

ANNUAL INTERNAL AUDIT REPORT

OF ULB

(PAKRIDAYAL)

FOR THE PERIOD

01/04/2017 TO 31/03/2018

CONDUCTED BY

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

From 15.07.2019 TO 22.07.2019
Report Issued on 20th August 2019

Executive Summary

1. INTRODUCTION

. Name of the Municipality	NAGAR PANCHAYAT PAKRIDAYAL
. Period covered under current audit	ANNUAL REPORT F/Y 2017-18
. Name of Chief Municipal Officer for the period under Audit	Shri Sonu Kumar Rai

2. Results and Findings

• Strengths observed during the audit engagement.

- (a). All vouchers have supporting documents.
- (b) Office infrastructure is sufficient for operation.
- (c) Response from officer & Clerk are satisfactory.
- (d) General Cash book has been maintained.
- (e) Subsidiary Cash book has been Maintained.

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

- (a) Bank Reconciliation Statement has not been prepared by the ULB.
- (b) Double Accounting System has not been followed whereas accounting has been made on single entry system.
- (c). Fixed Assets Register has not been maintained.
- (d). Advance Register has not been maintained.
- (e). Stock Register has not been maintained.
- (f). Daily collection register (Revenue receipt wise) has not been maintained.
- (g). TDS, VAT, Royalty and Labourcess have been deducted but it has not been deposited till date. Therefore, TDS Return has not been filed till date. As per Income Tax Act 1961, penalty may be levied on ULB. It is a statutory irregularity.



(h). Property / Holding tax has not been assessed on property by the ULB from Financial Year 2015-16.

(i). Tower tax has not been collected, since the establishment of the ULB. The number of tower is 8 as on 31-03-2018, and total outstanding tax amount is Rs.632000 /- For registration fee, renewal fee.

(j). Budget has not been sanctioned by the state government.

(k). Section 84 of the Bihar Municipal Act, 2007. Provides that Municipality shall submit its budget intimates for the ensuring year to the State Govt. by 15th of the March. But information furnished by the Nagar Panchayat revealed that budget estimates were not passed on time by the board, which resulted into delay transmission of the same to the State Government.

(l) No Separate Grant register is being maintained; hence, it is difficult to find out the amount of unutilized grant at any point of time.

(m) Attendance register has not been maintained on daily basis and same is not approved by competent authority on daily basis.

(n) File Movement register has not been maintained.

(o) Outward/Inward register has not been maintained.

3. Opinion

As per Our Opinion the following improvements are required.

- ULB is not working properly, even internal control is poor.
- Revenue collection of the ULB is very poor it has scope to increase to much higher level.
- All cash collection from source of revenue are not deposited in the bank on same day. It is deposited in the bank after making daily expenditure.
- Due to lack of manpower, there is delay in performing day-to-day work.
- There should be proper segregation of duties to perform day-to-day work in efficient manner.
- Bank reconciliation should be prepared on monthly basis.
- We find that rules and regulation are there but ULB is not following them properly.
- Most of the Books of Accounts as prescribed by BMAR are not maintained by the ULB.
- There are serious lapses in deduction and deposit of statutory dues, such as VAT, Royalty, TDS, Labour Cess etc.
- Separate bank account should be maintained for each scheme.



4. Audit Recommendations: -

The Recommendation of Audit Team on the Observed weakness.

SL No	We Recommend the followings:-
1.	ULB should maintain all the book of accounts, register, records etc. as prescribe in Bihar Municipal Accounts Act, Manual and Rules and same should be regularly verified by the executive Officer.
2.	ULB should adopt Computerized accounting system it provides automatic ledger entries accuracy and speed of automatic calculation automatic production of trial balance from ledger entries and provide additional analysis.
3.	ULB should prepare receipt and payments accounts on monthly basis. due to which it become very easy to find out how much fund has been received by the ULB.
4.	ULB must have to refund the unutilized amount to the Urban Development & Housing Department.
5.	ULB have to be statutory returns with in prescribe time line and deposit the deducted amount as specified in statutory law.
6.	As per Rules 22(1) of Bihar Municipal Accounting Rules, 2014 Tax Collected has to be deposited on same day or latest before noon on the following working day.
7.	ULB should maintain all the books of account, register, records etc. as prescribe in Bihar municipal accounts Act, Manual and Rules.
8.	ULB should maintain log book of vehicles & generator so that consequently its analysis is possible.
11	Meeting of Municipal Account Committee are required to be held regularly to analyze the progress of various activities and accounting procedure.
12.	ULB should prepare summary of daily collection in form GEN-13.
13.	ULB should prepare demand and arrear register of holding tax as soon as possible..
15	ULB should maintain DCR register separately for each head of its own revenue sources for appropriate internal control and also for appropriate disclosures of books of accounts.

