

Internal Audit Report

of

ULB: Nagar Parishad Danapur Nizamat

For the period from 01-04-2018 to 31-03-2019

Internal Audit Conducted by:

GKSureka & Co.
Chartered Accountants
104, Baidyanath Palace, Jagdeo Path,
Bailey Road Pillar No.10, Patna-800014. (Bihar).
Phone No:- 0612-2590048
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From 28-08-2019 TO 27-09-2019

Report Issued on: 13-10-2019

Executive Summary

1. Introduction

Name of the Municipality	Nagar Parishad Danapur Nizamat
Period Covered under Current Audit	01.04.2018 to 31.03.2019
Name of the Chief Municipal Officer for the period under Audit	Executive Officer Mr. Sanjiv Kumar

2. Results and Findings

<p>Strength observed during the audit engagement</p>	<ul style="list-style-type: none"> ➤ General Cash Book has been written. ➤ All municipal transactions shall be identified with funds in accordance with rule 5, and separate accounting records have been maintained for each fund. ➤ Office infrastructure is sufficient for operation. ➤ Files are maintained. ➤ Expense records are maintained by Nagar Parishad.
<p>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</p> <p>The comments under these two categories should summarize each significant Audit observation in the order of materiality. The summary should be as brief as possible and draw on the observations under the Para on Consequence/ Effect / impact of each Audit observation. It should also include a summation of outstanding statutory and internal audit observations.</p>	<ul style="list-style-type: none"> ➤ Municipality has not been maintaining its books of accounts using double accounting system of book keeping following accrual system of accounting principles guided by the Bihar Municipal Accounting Manual. ➤ The property tax register has not been provided to us to ascertain the Total Demand and Arrear at the end of audit period. ➤ Taxes and other revenue collections from internal sources are not deposited into Bank on the same day ➤ In Daily Collection Register, date of deposit of taxes into Bank has not been held on record. ➤ Address of landlord not found in Daily Collection Register prepared by Tax Collector Jitendra kumar. ➤ Daily Collection Register not provided by Tax Collector Dinanath Prasad. ➤ Internal Control of Nagar Parishad is very poor. ➤ Nagar Parishad is not maintaining Demand Register for various types of Taxes i.e. Holding Tax, Tower Tax, Advertisement Tax, etc. ➤ Assessment of Property Tax, tower tax and other revenue resources is not conducted on regular intervals.



- **Co-ordination between staff is very poor.**
- **Work culture between staff is very poor.**
- Books of accounts are not maintained on daily basis.
- TDS has not been deducted on payment of salary to Executive Officer, City Manager and commission to Tax Collector.
- Quarterly TDS return has not been filed by the Nagar Parishad.
- Monthly Receipt & Payment and Trial Balance has not been prepared.
- We observed several Non compliance of Acts & rules by the Nagar Parishad.
- Fixed Asset Register and other various register has not been prepared by Nagar Parishad.
- Utilization certificate has not been submitted to department on timely basis.
- Inventory/Store Register is not updated.
- Nagar Parishad has not been in practice for collection of licensing fees for Hotel, Factory, Clinic, Professional such as Surveyors, Restaurant, Cinema, etc.
- Nagar Parishad has made payment of Electricity bill after due date.
- We have observed that Nagar Parishad has made payment to the beneficiary of Kabir Antyeshthy without obtaining Death Certificate of deceased and also not provided for verification.
- Hiring of motor vechile (SCORPIO) work order issued to Mrs. Niraj Travels has not been provided to us for verification
- Amounting Rs. 200000 paid on 22.01.2019 to PRD Dept. Bill/Voucher not included in file that's why expenditure could not verified by us.

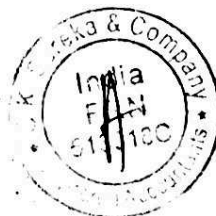


3. Opinion

Overall opinion of the Audit team about the functioning of the Municipality	<p>The functioning of the Municipality is very weak due to following reasons:</p> <ul style="list-style-type: none">➤ Internal Control w.r.t. collection of taxes, monitoring of grant, monitoring of schemes etc. is very poor.➤ Collection from own sources is very poor.➤ Grant received for various purposes are not utilized on timely basis.➤ Overall monitoring of collection from owns source is not good.
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4. Audit Recommendations

The recommendations of Audit team on the observed weakness	<p>We recommend the followings:</p> <ul style="list-style-type: none">➤ Books of Accounts need to be maintained on double entry accounting system.➤ All the prescribed books of accounts and Registers should be prepared on real time basis.➤ Collection of taxes by tax collector should be deposited on daily basis.➤ Date should be mentioned on DCR, on which date he deposited the cash.➤ Assessment of property should be conducted on regular intervals.➤ Daily Collection Register of all the wards should be prepared on daily basis.➤ Property tax register should be prepared as per new assessment.➤ Collection from own sources should be improved.➤ Collection of Tower Tax should be initiated.➤ Receipt and payment should be prepared on monthly basis.
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5. Comments from Management

Comment from Management	<p>The audit report has been discussed with us; we will try our best to remove the irregularities pointed out in the audit report.</p> <p>For Nagar Parishad Danapur Nizamat</p> <p>(Executive Officer)</p>
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6. Acknowledgment

We thank Mr. Sanjiv kumar (Executive Officer) and Mr. Shiv Pujan Rai (Accountant) for their support during the period of our audit. We are also thankful to Tax Daroga Mr. Shayam Babu Prasad and support staffs of the municipality for their cooperation extended to us during the period of our audit.

Place : Patna
Date :

For G.K.Sureka & Co.

Chartered Accountants
FRN.-513018C

(CA. Gokul Kumar Sureka)
Partner

M.N:- 091380

UDIN :- 20091380 AAAADW9569

Detailed Audit Report

1. Introduction

The Internal audit of Nagar Parishad Danapur Nizamat covering period from 1st April 2018 to 31st March, 2019 was conducted by our audit team under guidance of CA. Gokul Kumar Sureka, Partner, M/s G.K. Sureka & Co., (Chartered Accountants).

- i. CA Anoop Kumar Singh
- ii. Mr. Piyush Singh.
- iii. Mr. Sujeet Kumar.
- iv. Mr. Anil Kumar Jha.

2. Administration

The present body of the ULB has taken charge on 21-06-2017. The incumbency in the key administrative and executive position was as under:

- i.** Chairman : Dr. Annu kumari, from 21.06.2017 to till date,
- ii.** Vice-Chairman : Mr Deepak kumar, from 20-08-2019 to till date.
- iii.** Executive officer : Mr. Sanjiv Kumar, from 22-06-2018 to till date.



3. Review of outstanding audit paras : Status of AG and Internal Audit Observations are as under:

Sl. No.	Particulars of Audit and date of report	Total No. of Audit Paras.	Total No. of audit paras necessary improvement/corrective measure is required	Total No. of audit paras where recovery of cash is proposed	Total No. of paras where recovery has been made	Total amount of Recovery	Total No. of outstanding paras where no action has been taken	No. & date of Compliance report
1.	AG Audit for FY 2017-18 and 2018-19 not yet conducted and previous AG audit report not provided to us.							
2.	Compliance of Internal Audit Report for FY 2017-18 not given to us for verification.							

The Major observations of AG audit report are as under:

AG Audit report not provided to us to check the compliance.



