put his initials in all cuttings and corrections in the bill.	No Such cases found.	-	-	-	-
3.	All Supporting documents are attached with the bills.	Yes	-	-	-	-
4.	The rates, security deposit, and deductions are as per terms and conditions specified in the agreement	Yes	-	-	-	-
5.	The variations in quantities and completion period etc. have been authorized by the competent authority	Yes	-	-	-	-
6.	Job completion certificate has been processed by the dealing assistant.	Yes	-	-	-	-
7.	Bills passed for payment are as per rules and T & C of Tender.	Yes	-	-	-	-
8.	All terms and conditions of the contract are fulfilled before passing the bills.	Yes	-	-	-	-



9.	Every final bill is checked in detail with measurement books.	Yes	-	-	-	-
10.	Cash/Bank Vouchers to be checked for authorization etc.	Yes	-	-	-	-
11.	Overall review of the books of accounts.	Yes	-	-	-	-
12.	Position of outstanding advances paid to suppliers/contractors.	No Such cases found.	-	-	-	-

Receipt Voucher

Name of the ULB		SUGAULI NAGAR PANCHAYAT				
RISK RATING:		MEDIUM				
		PERIOD: 01/04/20 to 31/03/21				
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Whether "Receipt Vouchers" are in the prescribed format & having machined serial number & there is no any manuscript form,	Yes	-	-	-	-
2.	Check;		-	-	-	-
3.	What is the date of printing,	Checked	-	-	-	-
4.	What quantity of serial number was printed out,	Checked	-	-	-	-
5.	What is the date of dispatched, quantity of receipt vouchers & their serial number;	Checked	-	-	-	-
6.	Log book/ Register maintained at printing press regarding printing of "Receipt Vouchers".	Checked	-	-	-	-
7.	Verify that "Receipt Vouchers" received & their storing, having	Yes	-	-	-	-



	same quantity & serial numbered which was actually dispatched & proper recording of the same along with issue,					
8.	Verify Log book/ Register maintained at every collection center & cash counter with regard to receipt & return quantity & serial number,	Yes	-	-	-	-
9.	Verify the log book/ Register of 'Receipt Vouchers' & cross verified the allotments to TC(Log Book) with their date of issue, serial number, name of TC & their circle	Yes	-	-	-	-
10.	Check whether TC have same "Receipt Voucher" which was actually issued by store & it must be authorized by the appropriate authority,	Yes	-	-	-	-
11.	Check that there should be proper recording at each stage (where authority has been changed) of log book/ register for issue/receipt of "Receipt Vouchers",	No Such cases found.	-	-	-	-
12.	Confirm that all unused "Receipt Vouchers" are under the custody of authorized person,	Yes	-	-	-	-
13.	Verify that any cancelled vouchers have in both original & carbon copy,	Yes	-	-	-	-



14.	Verify whether reversible carbon has been used during receipt.	Yes	-	-	-	-
Other Revenue:						
1.	Advertisement Tax	No System Developed for collection of advertisement tax.	-	It will affect municipal fund.	System will be developed very soon.	Not Resolved
2.	Tower Tax	Not Collected On time.	-	It will affect municipal fund.	Notice will be send to concerned tower operator.	In Process
3.	Professional Tax	No professional tax collected.	-	-	-	-
4.	Assigned Revenue (As details annexed)	No Such cases found.	-	-	-	-
5.	Rental Charges (As details annexed)	No any municipal properties given on rent during this period.	-	It will affect municipal fund.	System will be developed very soon.	Not Resolved
6.	Fee & uses Charges (As details annexed)	Collected.	-	-	-	-
7.	Other Revenue Items	-	-	-	-	-

