

Internal Audit Report

of

ULB: Darbhanga Nagar Nigam

For the period from 01-04-2017 to 31-03-2018

Internal Audit Conducted by:

GKSureka & Co.
Chartered Accountants
104, Baidyanath Palace, Jagdeo Path ,
Bailey Road Pillar No.10, Patna-800014. (Bihar).
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From 20-05-2019 to 15-06-2019

Report Issued on: 29-07-2019

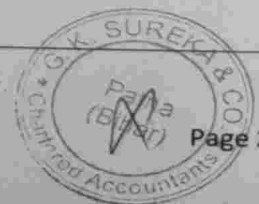
Executive Summary

1. Introduction

Name of the Municipality	Nagar Nigam, Darbhanga.
Period Covered under Current Audit	01.04.2017 to 31.03.2018
Name of the Chief Municipal Officer for the period under Audit	Municipal Commissioner Dr. Ravindra Nath

2. Results and Findings

Strength observed during the audit engagement	<ul style="list-style-type: none">➤ General Cash Book has been written.➤ Staff Co-operation during the Audit period was very good.➤ 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.
Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement. <i>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.</i>	<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.➤ Statement of outstanding liabilities for expense in BMAR Form-55 is not maintaining by the municipality.➤ 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 in bank on same day.➤ Nagar Nigam is not maintaining the demand register for various types of Taxes and Rent to be collected from the revenue resources i.e. Holding Tax, Tower Tax, and Shop Rent etc.➤ Assessment of Property Tax, Rent and other resources has not been conducting on regular intervals.



3. Opinion

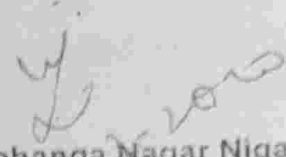

Overall opinion of the Audit team about the functioning of the Municipality	The functioning of the Municipality is very weak due to following reasons: <ul style="list-style-type: none">➤ Most of the prescribed Books of accounts are not maintained➤ Internal Control w.r.t. collection of taxes, monitoring of grant, monitoring of advances, 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.➤ Manpower of Nagar Nigam is not adequate.
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4. Audit Recommendations

The recommendations of Audit team on the observed weakness	We recommend the followings: <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.➤ Cashier Cash Book should be written on daily basis.➤ Collection by tax collector should be deposited on daily basis.➤ Assessment of property should be conducted on regular intervals.➤ Grant Register should be prepared.➤ All the statutory dues should be deposited on timely basis and returns prescribed under the statute should also be deposited on timely basis.➤ Demand Collection Register of all the wards should be prepared.➤ Property tax register should be prepared as per new assessment.➤ Collection from own sources should be improved.
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5. Comments from Management

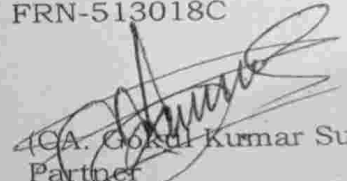
<p>Comments from Management</p>	<p>The audit report has been discussed with us; we will try our best to remove the irregularities pointed out in the audit report.</p> <p> For Darbhanga Nagar Nigam (Municipal Commissioner)</p> <p></p>
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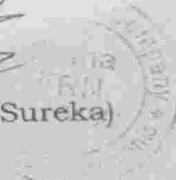
6. Acknowledgment

We thank Dr. Ravindra Nath (Municipal Commissioner), Md. Mukhtar Ahmad Khan (Head Clerk) and Mr. Suman Sahay (Accountant) for their support during the period of our audit. We are also thankful to Tax Daroga (Mukesh Kumar Sharma) 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


G.K. Sureka
Partner
M.No.: 091380



UDIN: 20091380 AAAACWS764

Date - 24-06-2020



Detailed Audit Report

1. Introduction

The Internal audit of Nagar Nigam, Darbhanga covering period from 1st April 2017 to 31 March, 2018 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. Md. Jawed Akhtar
- iii. Mr. Piyush Singh

2. Administration

The present body of the ULB has taken charge on 30th May 2019. The incumbency in the key administrative and executive position was as under:

Chairman	:	Smt. Baijanti Devi Kheria, from 09.06.2017 to till date.
Vice Chairman	:	Md. Badrujma Khan, from 09.06.2017 to till date.
Municipal Commissioner	:	Dr. Ravindra Nath from 30th May 2019 till date.



3. Review of outstanding audit paras : Status of Audit Observations are 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 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.	Audit report No. 32/2017-18	18	18	0	0	0	18	Not Complied.

The Major observations of AG audit report are as under:

- Compliance of AG Audit Report is pending.



4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2015-16	2016-17	2017-18
Final/ Revised Budget	N.A	N.A	1,55,14,46,000
Actual Expenditure	N.A	N.A	63,05,52,577
Savings (+)/ Excess (-)	N.A	N.A	92,08,93,423

II. Volume of transactions

Period	Budgeted 2017-18	Previous year* 2016-17	Corresponding period of 2015-16	Current Period	Cumulative for the current period
Opening Balance	90,07,78,694	N.A	N.A	48,15,59,015	48,15,59,015
Receipts	1,06,01,08,700	N.A	N.A	59,74,66,864	59,74,66,864
TOTAL	1,96,08,87,394	N.A	N.A	1,07,90,25,879	1,07,90,25,879
Net Expenditure	1,55,14,46,000	N.A	N.A	63,05,52,577	63,05,52,577
Closing Balance	40,94,41,394	N.A	N.A	44,84,73,302	44,84,73,302

Note : The figure of Receipts and Payments of 2015-16 & 2016-17 has not provided to us.

III. Bank Reconciliation

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

S. NO.	Name of the Bank	Name of the Scheme	Account Number	Outstanding Balance 31.03.2018
1.	TREASURY PLA A/C	STATE GOVT. SCHEME	K8448001020001	61,58,55,768.42
2.	INDIAN BANK	SECURITY DEPOSIT	543517883	478,32,844.17
3.	INDIAN BANK	B O B	994301201	22,43,085.00
4.	INDIAN BANK	E.GOVERNANCE	6221662664	1,59,623.80
5.	INDIAN BANK	CSR YOZNA	6357598216	41,086.00
6.	PNB BANK	13 th /14 th FINACIAL	108000102373885	1,19,24,828.50
7.	PNB BANK	RAJEEV AWASH YOZNA	108000102410098	94,46,515.35
8.	SBI BANK	SAMAHUK BIMA	10376982982	5,09,641.73

9.	SBI BANK	AMRUT	35865795094	36,58,338.75
10.	BIO BANK	RAJEEV AWASH YOZNA	485010210000022	144,61,429.20
11.	BANK OF MAHARASHTRA	NULM	60159546371	208,33,365.00
12.	BANK OF MAHARASHTRA	MUNICIPAL TAX	60231265741	218,53,964.00
13.	BANK OF MAHARASHTRA	SAWCHH BHARAT MISSION	60227568399	49,48,425.00
14.	BANK OF MAHARASHTRA	5TH FINANCIAL	60245420848	54,03,225.00
15.	BANK OF MAHARASHTRA	5TH FINANCIAL	60245420622	351,78,812.00
16.	BANK OF MAHARASHTRA	SAWERE LEY AWASH	60255117239	194,77,677.00
Bank Balance as per Pass Book as on 31-03-2018				81,38,28,628.92
Bank Balance as per Cash Book as on 31-03-2018				44,84,73,302.48
Difference				36,53,55,326.44

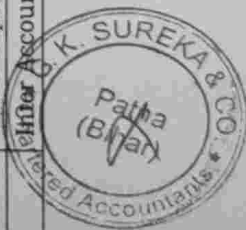
- Bank Reconciliation Statements have been prepared by the Nagar Nigam. There is a difference of Rs. 36,53,55,326.44 between Cash Book and consolidated balance as per pass book of all account.