4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2016-17 Revised Budget (Figure as per Budget FY 2017-18)	2017-18 Figure as per Budget FY 2018-19	2018-19 (Figure as per budget FY 2019-20)
Final/ Revised Budget	39,89,87,467	149,79,90,000	1,65,31,76,500
Actual Expenditure	Not Provided	31,92,40,224	40,51,49,226
Savings (+)/ Excess (-)	Not Applicable	1,17,87,49,776	1,24,80,27,274

II. Volume of transactions

Period	Budgeted 2018-19 Figure as per budget FY 2018- 19	Previous year (2017-18)	Corresponding period of 2016-17	Current Period	Cumulative for the current period
Opening Balance	48,75,94,684	51,98,92,794	N.A	48,75,94,684	48,75,94,684
Receipts	1,64,77,00,000	31,19,46,218	N.A	1,21,96,56,470	1,21,96,56,470
TOTAL	2,13,52,94,684	83,18,39,012	N.A	1,70,72,51,154	1,70,72,51,154
Net Expenditure	1,65,31,76,500	31,92,40,224	N.A	40,51,49,226	40,51,49,226
Refund to Treasury/ State fund		250,04,104	N.A		
Closing Balance	48,21,18,184	48,75,94,684	N.A	1,30,21,01,928	1,30,21,01,928

III. Bank Reconciliation

Details of Bank Accounts and their reconciliation position as on 31.03.2019 are as under:

S.No.	Particulars	Balance as per Cash Book	Balance as per Passbook	Difference	Reconciliation
1.	NDN 7316	93,10,596.68	91,79,646.68	1,30,950.00	BRS given below
2.	PLA 130	124,10,73,541.02	124,10,73,541.02	NIL	BRS Not Required
3.	Tax & Non Tax 77873	13,34,095.00	13,34,095.00	NIL	BRS Not Required
4.	Slum Dev 56429	1,89,718.71	1,89,718.71	NIL	BRS Not Required
5.	SS.Pension 2936	85,900.00	85,900.00	NIL	BRS Not Required
6.	NULM 80628	66,54,602.77	69,37,048.77	2,82,446.00	BRS given below
7.	KabirAnteshthy 8409	22,20,640.00	22,80,640.00	60,000.00	BRS given below
8.	S.J.S.R.Y 56490	91,369.73	91,369.73	NIL	BRS Not Required
9.	SBM 142311	1,80,71,194.00	1,80,71,194.00	NIL	BRS Not Required
10.	SBM 127	16,64,708.00	25,24,208.00	8,59,500.00	BRS given below
11.	E-GOV 5337	2,17,922.29	2,17,922.29	NIL	BRS Not Required



12.	NDN 94395	31,19,243.68	39,34,253.68	8,15,010.00	BRS given below
13.	14th FC 5538	10,478.65	10,478.65	NIL	BRS Not Required
14.	Pay & Pension 49131	2,81,869.00	2,81,869.00	NIL	BRS Not Required
15.	NDN 220	101,608.00	101,608.00	NIL	BRS Not Required
16.	NDN 093	84,84,850.00	84,19,850.00	65,000.00	BRS given below
17.	NDN 25479	7,85,218.00	7,85,218.00	NIL	BRS Not Required
18.	HFA 987	74,07,069.50	74,07,069.50	NIL	BRS Not Required
19.	AMRUT 271	9,98,069.50	9,98,069.50	NIL	BRS Not Required
20.	Namami Gange	1,734.00	1,734.00	NIL	BRS Not Required
21.		1,302,104,428.53			

NDN-7316

S.NO	DATE	CHEQUE NO.	AMT
1	28-03-19	019450	(-) 1,33,200.00
2	31-03-19	716277	2250.00
	Total		(-) 1,30,950.00

NUML-80628

S.NO	DATE	CHEQUE NO.	AMT
1	27-03-19	438251	30,600.00
2	29-03-19	438252	70000.00
3	29-03-19	438253	1,81,846.00
	Total		2,82,426.00

KABIR ANTESHTHI-

S.NO	DATE	CHEQUE NO.	AMT
1	31-03-19	150617	30,000.00
2	31-03-19	150618	30,000.00
	Total		60,000.00

SBM-0127

S.NO	DATE	CHEQUE NO.	AMT
1	12-02-19	000298	8,59,500.00
	Total		8,59,500.00

NDN-94395

S.NO	DATE	CHEQUE NO.	AMT
1	29-03-19	Na	4,16,073.00
2	30-03-19	Na	4,01,837.00
3		Na	(-)2,900.00
	Total		8,15,010.00

NDN-093



S.NO	DATE	CHEQUE NO.	AMT
1	16-01-19	846100	40500.00
2			24500.00
	Total		65,000.00



IV. Revenue & Capital Receipts

Income Details (Amounts to be provided in Rupees)

S. No.	Details (as per books of A/c)	2017-18		2017-18		2018-19		2018-19		2019-20		2019-20	
		2017-18	2017-18	2018-19	2018-19	2019-20	2019-20	2018-19	2018-19	2019-20	2019-20	2019-20	2019-20
	Total Receipts (A+B)		31,19,46,218.00		31,19,46,218.00		31,19,46,218.00		31,19,46,218.00		Not Applicable		1,21,96,56,470.00
A	Revenue Receipts (1+2+3)		8,05,07,257.00		8,05,07,257.00		8,05,07,257.00		8,05,07,257.00		--do--		12,70,09,580.00
1	Own Revenue Receipts (a+b)		5,15,37,690.00		5,15,37,690.00		5,15,37,690.00		5,15,37,690.00		--do--		4,56,38,003.00
a)	Tax Revenue (levied and collected by municipal body)		3,70,16,705.00		3,70,16,705.00		3,70,16,705.00		3,70,16,705.00		--do--		2,71,50,150.00
j)	Property Tax (as per bank statement)		3,66,76,705.00		3,66,76,705.00		3,66,76,705.00		3,66,76,705.00		--do--		2,71,50,150.00
ii)	Other Tax (levied and collected by municipal body)		3,40,000.00		3,40,000.00		--		3,40,000.00		--do--		--
b)	Non-Tax Revenue (levied and collected by municipal body)		1,45,20,985.00		1,45,20,985.00		1,45,20,985.00		1,45,20,985.00		--do--		1,84,87,853.00
i)	Fees & Fines		--		--		1,58,25,069.00		--		--do--		1,58,25,069.00
ii)	User Charges		4,11,473.00		4,11,473.00		--		4,11,473.00		--do--		--
iii)	Other non-tax revenue (levied and collected by municipal body)		1,41,09,512.00		1,41,09,512.00		26,62,784.00		1,41,09,512.00		--do--		26,62,784.00
2	Other Revenue Receipts		1,07,38,145.00		1,07,38,145.00		1,07,38,145.00		1,07,38,145.00		--do--		53,61,662.00
a)	Income from interest/investments		17,24,173.00		17,24,173.00		16,18,695.00		17,24,173.00		--do--		16,18,695.00
b)	Other Revenue Income		90,13,972.00		90,13,972.00		37,42,967.00		90,13,972.00		--do--		37,42,967.00
3	Transfers/ Grants/ Assigned Revenues		1,82,31,423.00		1,82,31,423.00		1,82,31,423.00		1,82,31,423.00		--do--		7,60,09,916.00
a)	State Assigned Revenue		83,42,371.00		83,42,371.00		--		83,42,371.00		--do--		--
b)	state finance commission grant/Devolution		--		--		--		--		--do--		--
c)	Octroi Compensation		--		--		--		--		--do--		--
d)	Other State Govt transfer		10,93,300.00		10,93,300.00		--		10,93,300.00		--do--		--
e)	Central finance commission grant		--		--		--		--		--do--		--
f)	Other Central Govt transfer		61,48,252.00		61,48,252.00		--		61,48,252.00		--do--		--
g)	Others		26,47,500.00		26,47,500.00		7,60,09,916.00		26,47,500.00		--do--		7,60,09,916.00
B	Capital Receipts		23,14,38,961.00		23,14,38,961.00		23,14,38,961.00		23,14,38,961.00		--do--		1,09,26,46,888.00
1	Sale of Municipal Land		--		--		--		--		--do--		--
2	Loans (from State Govt. or Banks etc.)		--		--		--		--		--do--		--
3	State Capital Account Grant (under Central Schemes etc.)		4,39,70,920.00		4,39,70,920.00		4,39,70,920.00		4,39,70,920.00		--do--		52,19,95,087.00
4	Central Capital Account Grant (under Central Schemes etc.)		3,26,64,034.00		3,26,64,034.00		3,26,64,034.00		3,26,64,034.00		--do--		57,06,51,801.00
5	Other Capital Receipts		15,48,04,007.00		15,48,04,007.00		--		15,48,04,007.00		--do--		--