Revenue Expenses

Name of the ULB		SUGAULI NAGAR PANCHAYAT				
RISK RATING:		MEDIUM				
		PERIOD: 01/04/20 to 31/03/21				
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Whether payment is on the basis of Sanction / work order letter & incurred by authorized person.	Fuel is purchased from Champaran Trading Co. without prior	₹410631	It leads to fraud and related party transactions.	It will be taken care in future.	-



		tender, agreement and work order. There is a chance of related party transaction. Further, Payment is made for fuel without reconciliation with vehicle log book. Vehicle on hire is used without prior tender and agreement. It seems to be a related party transaction.				
2.	Whether payment is made through prescribed format.	Vouchers Prepared Manually.	-	There may be chances of Fraud & Defalcation.	It will be taken care in future.	Not Resolved
3.	Whether payment is made without any undue delay or whether any cheque issued are promptly issued to the respective person.	Yes	-	-	-	-
4.	Whether there is bifurcation of responsibility towards person making payment & person preparing MB, receipt of goods , maintenance of payment file, etc.	Yes	-	-	-	-
5.	Whether updation of accounts/books are on proper & timely basis,	Yes	-	-	-	-
6.	Whether authorized person verify & sign the	Yes	-	-	-	-



	document involve,					
7.	Whether data base for the same has been properly maintained & safeguard measures are taken,	No database has been maintained by the ULB.	-	Important information may be lost or stolen.	DBMS not maintained.	Not Resolved.
8.	Whether exact amount (no any over payment) are paid and verified by supporting document, & no any collusion with party,	Yes	-	-	-	-
9.	Whether register for settlement of service bill has been maintained and up to date,	Yes	-	-	-	-
10.	Whether payment made to the same to whom it might be payable and no any second claim in this regard,	Yes	-	-	-	-
11.	Whether payment has been made after deducting statutory dues or advances,	Yes	-	-	-	-
12.	Whether the expenditure are made with a period & amount as sanctioned,	Yes	-	-	-	-
13.	Whether there is undue rush of expenditure at the end of financial year,	No	-	-	-	-
14.	Whether payment has to be made after confirmation from store,	Yes	-	-	-	-
15.	Whether payment for repairs, etc., has to be made on the basis of logbook maintained,	No Such cases found.	-	-	-	-
16.	Whether payment are as per defined approval level sanctioned u/s 75 of	Yes	-	-	-	-



	BMA, 2007,					
17.	Confirm whether goods/assets received/accepted on or before 31 st March, where the bill is received after that date have been accounted for (either on the basis of purchase order, tender rate or as per bill),	No Such cases found.	-	-	-	-
18.	Whether no any withdrawal is made unless supported by last pay-in-slip, except in case of new appointment,	No Such cases found.	-	-	-	-
19.	Whether all statutory deduction or adjustment has been made before payment,	Yes	-	-	-	-
20.	Whether entry of any event during service has been made in service book by authorized person,	Yes	-	-	-	-

Statutory Requirement

Name of the ULB		SUGAULI NAGAR PANCHAYAT				
RISK RATING:		MEDIUM				
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Whether deduction of TDS on payment has been made as per law,	Yes	-	-	-	-
2.	Whether TDS deducted are timely deposited into bank with same amount,	Yes	-	-	-	-



3.	Whether regulatory requirement for submission of Return has been followed,	Yes	-	-	-	-
4.	Whether any deduction is made in any act, must be deposited as per their respective act,	Yes				
5.	Verify whether in case of "through rate" contract, there is no any payment for material, etc. by the ULB	No Such cases found.	-	-	-	-
6.	Any demand is outstanding from regulatory authority for non-compliance.	No Such cases found.	-	-	-	-

Tender Details (Work Order Wise)