IV. Revenue & Capital Receipts

Income Details (Amounts to be provided in Rupees)

S. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Receipts (A+B)	59,74,66,864.00	Not Available	Not Applicable	Not Applicable	Not Applicable	Not Applicable
A	Revenue Receipts (1+2+3)	15,92,64,529.00	--do--	--do--	--do--	--do--	--do--
1	Own Revenue Receipts (a+b)	11,87,15,802.00	--do--	--do--	--do--	--do--	--do--
a)	Tax Revenue (levied and collected by municipal body)	10,41,36,049.00	--do--	--do--	--do--	--do--	--do--
i)	Property Tax	10,15,09,609.00	--do--	--do--	--do--	--do--	--do--
ii)	Other Tax (levied and collected by municipal body)	26,26,440.00	--do--	--do--	--do--	--do--	--do--
b)	Non-Tax Revenue (levied and collected by municipal body)	1,45,79,753.00	--do--	--do--	--do--	--do--	--do--
i)	Fees & Fines	1,05,36,251.00	--do--	--do--	--do--	--do--	--do--
ii)	User Charges	33,51,022.00	--do--	--do--	--do--	--do--	--do--
iii)	Other non-tax revenue (levied and collected by municipal body)	6,92,480.00	--do--	--do--	--do--	--do--	--do--
2	Other Revenue Receipts	1,61,42,642.00	--do--	--do--	--do--	--do--	--do--
a)	Income from interest/investments	1,23,98,882.00	--do--	--do--	--do--	--do--	--do--
b)	Other Revenue Income	37,43,760.00	--do--	--do--	--do--	--do--	--do--
3	Transfers/ Grants/ Assigned Revenues	2,44,06,085.00	--do--	--do--	--do--	--do--	--do--
a)	State Assigned Revenue	2,44,06,085.00	--do--	--do--	--do--	--do--	--do--
b)	State Finance Commission (SFC) Grants/Devolution	--	--do--	--do--	--do--	--do--	--do--
c)	Octroi Compensation	--	--do--	--do--	--do--	--do--	--do--
d)	Other State Government Transfers	--	--do--	--do--	--do--	--do--	--do--
e)	Central Finance Commission (CFC) Grant	--	--do--	--do--	--do--	--do--	--do--
f)	Other Central Government Transfers	--	--do--	--do--	--do--	--do--	--do--
g)	Others	--	--do--	--do--	--do--	--do--	--do--
B	Capital Receipts	43,82,02,335.00	--do--	--do--	--do--	--do--	--do--
1	Sale of Municipal Land	--	--do--	--do--	--do--	--do--	--do--
2	Loans (from State Govt. or Banks etc.)	--	--do--	--do--	--do--	--do--	--do--
3	State Capital Account Grant (under Central Schemes etc.)	34,03,18,408.00	--do--	--do--	--do--	--do--	--do--
4	Central Capital Account Grant (under Central Schemes etc.)	23,23,66,387.00	--do--	--do--	--do--	--do--	--do--
5	Other Capital Receipts	57,560.00	--do--	--do--	--do--	--do--	--do--
	Other Account Transfer	(13,45,40,020.00)	--do--	--do--	--do--	--do--	--do--



V. Revenue and Capital Expenditure Information
Expenditure Details (Amounts to Be provided in Rupees)

S. No.	Details	2017-18		2018-19			2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19	2019-20
	Total Expenditure (A+B)	63,05,52,577.94	Not Available	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
1	Revenue Expenditure	45,45,76,659.94	--do--	--do--	--do--	--do--	--do--	--do--
1.1	Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	26,82,47,157.00	--do--	--do--	--do--	--do--	--do--	--do--
1.2	Operation and Maintenance (O&M)	2,17,30,624.03	--do--	--do--	--do--	--do--	--do--	--do--
1.3	Loan Repayment (Interest payments)	-	--do--	--do--	--do--	--do--	--do--	--do--
1.4	Others (any other revenue expenditure which is not salaries O&M or Interest Payment)	16,45,98,878.91	--do--	--do--	--do--	--do--	--do--	--do--
2	Capital Expenditure	17,59,75,918.00	--do--	--do--	--do--	--do--	--do--	--do--
2.1	All developmental works under Central/ State specific schemes	10,71,60,189.00	--do--	--do--	--do--	--do--	--do--	--do--
2.2	Loan Repayment (Principal Amount)	-	--do--	--do--	--do--	--do--	--do--	--do--
2.3	Other Capital Expenditure	6,88,15,729.00	--do--	--do--	--do--	--do--	--do--	--do--

Note : The figure of Receipts and Payments of 2015-16 & 2016-17 has not provided to us.



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 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 provision of BMR 2007, the double entry system should be employed to all ULB.

- Double Entry Accounting System had been implemented by our Firm M/s G.R. Sureka & Co. Chartered Accountants till March 2012 in Nagar Nigam Darbhanga. Further, reportedly after March 2012 DEAS is not in operation at ULB.
- Till date **no** Chartered Accountant firm has been appointed by the UD & HD for implementation of Double Entry Accounting System in the Nagar Nigam. The process of appointment of C.A firm is in progress.

VI. 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, but no Municipal Accounts Committee has been constituted by the NAGAR NIGAM. till the date of our audit.



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)

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 a week/month.

1. 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 Nigam.

Holding Tax collected during the financial year 2017-18 had been deposited in full.

NAME OF WARD	NAME OF COLLECTOR	COLLECTION	DEPOSIT	CASH HOLD WITH COLLECTOR
All Ward	Tax Collector	10,14,20,324	10,14,20,324	NIL
GRAND TOTAL HOLDING TAX		10,14,20,324	10,14,20,324	NIL

Consequence/ Effect/ Impact:

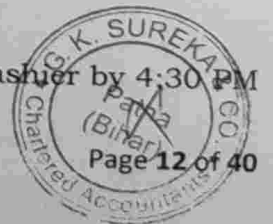
As per Rule 27 of BMAR it should be deposited on daily basis otherwise a penalty up to Rs. 5000/- may be imposed for delayed deposit.

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

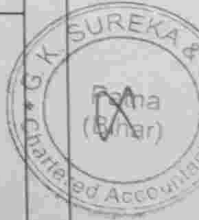
Criteria:

Registration Fees per tower @ Rs. 50,000/- and annual renewal fees @ Rs.15,000/- 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-2

Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs.6, 05, 51,000/- is receivable from tower tax as on 31.03.2018.

S. No.	NAME OF TOWER COMPANIES	PLACE OF ESTABLISHMENT TOWER	YEAR OF REGISTRATION	ARREAR OF REGISTRATION FEES	ARREAR OF RENEWAL FEES	RENEWAL FEES		TOTAL DEMAND 31.03.2018	COLLECTION	NET DUE AMOUNT 31.03.2018
						2017-18	2017-18			
1.	UNINAR/ TENINOR TELEWINGC	SENAPAT	2011-12	1,40,000	2,52,000	42,000	42,000	4,34,000	-	4,34,000
2.	COMMUNICAT ION	RAHAMGANJ	2009-10	2,00,000	4,80,000	60,000	60,000	7,40,000	-	7,40,000
		TOTAL		3,40,000	7,32,000	1,02,000	1,02,000	11,74,000	-	11,74,000
3.		BELAKHAS	2009-10	4,40,000	10,56,000	1,32,000	1,32,000	16,28,000	-	16,28,000
4.		SUNDARPUR	2011-12	2,00,000	3,60,000	60,000	60,000	6,20,000	-	6,20,000
5.		BAGLAGHAD	2010-11	2,30,000	4,83,000	69,000	69,000	7,82,000	-	7,82,000
6.	TATA DOCOMO	RAJKUMARGANJ BETA	2005-06 2004-05	2,30,000 3,50,000	8,28,000 13,65,000	69,000 1,05,000	69,000 1,05,000	11,27,000 18,20,000	-	11,27,000 18,20,000
7.		SHUBHKARPUR	2010-11	2,60,000	5,46,000	78,000	78,000	8,84,000	-	8,84,000
8.		URDU BAZAR	2007-08	1,10,000	3,30,000	33,000	33,000	4,73,000	-	4,73,000
9.		TOTAL		18,20,000	49,68,000	5,46,000	5,46,000	73,34,000	-	73,34,000