V. Revenue and Capital Expenditure Information

Expenditure Details (Amounts to Be provided in Rupees)

S. No.	Details (as per books of A/c)	2017-18		2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2018-19	2019-20	2018-19	
1	Total Expenditure (A+B)	31,92,40,224.00	Not Available	40,51,49,226.00	31,92,40,224.00	Not Applicable			
	Revenue Expenditure	17,55,67,206.00	--do--	28,54,03,542.00	17,55,67,206.00	--do--			40,51,49,226.00
1.1	Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	8,18,38,361.00	--do--	20,59,93,103.00	8,18,38,361.00	--do--			20,59,93,103.00
1.2	Operation and Maintenance (O&M)	9,26,81,789.00	--do--	3,87,56,504.00	9,26,81,789.00	--do--			3,87,56,504.00
1.3	Loan Repayment (Interest payments)	--	--do--	9,623.00	--	--do--			9,623.00
1.4	Others (any other revenue expenditure which is not salaries O&M or Interest Payment)	10,47,056.00	--do--	4,06,44,312.00	10,47,056.00	--do--			4,06,44,312.00
2	Capital Expenditure	14,36,73,018.00	--do--	11,97,45,684.00	14,36,73,018.00	--do--			11,97,45,684.00
2.1	All developmental works under Central/ State specific schemes	14,36,73,018.00	--do--	11,97,45,684.00	14,36,73,018.00	--do--			11,97,45,684.00
2.2	Loan Repayment (Principal payment)	--	--do--	--	--	--do--			--
2.2	Other Capital Expenditure	--	--do--	--	--	--do--			--



VI. Status of Implementation of Double Entry Accounting System

As suggested by the C&AG, the Ministry of Finance, Government of India has introduced a "National Municipal Accounts Manual" for adoption on of accrual system of accounting system of ULBs. Based on NMAM, Bihar Municipal Accounts Manual (BMAM) has been got prepared by the Government of Bihar and has been enforced from April 1, 2007. Generally ULB following cash based accounting system which is only detail of total collection and expenses as per provision of BMR 2007, the double entry accounting system should be employed to all ULB.

➤ Nagar Parishad has not maintained its books of account on accrual basis.

➤ Status of Double Entry Accounting System:

- 1) Name of Agency Implementing DEAS: Vinod Singhal & Co.
- 2) Period: 2012 - 2021
- 3) Status of Report : No report has been submitted
- 4) Preparation of Fixed Asset Register : In Process
- 5) Preparation of Opening Balance Sheet: Not yet prepared
- 6) Preparation of Financial Statement : Not yet prepared
- 7) Preparation of Property Tax Register : Not yet prepared
- 8) Details of Tally Installation: Tally Installed
- 9) Details of Tally Serial Id.: 756372636
- 10) Email Id. : nagarparishaddanapur@gmail.com

VII. Status of Municipal Accounts Committee; if meeting 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.

➤ ***We demanded the documents from municipal concerned staff to provide the status of Municipal Accounts Committee formation and their meetings, the details has not been provided to us. We again demanded the same on 26-09-2019. But still we did not get any communication from ULB till now. (Receipted Copy of letter attached).***



5. Audit Observations

I. PART- A

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

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

Audit Objective:

Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc;

1. **Property Tax and other revenue receipts are not deposited by tax collectors to the cashier by 4:30 PM on the same Day.**

Criteria:

Collections should be deposited in to bank on the same day. (Rule-27)
All moneys to be brought to account. (Rule 22)

As per Chapter XV of Bihar Municipal Act, 2007 Municipality shall have power to collect licensing fees for Hotel, Factory, Clinic, Professional such as Surveyors, Restaurant, Cinema, etc.

Condition:

Revenue collection process is not satisfactory; in case of property tax internal control is not adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the day after tomorrow but it is being deposited after two week/months.

1. Reconciliation of property tax collection by tax collector and amount deposited into bank is not available.
2. Following are some cases where there is a gap in collection of tax and Deposit of Tax by Tax collector Mr. Surya Kant Kumar:

Sl. No.	Date	Receipt No.	Name	Ward No.	Amount
1.	11/4/2018	9939	Usha Devi	17	898
2.	11/04/2018	9940	Dev Narayan Mahto	17	1,077
3.	13/04/2018	9941	Laxmi Devi	17	298
4.	13/04/2018	9942	Sita ram Pandit	17	1,434
5.	13/04/2018	9943	Devendra Pd. Sinha	17	195
6.	18/04/2018	9944	Ashok Kumar	17	666
7.	18/04/2018	9945	Yogendra Rai	17	1,396
8.	18/04/2018	9946	Yogendra Rai	17	929



9.	18/04/2018	9947	Yogendra Rai	17	420
10.	27/04/2018	9949	Shila Devi	17	932
	Total				8,245

Above mentioned collections have been deposited in bank by tax collector on 01/06/2018.

3. Daily Collection Register (DCR) is not maintained properly by the respective tax collectors on daily basis.

NAME OF WARD	NAME OF COLLECTOR	COLLECTION	DEPOSIT	CASH HOLD WITH COLLECTOR as on 31.03.19
14,15,17,19	Surya kant kumar	5,97,255	5,97,255	0.00
1,3,4,6,29,30,31,3,2,36,39	JITENDRA KUMAR	5,76,095	3,31,074	2,45,021
10,11	KAMELSH SINGH	14,80,900	14,80,900	0.00
21,22,35,37,40	SHYAM BABU PRASAD	19,65,817	13,87,950	5,77,867
7,9,13,12.38,39,20	SHUBHAS KUMAR	8,89,332	7,77,787	1,11,545
Total		55,09,399	45,74,966	9,34,433

Consequence / Effect / Impact:

As per Rule 27 of BMAR it should be deposited on daily basis otherwise a penalty 1up to Rs. 5000/- may be imposed for delayed deposit.

Cause:

Non-compliance of BMAR by tax collectors and failure to remit collections to cashier by 4:30 PM on same day.

Corrective Action / Recommendation:

Tax collectors are needs to follows the BMAR and remit the collections to cashier by 4:30 PM on same day.

2. Irregularities in Mobile Tower Collection

Criteria:

Registration Fees per tower @ Rs. 40,000/- and annual renewal fees @ Rs.10,000/- per annum to be collected. If more than 1 antenna is placed on the tower then an extra registration and renewal fees @ 60% per annum will be collected. Moreover a late fine at 1.5% would be imposed in case of delay in collection after first month of the financial year. Further after every 5 years renewal fees has to be increased by 25%.