5. Comments from Management

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

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



6. Acknowledgement: -

We thank Mr. Sonu Kumar Rai (Executive Officer), for his support during the period of our audit. We are also thankful to accountant and other staff of the Nagar Panchayat for their co-operation during the period of audit.

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



CA Chanakya Shree
Partner
M.No: -079322

UDIN: 20079322 AAAA TT9410

Date :- 04/11/2020

Detailed Audit Report

1. Introduction

The Internal audit of (Pakridayal Nagar Panchayat) covering the period from 1st April 2017 to 31st March 2018 was conducted by following persons under guidance of TL CA Chanakya Shree and MAE CA Ashok Kumar Pandey:

- i. Mr. Arun Kumar
- ii. Mr Mukund Kumar.

2. Administration

The present body of the ULB has taken charge on 27th July 2014 the incumbency in the key administrative and executive positions was as under

Shrimati Radhika Devi Chairman from 27th July 2014 till date.

Shri Mohan Pandey Executive Officer from 8th Sep 2015 to 2nd July 2018

Shri Ajay Kumar Executive Officer from 2nd July 2018 to 22nd January 2019

Shri Sonu Kumar Rai Executive Officer from 23rd January 2018 till date.

3. Review of outstanding audit paras:

Status of Audit Observations is as under:

Sl. No.	Particulars of Audit and date of report	Total no. of audit Paras	Total no. of audit Paras where necessary improvement/ corrective measure is required	Total no. of audit Paras where recovery of cash is proposed	Total no. of audit Paras where recovery has been made	Total amount of Recovery	Total no. of outstanding para where no action has been taken	No. and Date of Compliance Report
1	AG Audit for the period 2013-14 to 2016-17	16	16	02	0	23.48 Lac	16	Not Complied
2	Internal Audit for the period 2016-17	08	08	0	0	0	08	Not Complied



Detailed Report on Compliance of Previous Internal Audit Report: -

SL No.	Audit Observation	Nature of Irregularities	Complied/Non-Complied
1	Demand Collection Register has not been prepared hence it is not possible to ascertain total arrear of taxes	Persisting since last two year	Not Complied
2	Taxes collected by tax collector are on deposited on daily basis we observed that it is being deposited after significant delay which is not proper.	Persisting since last three year	Not Complied
3	Tower tax dues are not collected on timely basis.	Persisting since last three year	Not Complied
4	There are lack of internal control w.r.t collection of taxes.	Persisting since long time	Not Complied
5	Grant register is not being maintained hence it is difficult to find unutilized grant at any point of time.	Persisting since long time	Not Complied
6	Bank Reconciliation statement is not prepared hence it is difficult to monitor possible fraud if any.	Persisting since long time	Not Complied
7	Tender of Ghat, Crematorium, Gate Plam tree and land are not done on yearly basis.	Persisting since long time	Not Complied
8	Advance register is not prepared hence it is difficult to monitor for advance given and adjustment thereof.	Persisting since long time	Not Complied
9	There is lack of internal control on deduction and deposited of various taxes On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time but its payment are made on yearly basis	Persisting since last year	Not Complied



4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2015-16	2016-17	2017-18
Final/Revised Budget	169497000.00	266789574.00	293049000.00
Actual Expenditure	26978698.00	61689101.50	73648467.53
Savings(+)/ Excess(-)	142518302.00	205100472.00	219400532.47