10.	SUNDARPUR	2015-16	50,000	30,000	15,000	95,000	-	95,000
11.	CHHATHI POKAR	2007-08	50,000	1,50,000	15,000	2,15,000	-	2,15,000
12.	KATHALWARI	2008-09	50,000	1,35,000	15,000	2,00,000	-	2,00,000
13.	DIGH PHOKAR	2011-12	2,00,000	3,60,000	60,000	6,20,000	-	6,20,000
14.	RAJKUMARGANJ	2010-11	1,10,000	2,31,000	33,000	3,74,000	-	3,74,000
15.	SAHSUPAN	2008-09	80,000	2,16,000	24,000	3,20,000	-	3,20,000
16.	URDU BAZAR	2003-04	1,40,000	5,88,000	42,000	7,70,000	-	7,70,000
17.	RAHAMGANJ	2013-14	1,10,000	1,32,000	33,000	2,75,000	-	2,75,000
18.	BELWAGANJ	2010-11	2,30,000	4,83,000	69,000	7,82,000	-	7,82,000
19.	BANGALITOLA	2014-15	80,000	72,000	24,000	1,76,000	-	1,76,000
	TOTAL		11,00,000	23,97,000	3,30,000	38,27,000	-	38,27,000
20.	MOILVIGANJ	2007-08	2,30,000	6,90,000	69,000	9,89,000	-	9,89,000
21.	SHAMSERGANJ	2012-13	2,60,000	3,90,000	78,000	7,28,000	-	7,28,000
22.	KATHALWARI	2007-08	50,000	1,50,000	15,000	2,15,000	-	2,15,000
23.	KATHALWARI	2013-14	50,000	60,000	15,000	1,25,000	-	1,25,000
24.	MISHRA TOLA	2006-07	50,000	1,65,000	15,000	2,30,000	-	2,30,000
25.	BAINKARS COLONY	2008-09	1,40,000	3,78,000	42,000	5,60,000	-	5,60,000
26.	RAHMGANJ	2010-11	1,40,000	2,94,000	42,000	4,76,000	-	4,76,000
27.	URDU BAZAR	2007-08	1,10,000	3,30,000	33,000	4,73,000	-	4,73,000
28.	ABHANDA	2006-07	1,40,000	4,62,000	42,000	6,44,000	-	6,44,000
29.	B.K.ROAD	2000-01	3,80,000	19,38,000	1,14,000	24,32,000	-	24,32,000
30.	PANDASRAY	2006-07	1,70,000	5,61,000	51,000	7,82,000	-	7,82,000
31.	MANHARNLAL	2008-09	1,70,000	4,59,000	51,000	6,80,000	-	6,80,000
32.	SARFUDIN	2008-09	50,000	1,35,000	15,000	2,00,000	-	2,00,000
33.	BAINKARS COLONY	2006-07	1,40,000	4,62,000	42,000	6,44,000	-	6,44,000
	TOTAL		20,80,000	64,74,000	6,24,000	91,78,000	95,000	90,83,000
34.	VODAPHONE	2008-09	2,00,000	5,40,000	60,000	8,00,000	-	8,00,000
	SPECELEL							



35.	KADIRABAD	2010-11	80,000	1,68,000	24,000	2,72,000	-	2,72,000
36.	MOILVIGANJ	2009-10	3,20,000	7,68,000	96,000	11,84,000	-	11,84,000
37.	KADIRABAD	2009-10	1,70,000	4,08,000	51,000	6,29,000	-	6,29,000
38.	KATHALWARI	2010-11	50,000	1,05,000	15,000	1,70,000	-	1,70,000
39.	RAJKUMARGANJ	2005-06	2,60,000	9,36,000	78,000	12,74,000	-	12,74,000
40.	MOGALPURA	2006-07	80,000	2,64,000	24,000	3,68,000	-	3,68,000
41.	KILAGHAT	2009-10	2,30,000	5,52,000	69,000	8,51,000	-	8,51,000
42.	RAHAMGANJ	2010-11	80,000	1,68,000	24,000	2,72,000	-	2,72,000
43.	BETA	2007-08	1,70,000	5,10,000	51,000	7,31,000	-	7,31,000
44.	DUMDUMA	2015-16	50,000	30,000	15,000	95,000	-	95,000
45.	R.S.TANK	2009-10	80,000	1,92,000	24,000	2,96,000	-	2,96,000
46.	KHAJASARAY	2005-06	2,00,000	7,20,000	60,000	9,80,000	-	9,80,000
47.	KABILPUR	2005-06	1,70,000	6,12,000	51,000	8,33,000	-	8,33,000
48.	SARFUDIN	2009-10	5,60,000	13,44,000	1,68,000	20,72,000	-	20,72,000
49.	SARFUDIN	2008-09	1,70,000	4,59,000	51,000	6,80,000	-	6,80,000
	TOTAL		28,70,000	77,76,000	8,61,000	1,15,07,000	4,80,000	1,10,27,000
50.	SUNDARPUR	2014-15	1,70,000	1,53,000	51,000	3,74,000	-	3,74,000
51.	CHHATHI POKAR	2014-15	1,40,000	1,26,000	42,000	3,08,000	-	3,08,000
52.	ALPHGANJ	2009-10	5,00,000	12,00,000	1,50,000	18,50,000	-	18,50,000
53.	SHIVDHARA	2013-14	1,70,000	2,04,000	51,000	4,25,000	-	4,25,000
54.	SAHEBDADGANJ	2009-10	1,70,000	4,08,000	51,000	6,29,000	-	6,29,000
55.	KAIDARBAD	2002-03	9,50,000	42,75,000	2,85,000	55,10,000	-	55,10,000
56.	RAJKUMARGANJ	2015-16	80,000	48,000	24,000	1,52,000	-	1,52,000
57.	MADARPUR	2014-15	1,40,000	1,26,000	42,000	3,08,000	-	3,08,000
58.	MOILAGANJ	2013-14	50,000	60,000	15,000	1,25,000	-	1,25,000
59.	RAHAMGANJ	2012-13	1,40,000	2,10,000	42,000	3,92,000	-	3,92,000
60.	BELWAGANJ	2014-15	50,000	45,000	15,000	1,10,000	-	1,10,000
61.	DUMDUMA	2014-15	50,000	45,000	15,000	1,10,000	-	1,10,000
62.	IMAMBARI	2011-12	1,40,000	2,52,000	42,000	4,34,000	-	4,34,000
63.	BAKARGANJ	2010-11	80,000	1,68,000	24,000	2,72,000	-	2,72,000
64.	BETA	2013-14	50,000	60,000	15,000	1,25,000	-	1,25,000
	NAVTOLOVA							