Further as per Rule 6(9) of Bihar Communication Towers and Related Structures Rules 2012, in case arrears of registration fees and/or renewal fees for any tower, the municipality reserve the right to seal the tower until the payment is received in full along with accrued interest.

Condition

Tower tax (Registration and Renewal Fees) is not being collected by Nagar Parishad. Further it has been observed that no efforts is being made for collection of tower tax.

Consequence/Effect/Impact:

Due to non collection and monitoring of Tower tax there is a huge revenue loss to the Nagar Parishad. Further the updating of tower tax demand register is not in process s. Total outstanding balance of Tower tax Rs.1,60,76,412/- For the FY year 2018-19 is as under:

S. No.	Name	Location	Balance Amount Due
1	T.T INFO SERVECS LTD	RAM JI CHAK DHIGA PATNA	208,898.00
2	T.T INFO SERVECS LTD	TAKIYA PAR DANAPUR	208,898.00
3	T.T INFO SERVECS LTD	BIBI GANJ DALWAR ROAD DANAPUR	208,898.00
4	T.T INFO SERVECS LTD	MUBARAK PUR DANAPUR	208,898.00
5	T.T INFO SERVECS LTD	MOKIM PUR USMAN THANA DANAPUR	208,898.00
6	T.T INFO SERVECS LTD	NEW BAILEY ROAD DANAPUR	208,898.00
7	T.T INFO SERVECS LTD	ANAND BAZAR NEAR SHIV MANDIR DANAPUR	167,202.00
8	T.T INFO SERVECS LTD	SAHAHPUR	131,866.00
9	T.T INFO SERVECS LTD	SULTAN PUR WARD NO. 17 DANAPUR	101,920.00
10	T.T INFO SERVECS LTD	RAM JI CHAK DHIGA PATNA WARD NO. 34	298,100.00
11	T.T INFO SERVECS LTD	NASARI GANJ WARD NO. 34 DANAPUR	298,100.00
12	T.T INFO SERVECS LTD	RAJ PATI PALACE TAKIYA PAR DANAPUR	298,100.00
13	T.T INFO SERVECS LTD	YADAV PATH DANAPUR	298,100.00
14	T.T INFO SERVECS LTD	MOBARAK PUR DANAPUR	298,100.00
15	T.T INFO SERVECS LTD	NAYA TOLA SAGUNA DANAPUR	298,100.00
16	T.T INFO SERVECS LTD	RAM JAYPAL ROAD BAILEY ROAD PATNA	298,100.00
17	SIFY TECHONLOGY	NASARIGANJ WARD NO. 30	298,100.00
18	SIFY TECHONLOGY	MARSHL BAZAR WARD NO. 13	356,158.00
19	SIFY TECHONLOGY	BAIELY ROAD PATNA	36,158.00
20	DISNET WIRELESS LTD	KHAGAUL ROAD WARD NO. 12 DANAPUR	356,158.00
21	DISNET WIRELESS LTD	RANJAN PATH WARD NO. 38	258,100.00
22	DISNET WIRELESS LTD	BACK OF PETROL PUMP RAMJI CHAK DANAPUR	258,100.00
23	DISNET WIRELESS LTD	CHITRA KUT NAGAR NEAR DURGA MANDIR	258,100.00
24	DISNET WIRELESS LTD	NEAR L.P.G GAS GODAM SAGUNA MODE	258,100.00
25	DISNET WIRELESS LTD	R.B.I. COLONY TAKIYA PAR	207,202.00
26	BHARTI INFRA TEL LTD	NEAR COMEX INDIA LTD SAGUNA MODE	298,100.00
27	BHARTI INFRA TEL LTD	GOLA ROAD DANAPUR	298,100.00
28	BHARTI INFRA TEL LTD	HARDASPURA P.O. KHAGAUL	97,154.00
29	BHARTI INFRA TEL LTD	APARNA BANK COLONOY DANAPUR	97,154.00
30	BHARTI INFRA TEL LTD	JALALPUR RUPASPUR PATNA	97,154.00
31	EXCEL TELECOM PVT.LTD	JAGDEV PATH	258,100.00



	GOLMBER		
32	QOUPU TELECOM INFR LTD		
33	QOUPU TELECOM INFR LTD	UDAY PALACE DANAPUR	208,898.00
C		BANK COLONAY WARD NO. 38 GOLA ROAD	208,898.00
34	RELIENCE COMMUNICATION		
a		RAM JI CAHK WARD NO. 30	366,158.00
35	RELIENCE COMMUNICATION		
u		SAGUNA BAILEY ROAD WARD NO. 12	356,158.00
36	RELIENCE COMMUNICATION		
s		TARACHAK WARD NO. 08	356,158.00
37	RELIENCE COMMUNICATION		
e		NORTH BAILLEY ROAD WARD NO. 37 DANAPUR	356,158.00
38	RELIENCE COMMUNICATION		
i		KHAGADI ROAD WARD NO. 35 DANAPUR	356,158.00
39	RELIENCE COMMUNICATION		
T		BIBIGANJ WARD NO. 13	356,158.00
40	ISHAR TELECOM INFRA PVT LTD		
h		SHAHPUR	258,100.00
41	TATA TELESERVICES		
i		NEAR L.P.G GAS GODAM SAGUNA MODE	356,158.00
42	TATA TELESERVICES		
s		ROUND TABLE NAGAR MUSAHRI	356,158.00
43	TATA TELESERVICES		
s		SRI VAKIL RAY DAUDPUR	258,100.00
44	BSNL		
h		RAMJI CHAK WARD NO. 30	356,158.00
45	BSNL		
a		RAJMATI PALACE TAKIYA PAR WARD NO. 27	356,158.00
46	BSNL		
p		MARSHAL BAZAR BIBI GANJ WARD NO. 13	356,158.00
47	BSNL		
p		NORTH BAILLEY ROAD WARD NO. 37 DANAPUR	356,158.00
48	BSNL		
e		YADAV PATH DANAPUR	356,158.00
49	BSNL		
n		SAGUNA MODEN DANPUR	298,100.00
50	BHARTI AIRTEL		
s		NASARI GANJ DANAPUR	356,158.00
51	BHARTI AIRTEL		
d		RAMJI CHAK WARD NO. 30	356,158.00
52	BHARTI AIRTEL		
u		BIBI GANJ WARD NO. 13 DANAPUR	356,158.00
53	BHARTI AIRTEL		
e		MAINPURA WARD NO. 11	356,158.00
54	BHARTI AIRTEL		
e		GOLA ROAD WARD NO. 32 DANAPUR	298,100.00
55	BHARTI AIRTEL		
z		L.P.G. GAS GODAM WARD NO. 12 DANAPUR	356,158.00
56	BHARTI AIRTEL		
C		BAILEY ROAD NAHAR SIDE WARD NO. 40	298,100.00
57	BHARTI AIRTEL		
C		SULTAN PUR WARD NO. 17 DANAPUR	298,100.00
58	BHARTI AIRTEL		
C		MOBARAK PUR WARD NO. 07	356,158.00
	TOTAL		16,076,412.00
	Outstanding		

o

rective Action/ Recommendation:

There should be proper records of mobile tower rent demand/ collection/ arrear and proper mechanism for supervision and monitoring of collection. Further as per Rule 6(9) of Bihar Communication Towers and Related Structures Rules 2012, Nagar Parishad should seal the tower until the payment is received in full along with accrued interest.