II. Volume of transactions

Period	Budgeted 2017-18	Previous Year (For one Year)2016-17	current Year (For one Year)2017-18
Opening balance	0.00	94577509.00	107287016.50
Receipts	352927500.00	74398609.00	39243761.00
Total	352927500.00	168976118.00	146530777.50
Net expenditure	293049000.00	61689101.50	73648467.53
Closing balance	59878500.00	107287016.50	72882309.97

III. Bank Reconciliation: -

Since different scheme has been maintained in single cashbook therefore segregation of balances of different Scheme as on 31st March 2018 cannot be determined. Similarly, since through one bank account different schemes are being operated the bank balance of a particular scheme on a particular date cannot be determined. Bank Reconciliation Statement has not been prepared in the prescribed format by the ULB.

Details of closing balance

Sr no.	Name of scheme / item	Bank name / account no.	Balance as per pass book	Balance as per cash book	Differences	Remarks BRS Prepared/ Not Prepared
1.	Various Scheme	PLA A/C	90270100.00	90270100.00	0.00	Reconciled
2.	14TH finance	SBI 74255	158926.00	158926.00	0.00	Not Prepared
3.	BRGF	SBI 70045	43679.00	503754.00	460075.00	Not Prepared
4.	SBM	SBI 10684	2018713.00	2000185.00	18528.00	Not Prepared
5.	Nagar Nidhi	SBI 07759	8469046.52	8410349.57	58696.95	Not Prepared
6.	HFA	SBI 26831	129.00	159654.00	159525.00	Not Prepared

Note: -Some of the schemes such as Prasadnik Bhawan ,5th finance 4th finance, 13th finance, Peshakar, Stamp Duty, Rajya Path/ PuliyaNirman Yojana, Led Light, Excutive Officer, Maching Grant, Nagrik Subidha (Rajya Yojna) CM SwakshtaAbhiyan, NagrikSubidha (State Plan), Path Nirman (CM SahriNaliGali) Pakkikaran Yojana,



Parshad, Upmukhya Parshad and Parshad Niyat Bhatta, NaliNirman, Peyajalpurti, Peyajalpurti (Mukhyamantri Sat Nischay) & City Manager schemes have been maintained through PLA

IV. Revenue Receipts: -

Income Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
Total Receipts (A+B)		39243761.00	74398609.00	Not Applicable for this quarter.			
A.	Revenue Receipts (1+2+3)	33053761.00	74398609.00				
1.	Own Revenue Receipts (a+b)	1305055.00	2159875.00				
a)	Tax Revenue (levied and collected by municipal body)	733457.00	0.00				
i)	Property tax	733457.00	0.00				
ii)	Other tax (levied and collected by municipal body)	0.00	0.00				
b)	Non-tax revenue (levied and collected by municipal body)	571598.00	2159875.00				
i)	Fees & fines	1514.00	0.00				
ii)	User Charges	447984.00	2159875.00				
iii)	Other non-tax revenue (levied and collected by municipal body)	122100.00	0.00				
2	Other Revenue Receipts	716447.00	0.00				
a)	Income from interest/investments	716447.00	0.00				
b)	Other Revenue income	0.00	0.00				
3.	Transfers/ Grants/ Assigned Revenues	31032259.00	72238734.00				
a)	State Assigned Revenue	986829.00	825581.00				
b)	State Finance Commission (SFC)	0.00	0.00				



	Grants/ Devolution		
c)	Octroi compensation	0.00	0.00
d)	Other State Govt. Transfer	16090830.00	30672098.00
e)	Central Finance Commission (CFC) Grant	5697400.00	40741055.00
f)	Other Central Govt. Transfer	8257200.00	0.00
g)	Others	0.00	0.00
B.		6190000.00	0.00
	Capital Receipts		
1	Sale of Municipal Land	0.00	0.00
2	Loans (from State Govt. or Banks etc.)	0.00	0.00
3	State Capital Account Grant (under State Schemes etc.)	6190000.00	0.00
4	Central Capital Account Grant (under Central Schemes etc.)	0.00	0.00
5	Other Capital Receipts	0.00	0.00