RELIANCE
COMMUNICA
TION



65.	BABUSAHAB COLONY	2003-04	1,70,000	7,14,000	51,000	9,35,000	9,35,000
66.	K.M.TANK	2003-04	6,50,000	27,30,000	1,95,000	35,75,000	35,75,000
67.	SHUBHKARPUR	2013-14	80,000	96,000	24,000	2,00,000	2,00,000
68.	URDU BAZAR	2014-15	50,000	45,000	15,000	1,10,000	1,10,000
69.	LAXMISAGAR	2003-04	1,40,000	5,88,000	42,000	7,70,000	7,70,000
70.	DONAR	2003-04	5,00,000	21,00,000	1,50,000	27,50,000	27,50,000
	TOTAL		44,70,000	1,36,53,000	13,41,000	1,94,64,000	1,94,64,000
71.	BELAKHAS	2004-05	50,000	1,95,000	15,000	2,60,000	2,60,000
72.	MOILVIGANJ	2009-10	50,000	1,20,000	15,000	1,85,000	1,85,000
73.	MISHRA TOLA	2008-09	80,000	2,16,000	24,000	3,20,000	3,20,000
74.	RAHAMGANJ						
	BAIKARSH COLONY	2008-09	1,40,000	3,78,000	42,000	5,60,000	5,60,000
75.	BHARTI INFRA LTD.						
76.	SHAHGANJ	2007-08	3,20,000	9,60,000	96,000	13,76,000	13,76,000
77.	ALLAPTTI	2010-11	3,20,000	6,72,000	96,000	10,88,000	10,88,000
78.	GANGASAGAR	2004-05	4,40,000	17,16,000	1,32,000	22,88,000	22,88,000
79.	BETA	2007-08	1,70,000	5,10,000	51,000	7,31,000	7,31,000
80.	KARAMGANJ	2009-10	2,60,000	6,24,000	78,000	9,62,000	9,62,000
	R.S.TANK	2007-07	3,20,000	10,56,000	96,000	14,72,000	14,72,000
	TOTAL		21,50,000	64,47,000	6,45,000	92,42,000	92,42,000
	GRAND TOTAL		148,30,000	424,47,000	44,49,000	617,26,000	617,26,000
							605,51,000

Consequence / Effect / Impact:

Due to no collection of TOWER Rent there is a huge revenue loss to the Nagar Nigam.

Cause:

This happens due to non-monitoring the working activities of concerned authorised personal on regular basis.

Corrective Action / Recommendation:

There should be proper records of mobile tower rent demand/ collection/ arrear and proper mechanism for supervision and monitoring for collection.



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

Nagar Nigam is not collecting any advertisement tax.

Consequence/ Effect/ Impact:

Due to no collection of advertisement tax there is a huge revenue loss to the Nagar Nigam.

Cause:

This is 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:

Demand Register for shop rent has not being maintained by Nagar Nigam. Further all the revenue collections are not being deposited in bank account at the quarter ended 31-03-2018 Rs.1,40,71,823/-

S. No.	NO. OF SHOP	OUTSTANDI NG DEMAND AS ON 01.04.2017	CURRENT DEMAND 2017-18	TOTAL DEMAND	COLLECTION AMOUNT 2017-2018			O/S SHOP RENT AS ON 31.03.2018
					RENT	SREVICE CHARGE	TOTAL	
1	258	128,28,822	25,22,101	153,50,923	11,14,517	1,64,578	12,79,095	140,71,828
TOTAL		128,28,822	25,22,101	153,50,923	11,14,517	1,64,578	12,79,095	140,71,828

Consequence / Effect / Impact:

Due to no collection of rent there is a huge revenue loss to the Nagar Nigam.

Cause:

This is 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 shop rent.

Consequence / Effect / Impact:

Due to no collection of rent there is a huge revenue loss to the Nagar Nigam.

Cause:

This is 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 shop rent.

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

During our test check we don't observed any irregularities.



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

S. No.	NAME	FATHER'S NAME	WARD NO.	TYP E OF CON STR UCTI ON	TYPE OF USES	TYPE OF ROAD	CARP ET AREA	ANNUA L VALUE	ANNUA L TAX	AUDITOR'S REMARK
1	Ajay Kumar Tiwari	Paramhans Tiwari	2	N.A	Commercial	MPR	N.A	72860	7286	No variance
2	Vijay Kumar Jha	Dhirendra Jha	2	N.A	Commercial	MPR	N.A	221830	22183	No variance
3	Dineshwar Singh	Rishabhdev Singh	2	N.A	Commercial	MPR	N.A	60720	6072	No variance
4	Rajeshyam Singh	Rishabhdev Singh	2	N.A	Commercial	MPR	N.A	91910	9191	No variance
5	Kamini Chaudhary	Devchandra Chaudhary	4	N.A	Commercial	MPR	N.A	25000	2500	No variance
6	Ansu Kumari	Amarnath Sah	5	N.A	Commercial	MPR	N.A	492460	49246	No variance
7	Jaya Devi	Nandlal Sah	6	N.A	Commercial	MPR	N.A	59660	5966	No variance
8	Md Aftab Amal	Md Khalil	6	N.A	Commercial	MPR	N.A	544590	54459	No variance
9	Bhupendra Pd Singh	Rudal Pd Singh	6	N.A	Commercial	MPR	N.A	124970	12497	No variance
10	Md Samiur Rahman	Ataur Rahman	6	N.A	Commercial	MPR	N.A	256320	25632	No variance
11	Md Shamsul Haque	Md Haneef	6	N.A	Commercial	MPR	N.A	61240	6124	No variance
12	Amar Kumar Gupta	Deepak Kumar Gupta	7	N.A	Commercial	MPR	N.A	160050	16005	No variance
13	Mahesh Prasad	Mahadev Prasad	7	N.A	Commercial	MPR	N.A	121580	12158	No variance
14	Kanbihari Sah	Nathuni Sah	7	N.A	Commercial	MPR	N.A	67100	6710	No variance
15	Payal Bahadur	Akash Bahadur	7	N.A	Commercial	MPR	N.A	284010	28401	No variance
16	Amita Singh	Binod Kumar Singh	7	N.A	Commercial	MPR	N.A	177330	17733	No variance
17	Md Kamruddin	Md Idrish	7	N.A	Commercial	MPR	N.A	32030	3203	No variance
18	Hare Ram Chaudhary	Satya Narayan Chaudhary	8	N.A	Commercial	MPR	N.A	333600	33360	No variance
19	Kapleshwary Charan	Bhagwati Charan	9	N.A	Commercial	MPR	N.A	448600	44860	No variance
20	Gurumukh Satsangi	Ramnath Sah	9	N.A	Commercial	MPR	N.A	470900	47090	No variance



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.	Ledger Book	Not Maintained
2.	Payroll Register	Not properly maintained
3.	Log Book	Not Provided
4.	Demand and Collection Register	Not Provided
5.	Assessment Register	Not Provided

Corrective Action/ Recommendation:

We recommend to the Nagar Nigam to prepare and keep update all the required books and registers.

b. Irregularity in procurement process

- No major irregularity observed.

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.

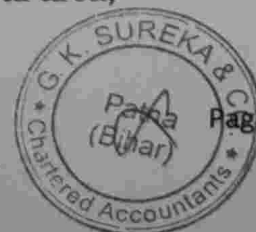
Corrective Action/ Recommendation:

We recommend to the Nagar Nigam to collect various taxes on regular basis and submit UC & other reports on timely basis.

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 lands and buildings.
- 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,



- 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

Conditions:

- *We observed that only property tax has been collected during the year other taxes have not been collected.*
- *New Assessment has not been done since long and holding tax is being collected at old rates.*

Corrective Action/ Recommendation:

We recommend to the Nagar Nigam to levy the above taxes and ensure their collection on regular basis.

e. Lack of internal Control measures

- 1) There are lack of internal control w.r.t collection of taxes.
- 2) Demand collection Register has not been prepared hence it is not possible to ascertain total arrear of taxes.
- 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 since long and holding tax is being collected at old rates.
- 5) Due collection of revenue on old rates there is significant loss the NAGAR NIGAM. Quantification of loss is not possible at this point of time.
- 6) Advertisement Tax is not being levied by the NAGAR NIGAM as a result there is a loss to the NAGAR NIGAM of advertisement tax amount.
- 7) Tower tax dues are not collected on time basis.
- 8) Tender of Ghat, Crematorium, Gate, Palm trees and lands are not done on yearly basis.
- 9) Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.

Corrective Action/ Recommendation:

We recommend to the Nagar Nigam to comply with the above mentioned weaknesses in internal control for fair presentation of financial position.