3. Non Collection of Advertisement Tax:

Criteria:

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

Condition



Records of advertisement tax maintained as per required norm, advertisement tax is collected on timely basis in 2018-19.

Consequence/Effect/Impact:

Due to non collection and monitoring of advertisement tax there is a huge revenue loss to the Nagar Parishad. Further the updating of advertisement tax demand register is not in process. Total outstanding balance of Rs.78,42,800/- as on 31st March, 2019 is as under:

Sl.No.	Name of The Firm	Demand	Collection	Outstanding Balance
1	J.K PRINTERS ADVERTISERS AND PRINTER	64,800.00	-	64,800.00
2	GARIMA PUBLICITY PRIVATE LIMITED	252,250.00	-	252,250.00
3	ADAM MEDIA & RECREATION (P) LTD	237,150.00	237,150.00	-
4	AALIYAS ADZONE AMIYA	-	-	-
5	MAGDHA ADVERTISING BUREAU	1,500,500.00	-	1,500,500.00
6	TRIBRO Ad. BUREAU	1,315,250.00	-	1,315,250.00
7	MANISH KUMAR	150,250.00	-	150,250.00
8	SAI ACHIEVER	3,052.00	3,052.00	-
9	SWASTIK PUBLICITY	17,900.00	17,900.00	-
10	DR. PARAKH	75,250.00	-	75,250.00
11	M/S NATIONAL OUTDOOR MEDIA	450,500.00	-	450,500.00
12	ASIANA MEDIA	182,300.00	-	182,300.00
13	M/S CENTURY VENTURES (P) LTD	1,484,750.00	-	1,484,750.00
14	DISPLAY & SIGNAGER PVT LTD	36,250.00	36,250.00	-
15	LANDMARK OUTDOOR MEDIA SERVICES (P) LTD	843,000.00	843,000.00	-
16	M/S LAXMI JAGAT SERVICE SATION (IOCL DEALER)	5,380.00	5,380.00	-
17	LOTUS ADVERTISING & SECURITIES	2,366,950.00	-	2,366,950.00
	TOTAL	8,985,532.00	1,142,732.00	7,842,800.00

Cause:

This happens due to failure of designated staff and non-monitoring of authorised officials on timely basis.

Corrective Action/ Recommendation:

There should be proper collection and monitoring mechanism for advertisement tax.

4. Irregularities in Shop Rent Collection:

Criteria:

Revenues in respect of rents from properties shall be accrued based on terms of agreement. All rent should be collected on due date otherwise it should be collected with penalty and interest.

Condition:

Records of shop rent maintained as per required norms, shop rent is being collected on timely basis.

Consequence/Effect/Impact:



Due to non collection and monitoring of Shop Rent there is a huge revenue loss to the Nagar Parishad. Further the updating of Shop Rent demand register is not in process. Total outstanding balance of Rs.62365/- as on 31st March, 2019 is as under:

Sl. No.	Shop no.	Name	Arrear rent	Demand	Collection	Outstanding
1.	6	RAMESH KUMAR	18403	20076	-	38479
2.	7	SUDHIR KUMAR	-	20076	11711	8365

STAFF COLONY

Sl.N o.	Shop no.	Name	Arrear	Demand	Collection	Outstanding
3	3	MOHAN KR.SRIVATAV	-	10956	4565	6391
4	4	RAJENDRA PRASAD	-	10956	1826	9130
		TOTAL	18,403	62,064	18,102	62,365

Cause:

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

Corrective Action/ Recommendation:

There should be proper collection and monitoring mechanism for advertisement tax.

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

➤ On verification of log book we observed that EO, Nagar Parishad is using Vehicle (Hired from Niraj Travels) on **Sundays** as per details given below:

Sl. No	Date	Distance Travelled	Travelled From /To
1.	04-11-2018	80 KM	Office to home and different places
2.	11-11-2018	40 KM	Office to Ramji chak
3.	25-11-2018	45 KM	Office to Home
4.	20-01-2018	30 KM	Office to Home
5.	03-03-2019	75 KM	Office to SBI and Udhog Bhawan
6.	10-03-2019	70 KM	Office to Court

It can be seen from above details that travelling was made to SBI and Udhog Bhawan on Sunday. In audit opinion anomaly exist in use of vehicle.



II. PART-B

All audit objections/ irregularities which have no monetary implication, but significant violation of Act, Rules & directives of UD & HD. Mention the reference Act & Rules wherein remedial measures is required. In this part auditor should report in respect of -

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

S.No.	Particulars	Status
1.	Security Money register	Not Maintained
2.	Payroll Register	Properly Maintained
3.	Log Book	Not properly maintained
4.	Demand and Collection Register	Not Provided
5.	Assessment Register	Not Provided
6.	Tower Tax Demand Register	Not maintained
7.	Fixed Asset and Inventory Register	Not maintained
8.	Advertisement tax register	Not maintained
9.	Procurement Register	Not Maintained
10.	Holding Tax Register	Not Maintained
11.	Holding Demand Register	Not Maintained

➤ Corrective Action/ Recommendation:

Nagar Parishad should maintain above mentioned register in accordance with provisions of Bihar Municipal Act, 2007 and rules made thereunder.

b. Irregularity in procurement process

- Procurement made by Nagar Parishad during FY 2018-19 has not been provided to us for verification even after multiple reminder and Verbal communication with the concerned staff.

Corrective Action/ Recommendation:

- Nagar Parishad should provide all document regarding procurement process for our verification purpose, and follow the procedures set by The Bihar Municipal Act and Rules for procurement process.

c. Non-compliance of directives by UD & HD , GOB

We observed several non-compliances of directives of UD & HD, GOB such as:

- Non collection of various taxes required to be collected.
- Non maintenance of prescribed books of accounts
- Non submission of UC and other reports on timely basis etc.

Recommendation:

We recommend to the Nagar Parishad to follow all directives issue by UD& HD and GOB.



d. Non Compliance of Act & Rules

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

- i. Property tax on lands and buildings.
- ii. Surcharge on transfer of lands and buildings,
- iii. Tax on deficit in parking spaces in any non-residential building,
- iv. Water tax,
- v. Fire tax,
- vi. Tax on advertisements, other than advertisements published in newspapers,
- vii. Surcharge on entertainment tax
- viii. Surcharge on electricity consumption within the municipal area,
- ix. Tax on congregations,
- x. Tax on pilgrims and tourists, and
- xi. Toll –
 - a) on roads, bridges, ferries and navigable channel and
 - b) on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles, within the meaning of the Motor Vehicles Act, 1988, plying on a public street.
- xii. Tax on profession

We observed that only property tax, shop rent and advertisement tax has been collected during the year other taxes have not been collected.

➤ Following rules of BMAR are also not complied by the Nagar Parishad:

- a) Rule 22: All moneys to be brought to account
- b) Rule: 27: Collections to be deposited into Bank on the same day
- c) Rule 69: Grant Related Compliance
- d) Rule 120-121: Monthly Receipt & Payment Account and Trial Balance

➤ As per section 129 of Bihar Municipal Act, 2007; The Municipality shall have the power to levy fees and fines in exercise of the regulatory powers vested in it by or under this Act or the rules or the regulations made hereunder for-

- (a) Sanction of building plans and issue of completion certificates,
- (b) Issue of municipal licenses for various non-residential uses of lands and buildings,
- (c) Licensing of-
 - (i) Various categories of professionals such as plumbers and surveyors,



- (ii) Various activities such as sinking of tube-wells, sale of meat, fish or poultry, or hawking of articles,
 - (iii) Sites used for advertisements or premises used for private markets, slaughter houses, hospitals, nursing homes, clinics, factories, warehouses, godowns, goods transport depots, eating-houses, lodging-houses, hotels, theatres, cinema-houses and places of public amusement and for other non residential uses,
 - (iv) Animals,
 - (v) Carts or carriages, and
 - (vi) Such other activities as require a license or permission under the provisions of this Act
- (d) Issue of birth and death certificates.