Name of the ULB		SUGAULI NAGAR PANCHAYAT				
RISK RATING:		MEDIUM				
Work order No.		01/2019-20 to 16/2019-20				
		PERIOD: 01/04/20 to 31/03/21				
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	To check whether the provisions contained in Tender Advertisement for procurement were followed in award of contracts.	Yes	-	-	-	-
2.	To check that the time/date of receipt and opening of tenders was properly incorporated in the tender documents.	Yes	-	-	-	-
3.	The important guidelines relating to earnest money, delivery	Yes	-	-	-	-



	schedule, payment terms, performance warranty/guarantee, inspection, arbitration, liquidated damages/penalty for delayed supplies, purchase on risk and cost were incorporated in the tender documents for safeguarding the interest of corporation.					
4.	The purchase proposal was approved by the competent authority. as per delegation of powers	Yes	-	-	-	-
5.	Indent for purchase indicates the details of quantity required, last purchase rate, period for which stores are needed and name of consignee.	Not in prescribed format.	-	There may be chances of fraud & defalcation.	It will be taken care in future.	Not Resolved.
6.	Approval of mode of procurement	Yes	-	-	-	-
7.	The tender documents are prepared properly and description of items to be procured, quantity and estimated value should be indicated.	Yes	-	-	-	-
8.	To check whether the direction was followed for notification /advertising and opening of bids at notified date, time and place in the presence of bidders.	Yes	-	-	-	-
9.	Award of contract and its execution is as per procedure and guidelines issued by the Govt. of India in view of conditions agreed with the Development partners (DFID, World Bank, &	Yes	-	-	-	-



	European Union etc.)					
10.	To check whether bids were evaluated in terms of the provisions of the bid documents and the evaluation report was available.	Yes	-	-	-	-
11.	To check whether contract was awarded to the lowest evaluated responsive bidders who fulfilled qualification requirements, specified in the tender's documents.	Yes	-	-	-	-
12.	In case of negotiations of prices, it should be checked whether the negotiation was made with L1 bidder and all the relevant records thereof were available.	Yes	-	-	-	-
13.	To check whether articles were received/work was completed in time as per delivery schedule.	Yes	-	-	-	-
14.	The stores/goods are properly recorded in the Stock Registers /Asset Register.	Yes	-	-	-	-
15.	Whether any complaint was received regarding procurement and payment and existence of mechanism for redressal of Complaints	Yes	-	-	-	-

Vehicle Log Book

Name of the ULB	SUGAULI NAGAR PANCHAYAT
RISK RATING:	MEDIUM



PERIOD: 01/04/20 to 31/03/21

Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Whether logbook has maintained or not & up to date with proper details like journeys, wok undertaken, covering root, visited place, kilometer, etc.,	No	-	Information about vehicle cannot be traced properly.	It will be prepared.	No
2.	Whether logbook of journey is maintained in detail & signed by the officials using them,	No	-	Information about vehicle cannot be traced properly.	It will be taken care of.	No
3.	Whether it should be used for official purpose, otherwise charges are recoverable,	Used only for official purpose.	-	-	-	-
4.	Whether details of fuel for the same has been maintained in log book,	No	-	Unnecessary fuel may be purchased by the associated persons.	It will be taken care of.	No
5.	Whether full details of repairs have been maintained & it have been through authorized center,	No	-	Unnecessary money may be utilized on the name of repairs.	It will be taken care of.	No
6.	Whether authorized person have proper check over logbook.	No log book has been maintained to be authorized.	-	Information about vehicle cannot be traced properly.	It will be prepared.	No

Fixed Assets

Name of the ULB	SUGAULI NAGAR PANCHAYAT					
RISK RATING:	MEDIUM					
Sl. No.	Particulars	Audit Observation	Amount involved	Associates Risk	MGT. Comment	Status (Resolved /or not)



1.	Status on Maintenance of Fixed Assets Register	Not Maintained	-	It may leads to misplacement of assets.	It is in printing process.	Not Resolved
2.	Budget availability is confirmed before acquisition	Yes	-	-	-	-
3.	Fixed assets are recognized at cost of acquisition and if so, check whether the cost components are incidental to its acquisition	Yes	-	-	-	-
4.	all fixed assets are acquired only after obtaining approval of the concerned authority	Yes	-	-	-	-
5.	Physical verification of fixed assets is done and discrepancies are reconciled with Fixed Asset Register.	Due to non-availability of FA register. Physical Verification is not done.	-	It may leads to misplacement of assets.	Being Prepared by DEAS Team.	Not Resolved
6.	Depreciation is provided on each class of fixed assets at the prescribed rates	No Depreciation is provided.	-	It leads to over valuation of fixed assets.	Levied once fixed asset register maintained.	Not Resolved
7.	Asset Replacement Register is properly maintained asset class-wise	No such cases found.	-	-	-	-