V. Revenue and Capital Expenditure Information: -

Expenditure Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Expenditure (1+2)	73648467.53	61689101.50				
1	Revenue Expenditure	5575968.53					
1.1	Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	2036926.00	0.00				
1.2	Operation and Maintenance (O&M)	1237777.00	0.00				



1.3	Loan repayment (Interest payments)	0.00	0.00
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	2301265.53	0.00
2.	Capital Expenditure	68072499.00	0.00
2.1	All developmental works under Central/State specific schemes	61672629.00	0.00
2.2	Loan Repayments (Principal Amount)	0.00	0.00
2.3	Other Capital expenditure	6399870.00	0.00

Note: - As per above reporting format, details of **expenditure have not been accounted in concerned ULB premises and same has not been reported in previous financial year internal audit report 2016-17, so we are unable to enclose the same in our report.**

VI. Status of implementation of Double Entry Accounting System

Accounting of Nagar Panchayat Pakridayal has not been maintained as Double Entry Accounting System. The consultant for DEAS has been appointed but financial accounts for 2017-18 is still to be prepared. The DEAS team (Vinod Singhal & Co.) has started work from 1st feb 2019.

VII. Status of Municipal Accounts Committee; -

Nagar Panchayat Pakridayal has not been constituted Municipal Accounts Committee under section 98 of the Municipal Act, 2007.

5. Audit Observations

Part – A

All Audit objections/irregularities which has monetary implication, particularly in following areas Leakage of own source revenue either due to wrong assessment or non-



levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax, fee etc.

(I) Mobile Tower Collection: -

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

Criteria – Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for communication tower erected within municipal area. Currently the registration fee for Nagar Panchayat Rs. 30,000/- per tower and annual renewal fee is Rs. 8000/- per annum per tower

Condition –As per details provided to us there are total 8 (eight) Mobile Towers registered with this ULB up to 31.03.2018 and Rs.632000/- has not been collected till the date of audit from these tower operators as Tower Tax.

Consequence Effect/ Impact - Due to non-collection of Tower Rent with in prescribe time line, ULB incurred interest loss and also the due to non-collection of taxes, public interest has also been suffered.

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

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

S.N	Company Name	No of Tower	Date of establishment	Outstanding Fee as on 31/03/2017	Renewal Fee	Total	Collection	Dues Balance
1	Reliance	1	2009-10	94000.00	8000.00	102000.00	0.00	102000.00
2	Idea	1	2009-10	40000.00	8000.00	48000.00	0.00	48000.00
3	Idea	1	2009-10	94000.00	8000.00	102000.00	0.00	102000.00
4	Vodafone	1	2009-10	94000.00	8000.00	102000.00	30000	72000.00
5	Airtel	1	2009-10	94000.00	8000.00	102000.00	0.00	102000.00
6	Aircel	1	2009-10	64000.00	8000.00	72000.00	0.00	72000.00



7	Reliance Jio	1	2014-15	24000.00	8000.00	32000.00	0.00	32000.00
8	BSNL	1	2009-10	94000.00	8000.00	102000.00	0.00	102000.00
TOTAL								632000.00

(II) Advertisement Tax

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

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

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

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

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

(III) Holding & Property Tax Deposit – Irregularity: -

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

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

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

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

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

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

Sl no	Date of collection	MR No	Amount	Date of Payment
1	06.04.2017 to 25.04.2017	770 to 896	110664	29.04.2017
2	01.07.2017 to 29.07.2017	1082 to 1149	60485	31.07.2017
3	03.10.2017 to	1201 to 1216	44300	31.10.2017



	09.10.2017			
4	02.01.2018 to 07.02.2018	1333 to 1401	60300	28.02.2018

(IV) Holding & Property Tax Collection: -

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

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

Condition – Total Property Tax/Holding Tax outstanding as on F/Y 2017-18 is Rs.2335319/-

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

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

Corrective Action / Recommendation – There should be day to day monitoring on Collection of Taxes and also maintenance and updating of Demand & Collection Register on regular interval.

Year	Total Demand			Total Recovery			Total Arrear		
	Arrear	Current	Total	Arrear	Current	Total	Arrear	Current	Total
2017-18	1178534	1899685	3078219	429573	313327	742900	748961	1586358	2335319

(v) Market/Shop Rent Collection: -

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

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

Condition– ULB has no any own shop in their nagar Parisad.