We observed that only fees for death and birth certificates have been collected during the year fees and fines have not been collected.

- New Assessment has not been done and holding tax is being collected at old rates. However, Nagar Parishad has sent proposal to department for new assessment rate but it is still pending.

Suggestions/ Recommendation:

Nagar Parishad should comply with above mentioned provisions as specified in relevant act/rules

e. Lack of internal Control measures

- 1) There are lack of internal control w.r.t collection of taxes.
- 2) Tax demand register includes demand of each property has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer.
- 3) Taxes collected by tax collector are not deposited on daily basis we observed that it is being deposited after significant interval which is not proper. As per Rule 27 of BMAR it should be deposited on daily basis otherwise a penalty up to Rs. 5000/- per day may be imposed for delayed deposit.
- 4) Reassessment of holding tax has not been done and holding tax is being collected at old rates.
- 5) Due to collection of revenue on old rates there is significant loss the N.P. Quantification of loss is not possible at this point of time.
- 6) Advertisement Tax dues are not collected on timely basis.
- 7) Tower tax dues are not collected on time basis.

Recommendation:

We recommend to the Nagar Parishad to comply with the above mentioned internal controls weakness for fair presentation of financial position.



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

- The municipality is not regular in deduction of Income Tax.
- Counterfoil of Quarterly TDS Return not held on record for FY 2018-19.
- TDS has not been deducted on payment of salary to City Manager. As per section 192 of Income Tax Act, 1961, at the time of payment of salary by the employer to employee, employer is mandatorily required to deduct TDS on salary.

Action/Suggestion

Nagar Parishad Should comply with provisions of TDS, GST and other statute in accordance with provisions of said statute.

g. Deficiency in Pay-roll System

No record provided to us.

h. Utilization of Grant and report on missing Utilization Certificates

- Grant Register is being properly prepared and all the grants were utilized for the purposes they are allotted. Status of Utilization Certificate of each Grant received during the Audit period are as under):

Sl. No	Scheme Name	Sanction Letter No.	Amount	Status of U/C
1	E.O SALARY	07/22.05.2018	700,000.00	Not Submitted
2	STAMP DUTY	47/31.05.2018	67,105,871.00	--do--
3	CITY MANAGER SALARY	08/24.05.2018	197,220.00	--do--
4	5th FIN	15/03.07.2018	37,322,818.00	--do--
5	5th FIN	15/20.07.2018	37,322,818.00	--do--
6	5th FIN	37/23.07.2018	38,169,883.00	--do--
7	5th FIN	37/23.07.2018	38,169,883.00	--do--
8	STATE FUND	53/18.09.2018	1,602,000.00	--do--
9	STATE FUND	07/27.09.2018	17,438,000.00	--do--
10	PROFESSIONAL TAX	77/24.10.2018	6,698,517.00	--do--
11	M.M. SWACHTA ANUDAN	81/31.10.2018	17,612,400.00	--do--
12	14TH FIN	82/31.10.2018	18,025,219.00	--do--
13	14TH FIN	82/31.10.2018	18,025,219.00	--do--
14	14TH FIN	75/25.01.2019	17,899,163.00	--do--
15	14TH FIN	75/25.01.2019	17,899,163.00	--do--
16	WARD PARSHAD ALL	76/31.01.2019	900,000.00	--do--
17	CITY MANAGER SALARY	78/12.02.2019	197,220.00	--do--
18	STATE FUND	80/12.02.2019	9,249,055.00	--do--
19	STATE FUND	87/22.02.2019	8,882,177.00	--do--
20	M.M.S.N.G YOJANA	89/22.02.2019	20,195,016.00	--do--



21	M.M.S.N.G YOJANA	89/22.02.2019	29,030,337.00	--do--
22	M.M.S.N.G YOJANA	89/22.02.2019	1,262,189.00	--do--
23	STATE FUND	91/28.02.2019	17,728,200.00	--do--
24	STATE FUND	101/27.12.2018	11,432,550.00	--do--
25	STATE FUND	111/09.01.2019	2,603,305.00	--do--
26	HOUSE TO HOUSE CONNECTION	157/19.03.2019	2,610,949.00	--do--
27	5th FIN	135/30.3.2019	42,862,016.00	--do--

Recommendation:

We recommend to the Nagar Parishad to submit their pending UC regarding utilization of grant and provide me data for preparation of utilization certificate.

i. Physical verification of inventory/Stores

Store Register is not updated and physical verification of inventory/stores has also not been done during the period of audit.

Recommendation:

We recommend to the Nagar Parishad to prepare the store/inventory register.

j. Advances, their adjustment & recovery

Advance Payment

Criteria:

The employees of the Municipality to whom official advances are provided for incurring expenditure on behalf of the Municipality shall prepare a payment order for the expenditure incurred as soon as the purpose for which the advance was provided is accomplished.

Condition:

Advance Register is not updated since 27.07.2017

Action/Suggestions

Nagar Parishad Should maintain Advance register on regular basis alongwith voucher of Payment

k. Any other matters as may be prescribed in due course.

Staff CO-OPERATION and working culture of accounts department needs to be increased.

Recommendation:

We recommend to the Nagar Parishad to employ increase the accountants team having required knowledge.



III. PART- C

Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GOB; Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.

> We observed several compliances and non-compliances of directives of UD & HD, GOB such as under:

Chapter-IX: Financial Management of Municipalities

Keeping in view the classification of municipal areas under section 7, the receipts and expenditures of the Municipality has not been kept under the Proper heads of accounts, Including holding tax, tower tax and miscellaneous receipt.

Chapter-X: Application of Municipal Fund

The state fund grants received during the year were specifically mentioned the purpose of their utilisation, the funds received as grant during the year were utilised for various purposes.

Chapter-XI: Budget Estimates

Variance in Major Heads: Amount Financial Year 2018-19: refer to above in Finance section

Chapter XII: Accounts and Audit

> Guidelines to prepare the monthly Receipt & Payment and Trial Balance Account is not being complied by Nagar Parishad.

Chapter-XIII: Municipal Property

We were not provided with the Fixed Assets Register for the FY 2018-19 for verification.

Chapter-XIV: Borrowings

No borrowings availed by Nagar Parishad.

Chapter-XV: Municipal Revenue

Revenue collection process is not satisfactory; in case of property tax internal control is not



adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the day after tomorrow but it is being deposited after a week/month.

1. Reconciliation of property tax collection by tax collector and amount deposited into bank is not available.
2. Tax demand register includes demand of each property has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer.
3. Receipt of Birth/Death certificate fees is not deposited on regular basis and also not reconciled.
4. Holding tax demand register has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer.
5. Daily collection register is not maintained on regular basis, hence it is difficult to assess total amount of tax collected during the year.

Tower tax (Registration and Renewal Fees) is not being collected on timely basis.

Auditor should Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;

Field survey of 20 high value properties has been conducted by us and our report as annexed in Part-A Point-3 of this report.