Others

Name of the ULB		SUGAULI NAGAR PANCHAYAT				
RISK RATING:		MEDIUM				
Sl. No.	Particulars	Audit Observation	Amount involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	All permanent changes made in the assessment of buildings and lands have been recorded in	No such register provided.	-	It leads to false information about the	-	-



	this register with reference to the monthly lists, Register of Revision Petitions, Register of Appeal Petitions, and Register of Writes-off.			assessment of buildings and land.		
2.	Demands of current year and previous year have been reconciled with reference to the above details	No	-	-	-	-
Register of Suits						
1.	All suits filed by the municipality for recovery of any sum due are entered.	Register of Suits filed by ULB has not been maintained by the ULB.	-	To trace status of cases is very difficult.	It will be taken care in future.	Not Resolved.
2.	All suits filed against the municipality are entered	Register of Suits filed against ULB has not been maintained by the ULB.	-	To trace status of cases is very difficult.	It will be taken care in future.	Not Resolved.
3.	Sanction from the Council obtained for filing/defending the suit	No Such cases found	-	-	-	-
4.	All details like the Assessment Number, amount involved, Name of Court and Suit Number etc. are clearly entered	No Such cases found	-	-	-	-
5.	Execution Petitions are filed for recovery of sums, in cases the suits are disposed in favour of municipality.	No Such cases found	-	-	-	-



General Observations: -

There is lots of scope for improvement with respect to maintenance of Records and Registers. The important and basic records like Stock 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**

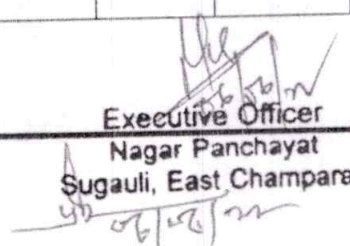


**CA Chanakya Shree
Partner
Mem No: 079322**



**7. Management Discussion with Risk Assessment:
SUGAULI NAGAR PANCHAYAT
ANNUALLY (F.Y. 2020-21)**

Sr. No.	Observations (sort the observations from high risk to low)	Risk Rating	Design Gap	System Gap	Operational Gap	Management (CMO) Comments	Ref. Page
1.	Royalty and Labour cess have been deducted since F.Y.2019-20 TO 2020-21 but it has not been deposited on time. As per Building and Other Construction Workers Welfare Cess Act, It is a statutory irregularity. Therefore, Penalty may be levied on ULB. As per Building and Other Construction Workers Welfare Cess Act, If any employer fails to pay any amount of cess payable under section 3 within the time specified in the order of assessment, such employer shall be liable to pay interest on the amount to be paid at the rate of two percent, for every month or part of the month comprised in the period from the date on which such payment is due till such amount is actually paid. Further, Unpaid royalty interest in F.Y. 2018-19 is 9.96% and in F.Y. 2019-20, rate of URI is 9.54%.	High	Yes	Yes	Yes	Royalty and labour cess deposited now.	
2.	We observe that the Statutory Compliance has not been accomplished by ULB. These Statutory Irregularities are following: TDS Return has not been filed. Labor Cess , Royalty and GST has not been deposited to concerned department which is deducted from payment.	High	Yes	Yes	Yes	It Will be Filed as soon as possible.	
3.	BRS has not been prepared by ULB , hence it is difficult to monitor the fraud if any.	High	Yes	Yes	Yes	Prepared from next year.	