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



- The municipality is regular in depositing statutory dues including tax deducted at source, service tax, VAT/GST, works contract tax, cess payable to the government etc. We observed that all such taxes deducted during the financial year 2017-18 has been deposited in full to the concerned departments.
- Following are the some cases which we checked during Audit Period

S. No.	Month 2017-18	Nature of Payment	TDS Amount	Deposit		
				Date	Challan No	Amount
1.	May	SALARY PAID TO EMPLOYEE	5,000	15.06.2017	1	5,000
2.	July	JANHIT SANSKRITI KALA KENDRA	21,267	05.07.2017	17	21,267
3.	July	DATAPRO COMPUTERS PVT LTD	21,267	--	--	--
4.	July	COMMISSION AGENT	1,26,978	01.08.2017	1	126,978
5.	July	SALARY PAID TO EMPLOYEE	1,16,000	29.08.2017	9	1,16,000
6.	July	COMPUTOR OPERATOR	17,121	29.08.2017	8	17,121
7.	July	SALARY PAID TO EMPLOYEE	5,000	18.08.2017	4	5,000
8.	March	SALARY PAID TO EMPLOYEE	8,57,709	29.03.2018	6	857,709
9.	March	KESHAV KUMAR	15,332	31.03.2018	7	15,332
10.	March	M2S INFOTECH	9,451	31.03.2018	10	9,451

g. Deficiency in Pay-roll System

- The pay-roll system does not contain leave details of employee. PF contribution and pension fund contribution of employees are deducted but municipal contribution is not being paid. PF account has not been opened with PF department all the deductions of PF contribution and pension fund contribution are being deposited in a separate account opened by the municipality.

Corrective Action/ Recommendation:

We recommend to the Nagar Nigam to maintain the adequate records that depicts the leaves allowed, leaves accumulated etc. and also comply with We further recommend to deposit the PF contribution and other statutory dues of employees on timely basis.



h. Utilization of Grant and report on missing Utilization Certificates

➤ Grant Register has not been prepared hence it is difficult to ascertain unutilized grant at any particular time.

Sl. No	Letter no./Date	Fund	Allotment	U.C Submitted	Pending U.C
1	10/31.05.2017	CITY MANAGER SALARY	197220	197220	0
2	15/15.06.2017	WARD PARSHAD SALARY	1644000	1644000	0
3	23/30.06.2017	PROF. TAX	9857465	9857465	0
4	33/02.08.2017	14 TH FIN.	25082820	24210487	872333
5	38/11.08.2017	C.M NALI GALI	20525694	20525694	0
6	38/11.08.2017	C.M GALI NALI	20525694	10233071	4758167
7	43/24.08.2017	NAGRIK SUVIDHA	33895200	33895200	0
8	46/14.09.2017	5 TH FIN.	71435898	71435898	0
9	46/14.09.2017	5 TH FIN.	71435897	0	71435897
10	68/30.10.2017	C.M NALI GALI	12873347	0	12873347
11	102/29.01.2018	CITY MANAGER	197220	197220	0
12	68/30.10.2017	C,M NALI GALI	20729769	0	20729769
13	68/30.10.2017	C.M NALI GALI	1575950	0	1575950

Corrective Action/ Recommendation:

We recommend to the Nagar Nigam to provide the grant register so that we can assist in preparation of utilization certificate.

i. Physical verification of inventory/Stores



- Store Register has not been prepared and physical verification of inventory/stores has also not been done.

Corrective Action/ Recommendation:

We recommend to the Nagar Nigam to prepare and update the store/ inventory register on regular basis.

j. Advances, their adjustment & recovery

Advance Payment

Criteria:

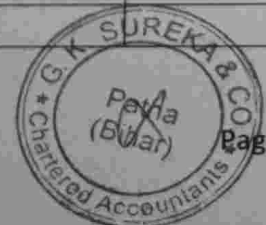
The employees of the Municipality to whom official advances are provided for incurring expenditure on behalf of the Municipality shall prepare a Payment Order for the expenditure incurred as soon as the purpose for which the advance was provided is accomplished.

Condition:

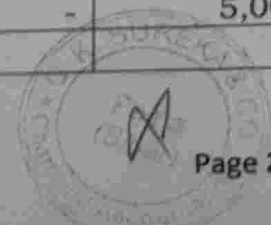
Advance Register is not prepared, however, the list of employees who has taken advances for expenditure and their outstanding balance on March 2018 is provided to us as under:

Advances Details for the Financial Year 2017-18

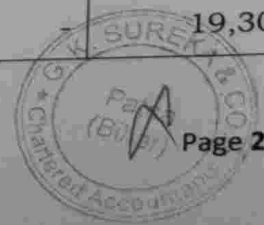
S. No.	NAME OF PARTIES	OPENING 01.04.2017	ADVANCE	ADJUSTMENT	CLOSING 31.03.2018
1.	MR. JAIN BROTHERS	535.06	-	-	535.06
2.	S.M.ZOBER,EX.V. C	150.00	-	-	150.00
3.	MR.PUNJAB AUTO REPAIR WORKS	3,000.00	-	-	3,000.00
4.	R.L.DAS,EX.J.E	32,628.60	-	-	32,628.60
5.	CHANDI PD.SARANGI,CONT RACTOR	48,000.00	-	-	48,000.00
6.	KRISHANDEO NR.EX.L.A	3,846.05	-	-	3,846.05
7.	KAMRL HODA,EX.T.L	2,600.00	-	-	2,600.00
8.	DIST EDUCATION OFFICER	100.00	-	-	100.00
9.	LAND ACQUISITION OFFICE	500.00	-	-	500.00
10.	SURYA NATH UPDHAYA,CONTRACTOR	4,700.00	-	-	4,700.00
11.	M.K.SAHU,EX.M.O.				



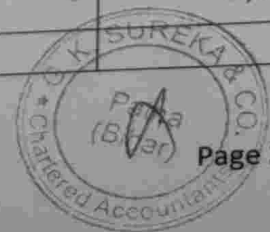
	H	4,698.00	-	-	4,698.00
12.	D.K.SINGH,CONT.	3,000.00	-	-	3,000.00
13.	PARMESHWAR SAH,CONT.	3,000.00	-	-	3,000.00
14.	R.P.SAHNI,EX.J.E.	1,808.00	-	-	1,808.00
15.	KRISHANADEO PD.,CONT	2,195.00	-	-	2,195.00
16.	EX.ENG.R.E.O.	1,494,973.00	-	-	1,494,973.00
17.	MD.MOHSIN,CONT	1,000.00	-	-	1,000.00
18.	MITHILA ENG.WORKS	7,000.00	-	-	7,000.00
19.	AKHILESHWAR PD. DIKCHIT,CONT	101,862.00	-	-	101,862.00
20.	GHANSHYAM DAS,CONT	3,000.00	-	-	3,000.00
21.	MD.MUSLIM,CONT	5,000.00	-	-	5,000.00
22.	BHAGWAT PD.MAHASETH,CONT	50,500.00	-	-	50,500.00
23.	MUMTAZ ALAM,CONT	1,800.00	-	-	1,800.00
24.	HARE KRISHNA THAKUR,CONT	13,000.00	-	-	13,000.00
25.	P.JHA,EX.E.O.	3,000.00	-	-	3,000.00
26.	SHATRUDHAN PD.,CONT	20,500.00	-	-	20,500.00
27.	VIJAY CHANDRA THAKUR,CONT.	4,500.00	-	-	4,500.00
28.	A.K.MUKHARJEE, CONT.	2,000.00	-	-	2,000.00
29.	VIJAY KR.CHY,CONT	26,000.00	-	-	26,000.00
30.	RAGHUNATH SAH,CONT	7,000.00	-	-	7,000.00
31.	BAJOO SAH,CONT	1,900.00	-	-	1,900.00
32.	HARI SINGH GOEL,CONT	1,000.00	-	-	1,000.00
33.	HARISH CHANDRA JHA,CONT	9,500.00	-	-	9,500.00
34.	JAGDISH DAS,CONT	5,000.00	-	-	5,000.00
35.	AKHTAR ALI				