Auditor should Report on compliance of Bihar Municipal

(1) Rule 22: All moneys to be brought to account



(2) Rule: 27: Collections to be deposited into Bank on the same day

Following are the some cases where there is a gap in collection of tax and Deposit of Tax by Tax collector Mr. Suryakant kumar

Sl. No	Date	Recei pt No.	Name	Ward No.	Amo unt
1.	11/4/2018	9939	Usha Devi	17	898
2.	11/04/2018	9940	Dev Narayan Mahto	17	1,077
3.	13/04/2018	9941	Laxmi Devi	17	298
4.	13/04/2018	9942	Sita ram Pandit	17	1,434
5.	13/04/2018	9943	Devendra Pd. Sinha	17	195
6.	18/04/2018	9944	Ashok Kumar	17	666
7.	18/04/2018	9945	Yogendra Rai	17	1,396
8.	18/04/2018	9946	Yogendra Rai	17	929
9.	18/04/2018	9947	Yogendra Rai	17	420
10.	27/04/2018	9949	Shila Devi	17	932
Total					8,245

Above mentioned collections has been deposited in bank on 01/06/2018.

- (3) Rule 69: Grant Related Compliance
- (4) Rule 120-121: Monthly Receipt & Payment Account and Trial Balance
- Monthly receipt and payment & Trial Balance has not been prepared by the Nagar Parishad.
- (5) Rule 130: Audit to be completed & reported within 6 month
- As suggested by the C&AG, the Ministry of Finance, Government of India has introduced a "National Municipal Accounts Manual" for adoption of accrual system of accounting system of accounting of ULBs. Based on NMAM, Bihar Municipal Accounts Manual (BMAM) has been got prepared by the Government of Bihar and has been enforced from April 1, 2007. Generally ULB following cash based accounting system which is only detail of total collection and expenses as per



	<p>provision of BMR 2007, the double entry system should be employed to all ULB.</p> <ul style="list-style-type: none"> • Till date Double Entry Accounting System is operational in the Nagar Parishad for FY 2018-19. • Internal control for collections of revenue from internal sources is not adequate such as : <ul style="list-style-type: none"> ➤ Demand registers for various tax is not maintained. <p>All the tax collections are not deposited in bank account on same day.</p>
<p>d. Report on compliance of financial guidelines of schemes of MOHUA and UD & HD, GoB.</p>	<p>Separate details of schemes of MOHUA (Ministry of Housing and Urban Affair) and UD&HD (Urban Development and Housing Department) not provided to us for Report on compliance of financial guidelines.</p>
<p>e. Auditor should Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc;</p>	<p>Revenue collection process is not satisfactory; in case of property tax internal control is not adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the day after tomorrow but it is being deposited after a week/more than a week.</p> <ul style="list-style-type: none"> ➤ Tax demand register has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. ➤ Daily Collection register is not maintained on regular basis, hence it is difficult to assess total amount of tax collected during the year. ➤ Due to delay in deposit of property tax amount Nagar Parishad has suffer the opportunity loss of interest. ➤ Due to non collection and monitoring of Tower tax there is a huge revenue loss to the Nagar Parishad. Further the updating of tower tax demand register is not in process. Total outstanding balance of Tower tax Rs.1,60,76,412.00/- as on 31.03.2019. ➤ Due to non collection and monitoring of Advertisement tax there is a huge revenue loss to the Nagar Parishad. Further the updating of Advertisement tax demand register is not in process. Total outstanding balance of Advertisement tax Rs. 78,42,800.00/- as on 31.03.2019



Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs.10,000 and above.

Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-

> Nagar Parishad is not collecting various Licensing fees specified in Chapter XV such as restaurant, Cinema Hall, Surveyors etc.

Action/Recommendation

Nagar Parishad Should adhere the Chapter XV of Bihar Municipal Act, 2007 and levy/collect various taxes, fees & charges

> Bill and vouchers before Nov 2018 not provided for audit. City Manger replied that all records before Nov.2018 was seized by the vigilance department but no documentary evidence shown to us.

> We have observed that Nagar Parishad has made payment of Kabir Antyeshthi to recipient without obtaining Death Certificate of deceased. Death Certificate is required to be obtained before payment of grant to recipient.

Bill and vouchers before Nov 2018 not provided for audit. City Manger replied that all records before Nov.2018 was seized by the vigilance department but no documentary evidence shown to us.

Also following expenses (noted from cash book) could not be verified by us due to non-providing of bills and vouchers-

Date	Amount (in Rs.)	Paid to
10.12.2018	136456.00	Clean drive Labour Payment
10.12.2019		
12.12.2018	60000.00	Kabir Anteshthi
13.12.2018	220215.00	Skill Training Engineers
19.12.2018	159270.00	Laxmi Jagat Filling Stn.
20.12.2018	136456.00	Sanjay Kumar for Clean drive
20.12.2018	1256348.00	Sitaram Das Contractor
20.12.2018	1048248.00	Pankaj Kumar Contractor
20.12.2018	1613046.00	Madhu Devi Contractor

Auditor should Report on



presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.

Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.

Status of U/Cs of Grant received during the period of audit specify in point no. H of Part B.

Instances of losses, failures or inefficiencies

- In case of property tax internal control is not adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the day after tomorrow but it is being deposited after a week/month.
- Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available.
- Holding Tax demand register has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. This could be a huge loss to Nagar Parishad.
- Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs. 1,60,76,412/- is receivable from tower tax.
- Advertisement tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs. 78,42,800/- is receivable from Advertisement tax.

Recommendations and/or measures which can be taken to avoid their recurrence in future.

Proper monitoring of all transactions and implementation of Bihar Municipal Accounting Manual by authorised personals are recommended. Further, Nagar Parishad



<p>Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.</p>	<p>requires more efficient and effective man power for implementation of all recommendation.</p>																		
<p>Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.</p>	<p>No such irregularities observed on test check basis.</p>																		
<p>Auditor will report on that the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.</p>	<p>No such FD's held by Nagar Parishad.</p>																		
<p>Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.</p>	<p style="text-align: center;">➤ Statement of Loss:</p> <table border="1" data-bbox="630 963 1324 1601"> <thead> <tr> <th>Particulars</th> <th>Net Loss</th> <th>Reason</th> </tr> </thead> <tbody> <tr> <td>Property Tax</td> <td>9,34,433</td> <td>Short Deposit against collections.</td> </tr> <tr> <td>Tower Tax</td> <td>1,60,76,412</td> <td>Due to Non-collection.</td> </tr> <tr> <td>Advertisement Tax</td> <td>78,42,800</td> <td>Due to Non-collection.</td> </tr> <tr> <td>Shop Rent</td> <td>62,365</td> <td>Due to Non-collection.</td> </tr> <tr> <td>Various Licensing Fee</td> <td>--</td> <td>Nagar Parishad is not collecting various licensing fee as specified in chapter XV of Bihar Municipal Act, 2017</td> </tr> </tbody> </table>	Particulars	Net Loss	Reason	Property Tax	9,34,433	Short Deposit against collections.	Tower Tax	1,60,76,412	Due to Non-collection.	Advertisement Tax	78,42,800	Due to Non-collection.	Shop Rent	62,365	Due to Non-collection.	Various Licensing Fee	--	Nagar Parishad is not collecting various licensing fee as specified in chapter XV of Bihar Municipal Act, 2017
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<p>Auditor will report on that all kind of tax deductions i.e. Commercial tax, Income tax, provident fund etc. Should be deducted from the payments as applicable, deposited properly and also should be properly</p>	<p>Required Document was not provided by the Nagar parishad hence we are unable to comment.</p>																		



recorded in appropriate ledgers.
Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been compiled by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.

➤ We have not provided with the AG Audit Report and its compliances. Also compliance of Internal Audit Report for FY 2017 -18 not made available to us.