Executive Officer
Nagar Panchayat
Sugauli, East Champaran



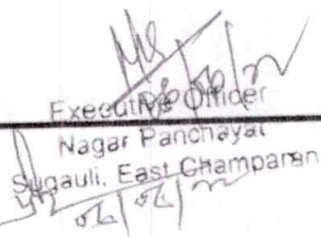
4.	Mobile Tower Tax has not been collected by the ULB which leads to huge revenue loss. As per details provided to us there are total 10 Mobile Towers registered with this ULB up to 31.03.2021 and ₹1653600/- has not been collected till the date of audit from these tower operators as Tower Tax.	High	No	No	Yes	It is Under Processed. Notices had been sent and Collection processes are going on
5.	Demand register is not maintained properly or up to date by the ULB. We are unable to quantify the total outstanding demand of Property Tax, Tower Tax, Advertisement Tax, Rent on Municipal Properties etc. Further, Holding tax defaulters are not classified as demand register is not maintained by the ULB. It leads to a huge revenue loss to the ULB.	High	No	No	Yes	It will be prepared from next financial year. Survey is going on for the due amount of Property Tax, Rent on Municipal Property, Etc.
6.	Advertisement Tax has not been levied by the Sugauli Nagar Panchayat during this period. It leads to revenue loss to the ULB.	High	No	No	Yes	Discussion is going on , on this matter.
7.	Professional tax is not deducted by the ULB on the salary payments of more than ₹15,000. Moreover, ULB is not registered under THE BIHAR PROFESSIONAL TAX ACT, 2011.	High	No	Yes	Yes	ULB is not yet registered, it will be registered under the bihar professional tax act.
8.	Vehicle on hire is used without prior tender and agreement. It seems to be a related party transaction.	High	No	Yes	Yes	Vehicle is hired as per Arms length Rate.

Executive Officer

Nagar Panchayat
Sugauli, East Champaran

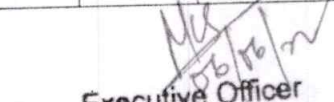
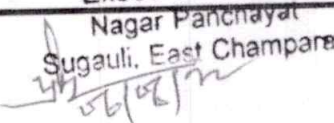


9.	Various registers, books of records etc. are not prepared by the ULB. Such as Advance & Recovery Register, Fixed Asset Register, File movement register, Inventory/ Store Register, Demand Register, Advertisement Taxes/Fees, Sairat etc.	High	No	Yes	Yes	It will be prepared from next FY.
10.	Cashbook is not maintained on day-to-day basis, which is not as per Bihar Municipal Accounting Manual. It should be prepared on daily basis i.e. transaction wise. Executive Officer has not authorized Main Cash Book as well as Subsidiary Cash Book on daily basis.	Medium	No	No	Yes	It will be Considered. From next financial year onward it will be taken care.
11.	There is huge demand of Income tax which is not settled yet.	High	Yes	Yes	Yes	It will be settled soon.
12.	There is lack of Internal Control on deduction and deposit of various taxes. On deduction of taxes, liability is not created hence it is difficult to ascertain tax payable at any point of time.	Medium	No	No	Yes	Duties of Persons will be segregated in future.
13.	Financial guidelines of schemes of MOHUA and UD & HD, GOB have not been compiled by the ULB. UC of ₹ 1888.65 lakhs of various schemes are pending for submission to the Urban Development & housing Department till the end of	Medium	No	No	Yes	Submission Process of UC is going on.