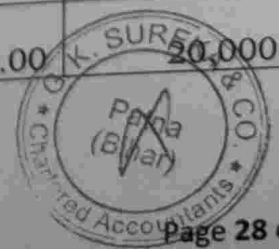
	,CONT				
36.	LAXMAN JEE MAHTO,CONT	2,000.00	-	-	2,000.00
37.	BAL BHADHAR JHA,CONT	3,000.00	-	-	3,000.00
38.	RAM LAKHAN SHARMA,CONT	1,500.00	-	-	1,500.00
39.	RAM GOVIND PD GUPTA ,CONT	40,000.00	-	-	40,000.00
40.	HUKAM SINGH,CONT	13,500.00	-	-	13,500.00
41.	R.B.JALAN,EX.C.M	50,000.00	-	-	50,000.00
42.	RAM CHANDER SHARMA,CONT	700.00	-	-	700.00
43.	PARI PURNANND CHY,CONT.	5,000.00	-	-	5,000.00
44.	FATURI MANDAL EX PEON	500.00	-	-	500.00
45.	SEC SHLABH INTER NATIONAL,PATNA	70.00	-	-	70.00
46.	RAJESHWAR PD.SINGH,CONT.	460,131.06	-	-	460,131.06
47.	EXE.ENG.P.H.E.D.	1,000.00	-	-	1,000.00
48.	KAMESHWAR PURBEY,EX.C.M	2,860,000.00	-	-	2,860,000.00
49.	EXE.ENG.P.W.D.R OAD	400.00	-	-	400.00
50.	SEC.ZILA PARISHAD,DHARB HNG	898,516.00	-	-	898,516.00
51.	H.R.ADV.TO.STAFF ND SWEEPRER	320,000.00	-	-	320,000.00
52.	MS.ECONOMIC HOMEO PHARMACY	539,505.00	-	-	539,505.00
53.	HOUSING URBAN DEV.CORPORTION	1,000.00	-	-	1,000.00
54.	GANGA PD.,EX BY.ADM.	5,000.00	-	-	5,000.00
55.	TARA DEVI,FOR SALABH SAUCHLYA	73,920.00	-	-	73,920.00
56.	ARREAR D.A.ADV TO STAFF AND SWEEPR	250.00	-	-	250.00
		19,308.00	-	-	19,308.00



57.	BIHAR STATE ELE BOARD	28,037.00	-	-	28,037.00
58.	D.M.DARBHNGA,F OR ELECTION	200,806.50	-	-	200,806.50
59.	R.K.VERMA,A.E	8,073,028.00	-	-	8,073,028.00
60.	PAY ADV.TO STAFF AND SWEEPER	49,346.26	-	-	49,346.26
61.	RAMCHALITAR THAKUR EX.CASHIER	161,135.35	-	-	161,135.35
62.	CTISH PANJIR,EX.M.O.H	141,500.00	-	-	141,500.00
63.	MEDICAL DV.TO STAFF AND SWEEPER	150,170.00	-	-	150,170.00
64.	L.I.DV. TO STFF AND SWEEPER	74,387.00	-	-	74,387.00
65.	RAMJEE SAH, EX.T.L.	160.00	-	-	160.00
66.	SAYOOD ALAM,A.E	15,910,321.35	-	-	15,910,321.35
67.	RAKESH KUMAR,H.C	252,081.00	-	-	252,081.00
68.	RAM BABU RAJ,C.O.	488,697.00	85,000.00	85,000.00	488,697.00
69.	RAM CHANDRA MAHTO,C.O	777,933.00	16,000.00	793,933.00	-
70.	B.K.KARN ,EX DY.C.E.O	2,000.00	-	-	2,000.00
71.	ANULEKHA DATA PROCESSING	169,000.00	-	-	169,000.00
72.	SAMRENDRA PRATAP SINGH,ADVOCATE	29,370.00	-	-	29,370.00
73.	YUVA SAMAYOJAK, N.Y.K.	20,000.00	-	-	20,000.00
74.	ANIL KUMAR SINGH,CLERK	2,000.00	-	-	2,000.00
75.	VINOD KUMAR YADAV,CO.	3,200.00	73,000.00	73,000.00	3,200.00
76.	MR. GANESH BANSHAL,PATNA	32,750.00	-	-	32,750.00
77.	MR. SUNDARSHYAM TRADING CO.	5,000.00	-	-	5,000.00
78.	ANIL KUMAR				



	SINGH, CLERK	83,950.00	-	-	83,950.00
79.	SHANKAR PD. SINGH, PEON SADAR ZILA	150.00	-	-	150.00
80.	PASHU PATI MANDAL, PEON SDAR ZILA NAJART	150.00	-	-	150.00
81.	YOGA NAND DTTA, DY COLLECTOR, BHN RRI	3,051.00	-	-	3,051.00
82.	PARBODH KUMAR SINGH, EX. DY. MAY OR	3,000.00	-	-	3,000.00
83.	RAMESH KUMAR, CLERK	528,430.00	-	-	528,430.00
84.	JANARDHAN CHY, CLERK	15,000.00	-	-	15,000.00
85.	SACHIV ZILA SAKSHRTA SAMITI DHARBHAGA	100,000.00	-	-	100,000.00
86.	MITHILA TRACTOR HOUSE	15,000.00	-	-	15,000.00
87.	NORTH BIHAR AGENCY MUZ.	26,472.00	-	-	26,472.00
88.	SACHIV SAMDHAN SEVA SAMITHI	81,000.00	-	-	81,000.00
89.	AJEET KUMAR RAM, CO.	146,500.00	5,000.00	-	151,500.00
90.	MANOJ RAJAN SINGH, ADVOCATE	27,500.00	-	-	27,500.00
91.	MD. SHAHBUDDIN, CLERK	9,700.00	-	-	9,700.00
92.	GORI PASWAN, MAHAPO R	16,000.00	-	16,000.00	-
93.	KABIR ANTODIT ANUDAN GERNAL HOUSE	2,629,500.00	1,950,000.00	681,000.00	3,898,500.00
94.	AVISEK KUMAR JHA, CLERK	5,000.00	-	5,000.00	-
95.	VINOD KUMAR, NAGAR SACHIV	14,000.00	-	-	14,000.00
96.	MEDIA SPORTS CLUB	40,000.00	20,000.00	40,000.00	20,000.00



97.	ANIL KUMAR CHADHORY ENG.	1,305,500.00	177,000.00	-	1,482,500.00
98.	SANJAY SARAN SINGH, ENG.	1,465,000.00	336,000.00	1,451,000.00	350,000.00
99.	SUNIL KUMAR SINGH, CLERK	151,560.00	-	-	151,560.00
100.	SUB-JUNIOR NATIONAL PRBHAT	35,000.00	-	-	35,000.00
101.	KUMAR,MECHNIC AL ENG.	68,000.00	-	-	68,000.00
102.	ABHISHEK AVINASH MECHICAL ENG.	60,000.00	-	35,000.00	25,000.00
103.	CHANDARSEKHAR KUMAR JUNIOUR ABHIYANTA	32,891.00	-	-	32,891.00
104.	ASHOK RAM C.O.	13,800.00	18,000.00	18,000.00	13,800.00
105.	MD ANWAR C.O	7,000.00	8,900.00	-	15,900.00
106.	D.M.DARBHNGA,F OR ELECTION	25,000.00	-	-	25,000.00
107.	DARBHANGA ZILA BAITMITAN ASSOCIAT	25,000.00	-	-	25,000.00
108.	ARJUN KUMAR PASWAN C.O	5,000.00	-	-	5,000.00
109.	KUTUB ALAM C.O	195,000.00	195,000.00	195,000.00	195,000.00
110.	MUKESH KUMAR SHARMA ROJPAL	224,000.00	277,000.00	224,000.00	277,000.00
111.	NAROTAM KUMAR SAMRAJ,NAGAR NIGAM	32,000.00	-	-	32,000.00
112.	MANOJ RAM W.N 1	-	12,000.00	12,000.00	-
113.	MOHAN PASWAN WARD NO 2	-	21,000.00	21,000.00	-
114.	PRAMOD MALIK W.N 4	-	25,000.00	25,000.00	-
115.	RAM KUMAR SAH ,W.N-5	-	15,000.00	15,000.00	-
116.	ASHOK MALIK,W.N-6	-	56,000.00	56,000.00	-
117.	VIKRAM KUMAR W.N 7	-	32,000.00	32,000.00	-
118.	SHAJAD ,W.N 8	-	-	-	-