General Observations: Auditor should report the deficiencies noticed during their audit and recommend ULB Management to improve internal systems.

- Manpower of Nagar Parishad is sufficient but required knowledge and work culture must be improved.
- Accounting process of Nagar Parishad is not adequate.
- Nagar Parishad has maintained file for each work of Drain Cleaning but Plan/Scheme No. not mentioned on that particular file and also on the Measurement Book neither Name of concerned officer nor date of first entry and last entry is mentioned in some cases.

For G.K.Sureka & Co.

Chartered Accountants

FRN.-513018C

(CA. G.K. Sureka)

Partner

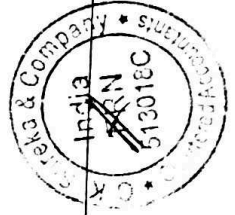
M.N.-091380

UDIN:- 20091380AAAADW9569

Discussion Note for Internal Audit observation of FY 2018-19

Discussion has been made with the audit manager of the internal audit firm M/s G.K. Sureka & Co. on the Internal Audit observations of the financial year 2018-19 and we kept in mind and follow their recommendations and suggestions on the areas of process and control weakness in best manner. Some of the serious issues have been given below:

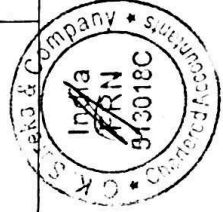
<u>S. No</u>	<u>Audit Observations</u>	<u>Reply of Management</u>
1.	<p>Copy of Internal audit report of FY 2016-17 has not been available to us for verification and to know status of compliance of outstanding audit paras.</p> <p>Please provide us AG Audit report and its compliance of FY 2016-17 and onward.</p>	<p>Will be provided soon.</p> <p><i>Provided in FY 2019-20. As Audit Report & its Compliance.</i></p>
2.	<p>Bank Reconciliation statement has been prepared but few cheque unclear for a period of more than 3 month it need to be reverse as per The Banking Regulation Act, 1949.</p> <p>List of uncleared cheque provided in Internal audit report.</p>	<p>It will be reverse in books of accounts.</p>
3.	<p>ULB has not maintained subsidiary cash book.</p> <p>We recommend to the ULB to maintain scheme wise subsidiary cashbook.</p>	<p>Preparation of subsidiary book is in progress.</p> <p><i>Prepared upto FY 2019-20</i></p>



4. Implementation of DEAS at ULB for the FY 2018-19.

DEAS team has been appointed by the concerned department. Implementation of DEAS is in progress, and pending for approval.

5.	Constitution of "Municipal Accounts Committee" is pending yet.	We are working on the constitution of Municipal Accounts Committee.
6.	<p>a. Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available.</p> <p>b. Daily Collection Register (DCR) is not maintained properly</p> <p>c. Holding Tax collected during the FY 2018-19 had not been deposited in full, we found short deposit of Rs. 9,34,443/- against total collection of Rs. 29,40,145/-</p> <p>d. Property Tax should be deposited on daily basis otherwise a penalty up to Rs. 5000/- may be imposed for delayed deposit.</p>	<p>a) Noted for further compliance.</p> <p>b) Noted for further compliance.</p> <p>c) Short deposit of Rs. 15,147/- has been deposited in bank.</p> <p>d) Noted for further compliance.</p>
7.	Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs. 1,60,74,412/- is receivable from tower tax.	Notice will be issue to the concerned person, as and when stay order of High Court will be laps/remove.
8.	Advertisement tax is not being collected on timely basis as more than Rs. 78,42,800/- is receivable.	We are working on it. FIR has been filed by us for non-recovery of Advt. tax.



9.

Demand Register for shop rent has not being maintained by ULB. Uncollected shop rent for the year FY 2018-19 was Rs 67,365.00 /-

Update of Demand Register for shop rent is in progress and it will be provided from next time. Notice to be issue to the concerned shop tenant.

10.

Non- maintenance of books of accounts , subsidiary registers

S.No.	Particulars	Status
1.	Security Money register	Not Maintained
2.	Payroll Register	Not Provided
3.	Log Book	Not Provided
4.	Demand and Collection Register	Not Provided
5.	Assessment Register	Not Provided
6.	Tower Tax Demand Register	Not maintained
7.	Fixed Asset and Inventory Register	Not maintained
8.	Advertisement tax register	Not maintained
9.	Procurement Register	Not Maintained
10.	Grant and Plan Register	Not Maintained
11.	Cheque issue Register	Not Maintained

We are working on the preparation of Subsidiary books and Register, few of them is prepared.

Details as bellow.

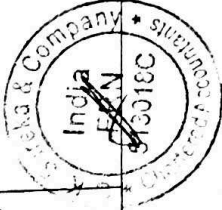
Security money Register
Grant Register & Cheque Issue Register

— Provided in FY 2019-20

— provided in FY 2019-20



<p>11. ULB is not preparing its books of accounts using the accrual system of accounting.</p>	<p>DEAS team has been appointed by the concerned department for this and they are working on it.</p>
<p>12. We observed that only above mentioned tax/Fee has been collected during the year other taxes have not been collected.</p> <p>i.e.</p> <ol style="list-style-type: none"> Surcharge on transfer of lands and buildings, Tax on deficit in parking spaces in any non-residential building, Water tax, Fire tax, Tax on advertisements, other than advertisements published in newspapers, Surcharge on entertainment tax Surcharge on electricity consumption within the municipal area, Tax on congregations, Tax on pilgrims and tourists, and Toll -on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles, within the meaning of the Motor Vehicles Act, 1988, plying on a public street. <p>New Assessment of property tax has not been done since long and holding tax is being collected at old rates.</p>	<p>We are working on it. Taxes and fines will be charged/ collected as soon as possible.</p> <p>Some of the taxes/fees have been enumerated such as: point no - h, i, j, g, b, e, b, d</p> <p>Some of the taxes/fees are being collected such as: point no. (a) - (c)</p>
<p>13.</p> <p>19. TDS has not been deducted on payment of salary to City Manager. As per section 192 of Income Tax Act, 1961, at the time of payment of salary by the employer to employee, employer is mandatorily required to deduct TDS on salary.</p>	<p>Statutory related record will be provided soon, we have given direction to concerned official.</p>



14. *Deficiency in Pay-roll system.*

Record related to Pay roll not provided

- 1) The pay-roll system does not contain leave details of employee.
- 2) Contribution of permanent employees and employer towards ESI has not being made.
- 3) PF account has not been opened with PF department of all the permanent employees.

It will be provided soon, as per direction to concerned official.

15.	Grant Register has been prepared properly. <i>Utilization Certificate has not been prepared and submitted on timely basis for grant received during the FY 2018-19.</i>	Utilization Certificate of respective grant will be prepared and submitted to the concerned department as soon as such grant utilized. Help of Internal Auditor will be taken, if required. <i>Some utilization certificate has been prepared in FY 2019-20 after utilization of such grant.</i>
16.	Store Register has not been prepared and physical verification of inventory/stores has also not been done.	Store register is prepared but not maintained, we are working on it.
17.	Advance Register is not being prepared hence it is difficult to monitor for advances given and adjustment thereof.	It will be followed from next time.
18.	Staff strength of accounts department needs to be increased.	Yes, I will place this matter in meeting board/committee.
19.	Separate details of schemes of MOHUA (Ministry of Housing and Urban Affair) and UD&HD (Urban Development and Housing Department) not provided to us for Report on compliance of financial guidelines.	It will be provided from next time.