 Executive Officer
 Nagar Panchayat
 Srigauli, East Champaran
 06/06/20

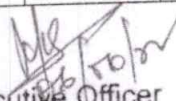


	financial year 2020-21.					
14.	UC of ₹688.10 lakhs of various schemes are pending for submission to the Urban Development & housing Department till the end of 4 th quarter of financial year 2019-20. Submission details of these has not been provided till the end of F.Y. 2020-21.	Medium	No	No	Yes	Submission Process of UC is going on.
15.	Procurement Register has not been maintained for all procurements above Rs.15,000. Further, Guidelines issued by UD&HD regarding procurements were also not provided to us during the course of audit.	Medium	No	No	Yes	It will be maintained in next F.Y.
16.	Taxes collected by tax collector are not deposited on daily basis. We observed that it is being deposited a later of week or ending of the month which is not proper as per rule 27 of BMAR. It should be deposited on daily basis otherwise; penalty up to Rs.500 may be imposed for delayed deposit.	Medium	No	No	Yes	At that time, everyday deposition was not possible due to Corona Pandemic.
17.	Previous AG (F.Y. 2018-19 and F.Y. 2019-20) & Internal audit compliance report has not been provided to us during the course of audit.	Medium	No	No	Yes	Previous AG (F.Y 2017-18) has been sent. And (F.Y2018-19) and (F.Y2019-20) is in process.
18.	Municipal Accounts Committee has not been constituted by the Sugauli Nagar Panchayat. It should be constituted in the first Board Meeting of the ULB	Low	No	No	Yes	It will be Discussed in next board meeting.


 Executive Officer
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 Sugauli, East Champaran




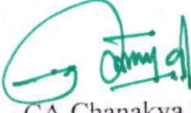
	every year.					
19.	Fuel is purchased from Champaran trading Co. without prior tender, agreement and work order. There is a chance of related party transaction. Further, Payment of ₹122721/- is made for fuel without reconciliation with vehicle log book.	High	Yes	Yes	Yes	Tendering is not applicable in this.
20.	Register of suits by/against ULB has not been maintained by the ULB.	Low	No	No	Yes	Not necessary but it will be maintained from next F.Y.
21.	Vinod Singhal & Co (Jaipur, Rajasthan & Boring Road, and Patna-800001) has started doing double entry accounting system from 15 TH April 2019 but it is in process & incomplete, it is not in auditable position. Year wise Status of DEAS are as follows; FY- 2014-15: In Process FY- 2015-16: In Process. FY- 2016-17: In Process. FY- 2017-18: In Process. FY- 2018-19: In Process. FY- 2019-20: Accounting in progress. FY- 2020-21: Accounting in progress.	Low	No	No	Yes	It will be completed as soon as possible.
22.	Vehicle Log Book has not been maintained by ULB. Due to this, it is not possible to track running of vehicles of the ULB.	Medium	No	No	Yes	It will be maintained from F.Y. 2021-22
23.	Preparation of Cash Book is not in proper way.	Low	No	No	Yes	It will be taken care in future.
24.	ULB is not in practice of preparing Monthly Receipt and Payment.	Low	No	No	Yes	It will be Prepared in Next Year.


 Executive Officer
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 Singauli, East Champaran



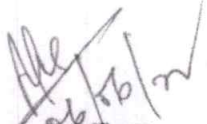
25.	ULB is not in practice of preparing of Annual F.S.	Low	No	No	Yes	It will be discussed with Accountant.
26.	Attendance Register is not verified on Monthly Basis by the EO officer.	Low	No	No	Yes	It will be done from next F.Y.
27.	Most of Filing procure of GST and TDS are pending to be filed.	High	No	Yes	Yes	Taxes deposition and filing is going on
28.	Assessment of Holding Tax has not been done since Long Time.	Low	No	No	Yes	Survey of houses and property is going on.
29.	Statutory deduction on salary (such as TDS and Professional Tax) payment to Executive officer <u>has not been made.</u>	Low	No	No	Yes	It is deposited in final payment at the time of return filing.
30.	During Audit , it was observed that no biometric attendance was used for making attendance	Low	Yes	no	Yes	It will be considered.
31.	ULB isn't in practice to prepare summary of Daily Collection Receipt in Form GEN-13.	Low	No	No	Yes	It is prepared in Excel.
32.	Demand and Arrear Registers of Holding tax are not prepared by ULB.					
33.	Property Tax Due have not collected yet (Annexure attached)	High	Yes	Yes	Yes	Notices Had been sent and collection process is going on.

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


CA Chanakya Shree
Partner
M. No: -079322



Executive Officer
Sugauli Nagar Panchayat
Date:
Place:


Executive Officer
Nagar Panchayat
Sugauli, East Champaran