119	JAGMOHAN RAY, W.N.9	-	28,000.00	28,000.00	-
120	MANOJ KUMAR RAM WARD NO.10	-	36,000.00	36,000.00	-
121	SAYAM KUMAR DAS W.N 11	-	19,000.00	19,000.00	-
122	BINDU RAM WARD NO 12	-	7,100.00	7,100.00	-
123	RAMA RAM WARD NO.14	-	15,000.00	15,000.00	-
124	SULENDRA RAM W.N.-16	-	21,000.00	21,000.00	-
125	RAJA KUMAR W.N.17	-	12,000.00	12,000.00	-
126	RAKESH KUMAR RAM W.N.-22	-	6,200.00	6,200.00	-
127	RAJENDRA MALIK WARD NO.23	-	42,000.00	42,000.00	-
128	MD.AFJAL,W.N.24	-	22,000.00	22,000.00	-
129	MD. SAKIL	-	35,000.00	35,000.00	-
130	MD IJHAHARUL HAK W.N.-31	-	21,000.00	-	21,000.00
131	MD ANJAR W.N-54	-	6,000.00	6,000.00	-
132	KUNDAN RAM W.N-35	-	17,000.00	17,000.00	-
133	BAPPI KUMR RAM	-	14,000.00	14,000.00	-
134	MUNNA RAM- II,W.N-37	-	8,900.00	-	8,900.00
135	VINOD RAM W.N.- 40	-	7,100.00	7,100.00	-
136	AMAR RAM W.N 41	-	12,000.00	12,000.00	-
137	SANJIV KUMAR RAM	-	11,000.00	11,000.00	-
138	SURENDRA RAM W.N-43	-	6,200.00	6,200.00	-
139	DEEPAK KUMAR RAM W.N 45	-	20,000.00	20,000.00	-
140	GOTAM KUMAR,W.N-46	-	23,000.00	23,000.00	-
141	VINOD RAM ,W.N- 47	-	39,000.00	39,000.00	-
142	GOTAM KUMAR RAM,JON	-	66,000.00	66,000.00	-



PARIMERY					
143	RAJ KUMAR SHARMA	-	28,000.00	28,000.00	-
144	UDAY NATH JHA, JUNIOR ENG.	-	333,000.00	333,000.00	-
145	BADRUMAJMA KHAN UPMHPOR	-	5,000.00	-	5,000.00
146	AJAY KUMAR JALAN	-	5,000.00	-	5,000.00
147	SOHAN YADAV	-	5,000.00	-	5,000.00
148	SUBHOD KUMAR W.N. - 19	-	5,000.00	-	5,000.00
149	VINOD MANDAL	-	5,000.00	-	5,000.00
150	IMPERIL AGRO	-	20,209.00	16,934.00	3,275.00
151	SAMAJIK SURAKSHA PENSION	51,122,100.00	986,000.00	48,336,900.00	3,771,200.00
152	ASHA KISHOR PARJAPATTI WARD NO.35	-	5,000.00	-	5,000.00
153	NUSART ALAM WARD NO.31	-	5,000.00	-	5,000.00
Total		92,246,772.23	5,232,609.00	52,971,367.00	44,508,014.23

Corrective Action/ Recommendation:

We recommend to the Nagar Nigam to adjust all the advances within the stipulated time frame.

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

Staff strength of accounts department needs to be increased.

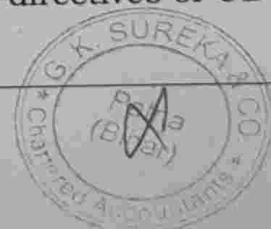
Corrective Action/ Recommendation:

We recommend to the Nagar Nigam to recruit new employees having required knowledge and experience in the accountancy field.

III. PART- C

a. Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GOB; Auditor should see the compliance of

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



Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.

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 heads of accounts, including those for water-supply, drainage and sewerage, solid waste management, road development and maintenance, slum services, commercial projects and other account heads as specified and the general account head, in such manner, and in such Form, as prescribed, so as to facilitate the imposition of user charges and preparation of any subsidy report under this Act.

Chapter-X: Application of Municipal Fund

Records for Power to incur expenditure within specified limits of the Municipality has not been provided to us.

The state fund grants received during the year were not specifically mentioned the purpose of their utilisation, the funds received as grant during the year were utilised for various purposes.

Chapter-XI: Budget Estimates

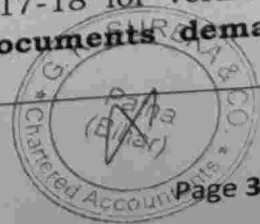
The budget estimate for the FY 2017-18 has been prepared, presented and adopted in the prescribed Form and manner, and we have provided with le to us for verification.

Chapter XII: Accounts and Audit

Books and Accounts of the Nagar Nigam have not been maintained as per Municipal Accounting Manual and not placed to auditor appointed by UDHD. However the Nagar Nigam is maintaining only cash book and their subsidiary books for the FY 2017-18.

Chapter-XIII: Municipal Property

We were not provided with the Fixed Assets Register for the FY 2017-18 for verification.
(Received copy of documents demanded Annexed).



Chapter-XIV: Borrowings

No borrowings availed by Nagar Nigam.

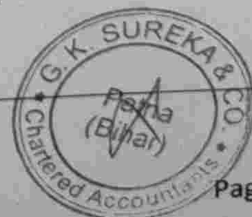
Chapter-XV: Municipal Revenue

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 also not available.
 2. 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 Nigam.
- Holding tax collected during the financial year 2017-18 had been deposited in full.
 - Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs. **6,05,51,000/-** is receivable from tower tax.
 - Records of shop rent not maintained as per required norms, shop rent is not being collected on timely basis as more than Rs. **1,40,78,828/-** is receivable as shop rent.
 - Nagar Nigam is not collecting any advertisement tax.

b. Auditor should Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At

- List of Top 20 high value property has not been provided by the Nagar Nigam. (Copy of letter enclosed).



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

c. Auditor should Report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR

- Rule 22: All moneys to be brought to account.
- Rule 27: Collections to be deposited into Bank on the same day
- Rule 69: Grant Related Compliance
- Rule 120-121: Monthly Receipt & Payment Account and Trial Balance
- Rule 130: Audit to be completed & reported within 6 month

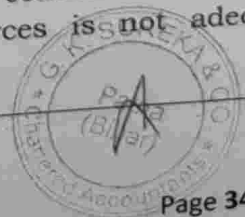
➤ Nagar Nigam is not regular in depositing collection into the Bank on the same day such as Property Tax, Shop Rent, Tower Tax, etc. For details please refer point No. 1 of Part A.

➤ 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 provision of BMR 2007, the double entry system should be employed to all ULB.

➤ Double Entry Accounting System had been implemented by our Firm M/s G.K. Sureka & Co. Chartered Accountants till March 2012 in Nagar Nigam Darbhanga. Further, reportedly after March 2012 DEAS is not in operation at ULB.

- Till date **no** Chartered Accountant firm has been appointed by the UD & HD for implementation of Double Entry Accounting System in the Nagar Nigam. The process of appointment of C.A firm is in progress.

- Internal control for collections of revenue from internal sources is **not** adequate such as :



d. Report on compliance of financial guidelines of schemes of MCHUA and UD & HD, GoB

e. Auditor should Report and quantify all major own revenue losses and in the area of Property Tax, Mobiles Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc.

- i. Demand register is not maintained.
- ii. All the collections are not deposited in bank account on same day.
- iii. Monthly Receipt & Payment Account and Trial Balance has not been prepared.

Audit of accounts is completed and report has not been submitted within 6 months

➤ Separate details of schemes of MCHUA (Ministry of Housing and Urban Affairs) and UD&HD (Urban Development and Housing Department) not provided to us for Report on compliance of financial guidelines.

➤ 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.

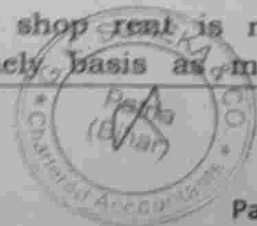
1. Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available.

2. 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 Nigam.

➤ Holding tax collected during the financial year 2017-18 had been deposited in full.

➤ Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs. 6,05,51,000/- is receivable from tower tax.

➤ Records of shop rent not maintained as per required norms, shop rent is not being collected on timely basis as more than



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

Rs.1,40,71,828/- is receivable as shop rent.
 > Nagar Nigam is not collecting any advertisement tax

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

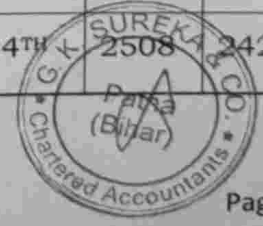
> No irregularities observed on test check basis

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

> No irregularities observed on test check basis

> Details of Grants received and their utilization for the f/y 2017-18 are as follows :

Sl. No	Letter no./Date	Fund	Allotment	U.C Submitted	Pending U.C
1	10/31.05.2017	CITY MANAGER SALARY	197220	197220	0
2	15/15.06.2017	WARD PARSHAD SALARY	1644000	1644000	0
3	23/30.06.2017	PROF. TAX	9857465	9857465	0
4	33/02.0	14TH	2508	2421	872

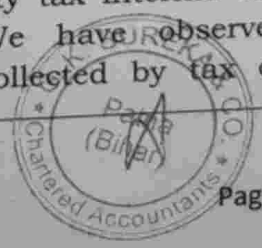


	8.2017	FIN.	2820	0487	333
5	38/11.0 8.2017	C.M NALI GALI	2052 5694	2052 5694	0
6	38/11.0 8.2017	C.M GALI NALI	2052 5694	1023 3071	475 816 7
7	43/24.0 8.2017	NAG RIK SUVI DHA	3389 5200	3389 5200	0
8	46/14.0 9.2017	5 TH FIN.	7143 5898	7143 5898	0
9	46/14.0 9.2017	5 TH FIN.	7143 5897	0	714 358 97
10	68/30.1 0.2017	C.M NALI GALI	1287 3347	0	128 733 47
11	102/29. 01.2018	CITY MAN AGE R	1972 20	1972 20	0
12	68/30.1 0.2017	C,M NALI GALI	2072 9769	0	207 297 69
13	68/30.1 0.2017	C.M NALI GALI	1575 950	0	157 595 0

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

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.
- 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 Nigam.
- Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs. 6,05,51,000/- is receivable from tower tax.
- Nagar Nigam is not collecting any advertisement tax.
- Records of shop rent not maintained as per required norms, shop rent is not being collected on timely basis as more than Rs. 1,40,71,828/- is receivable as shop rent.

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

j. Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.

k. Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.

- No such irregularities observed on test check basis



nationalized other funds that the fixed financial institutions and should earn maximum interest at their gestation period.

➤ No such FD.s held by Nagar Nigam

m. Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss

S. No	Particulars	Amount	Reason
1.	Property Tax	Not Available	Short Deposit against collections.
2.	Tower Tax	6,05,51,000	Non-Recovery/ Delay in collection.
3.	Shop Rent	1,40,71,828	Non-Recovery/ Delay in collection.
4.	Advertisement Tax	Not Available	Nagar Nigam is not collecting any advertisement tax.

n. 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 recorded in appropriate ledgers

➤ No irregularities observed in deduction and depositing the various taxes
 ➤ Please refer point No. Part B (f)

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

➤ We have not provided with the AG Audit Report and Internal Audit Report and its compliances, so we are unable to check compliance.

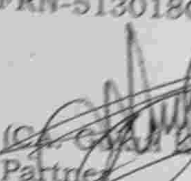
(Received copy of documents demanded Annexed)




General Observations: Auditor should report the deficiencies noticed during their audit and recommend ULB Management to improve internal systems
Manpower of Nagar Nigam is not adequate and equipped with required knowledge.

Place: Patna
Date:

For G. K. Sureka & Co.
Chartered Accountants
FRN-513018C


(C.A. G. K. Sureka)
Partner
M.No.: 091380



UDIN: 20091380AAAA CWS7
Date - 24-06-2020



Discussion Note for Internal Audit observation of FY 2017-18

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 2017-18 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>In AG Audit report 18 paras out of 18 audit paras is pending for compliance of FY 32-2017-18.</p>	<p>Will be provided soon</p>
2	<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>
3	<p>Implementation of DEAS at ULB for the FY 2017-18.</p>	<p>DEAS team has been appointed by the concerned department. Implementation of DEAS is in progress, and pending for approval</p>
4	<p>a. Tax demand register has not been provided for verification in such a situation we cannot ascertain the actual tax demerit/penalties which can be recovered from a single taxpayer. This could be a huge loss to ULB.</p> <p>b. Property Tax deposited on daily basis otherwise on monthly basis. The penalty imposed for delayed deposit</p>	<p>a) Noted for further compliance</p> <p>b) Noted for further compliance</p>



as and when stay order of High Court will be laps/remove

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

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

Details as below.

DEAS team has been appointed by the concerned department for this and they are working on this.

We are working on it. Taxes and fines will be charged/ collected as soon as possible

timely basis as more than Rs.6,05,51,000/- is receivable from tower tax

Demand Register for shop rent has not being maintained by ULB. Uncollected shop rent for the year 2017-18 was Rs 1,40,71,828.00/-

7. Non-maintenance of books of accounts subsidiary registers

S.No.	Particulars	Status
1.	Ledger Book	Not Maintained
2.	Payroll Register	Not properly maintained
3.	Subsidiary Cash Book	Not Maintained
4.	Assessment Register	Not Provided

8. ULB is not preparing its books of accounts using the accrual system of accounting.

9. We observed that only above mentioned tax/Fee has been collected during the year other taxes have not been collected.

i.e.

- a. Surcharge on transfer of lands and buildings
- b. Tax on deficit in parking spaces in any non-residential building.
- c. Water tax,
- d. Fire tax.



e Tax on advertisements other than advertisements published in newspapers

f Surcharge on entertainment tax

g Surcharge on electricity consumption within the municipal area.

h Tax on congregations.

i Tax on pilgrims and tourists, and

j 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

New Assessment of property tax has not been done since long and holding tax is being collected at old rates.

10. The municipality is regular in depositing statutory dues including tax deducted at source, service tax, VAT/GST, works contract tax, cess payable to the government etc.

But in month of July amount of Rs 21,267.00 not been deposited of TDS deducted from Data pro Computer Pvt Ltd

11. Deficiency in Pay-roll System

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

12. Staff strength of accounts department needs to be increased

Short Deposit of taxes will be verify soon, deposited accordingly.

We are implementing re-commodation which has given by Internal Auditor.

Yes, I will place this matter in meeting board/committee



<p>13. Separate details of schemes of MCHUA (Ministry of Housing and Urban Affairs) and UD&HD (Urban Development and Housing Department) not provided to us for Report on compliance of financial guidelines.</p>	<p>It will be provided from next time</p>
<p>14. Internal control measure has not been consider by concerned ULB for its operation and transaction</p>	<p>We are working on the recommendations made by the Internal Auditor.</p>
<p>15. List of directive issued by UD&HD, GOB has not been provided to us for verification of same regarding compliances.</p>	<p>It will be provided from next time</p>

Date:
Place:

[Signature]
For Darbhanga Nagar Nigam
(Municipal Commissioner)