Consequence / Effect / Impact- Due to non-collection of Shop Rent there is a revenue loss to ULB.

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



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

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

➤ No observation found during the course of audit.

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

Report on field survey of 20 high value properties
NAME OF ULB- PAKRIDAYAL
DATE OF SURVEY:16.07.19 to 18.07.19

Sl. No.	Owner Property Name	Add Of Owner	Ward No	Type of construction	Type of uses	Carpet Area(in square feet)	Annual Property Tax	Remarks of Auditor
1	Bihari Prasad	Jagatia	3	Rcc	Resi+com	2045	4712	No variation observed.
2	Chandrika Prasad	Jagatia	3	Rcc	Resi+com	2045	4712	No variation observed.
3	Sanjit Kumar	Jagatia	1	Rcc	Residential	1760	444	No variation observed.
4	Ramji Prasad	Pakridayal	4	Rcc	Residential	1400	1292	No variation observed.
5	Mukesh Prasad jaiswal	Pakridayal	4	Rcc	Resi+com	1320	1237	No variation observed.
6	Bishwnath Prasad	Pakridayal	7	Rcc	Resi+com	538	1392	No variation observed.
7	Krishna Prasad jaiswal	Pakridayal	7	Rcc	Residential	538	1392	No variation observed.
8	Late Badri shah	Pakridayal	7	Asbestos	Residential	3000	1323	No variation observed.
9	Manoj Kumar	Pakridayal	7	Asbestos	Residential	4000	1764	No variation observed.
10	Naval Kishore Ttripathi	Pakridayal	7	Rcc	Residential	3000	3690	No variation observed.
11	Ramakant Prasad	Pakridayal	7	Rcc	Residential	1700	4842	No variation observed.
12	Umesh Prasad	Pakridayal	7	Rcc	Resi+com	3800	5855	No variation observed.
13	Sunil kr jaiswal	pakridayal	11	Rcc	Resi+com	2000	4608	No variation observed.
14	Anil Kumar	pakridayal	11	Rcc	Residential	1500	1039	No variation observed.
15	Raju Kumar	Pakridayal	7	Rcc	Resi+com	1200	1153	No variation



								observed.
16	Ashok Prasad	Pakridayal	7	Rcc	Resi+com	6800	10028	No variation observed.
17	Deepak Kumar	Pakridayal	7	Rcc	Resi+com	800	1843	No variation observed.
18	Harishankar pd	Pakridayal	7	Rcc	Residential	4000	2772	No variation observed.
19	Dinesh chaudhri	Pakridayal	11	Rcc	Resi+com	7100	13567	No variation observed.
20	Anil kumar	Pakridayal	11	Rcc	Residential	1500	1039	No variation observed.

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

ii. Part-B

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

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

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

Sl. No.	Particulars	Status
1	General Cash Book	Not Maintained
2	File Movement Register	Not Maintained
3	Ledger Book	Not Maintained
4	Grant Register	Not Maintained
5	Advance Register	Not Maintained
6	Pay-Roll Register	Not Maintained
7	Vehicle LOG Book	Not Maintained
8	Store Register	Not Maintained
9	Fixed Assets Register	Not Maintained
10	Demand & Collection Register of Property Tax, Mobile Tower Tax, Shop Rent etc.	Not Maintained

b. Irregularity in procurement process: -

During the course of Audit, we have demanded the procurement register, same has not been produced before us.

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

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



- (1) Non collection of various taxes required to be collected.
- (2) Non maintenance of prescribe books of accounts
- (3) Non submission of UC and 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 land and building
- Surcharge on transfer of land and building.
- Tax on deficit in parking space in any non-residential building.
- Water tax,
- Fire tax,
- Tax on advertisement
- Surcharges on entertainment tax,

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

And as per Income Tax Act 1962 and Vat Act 2005 are not properly followed by Ulb.

- Proper Sec of TDS Deduction is not conduct.
- According to Vat Act 2005, Vat should be deducted from the payment, but Ulb is not in practice to deduct vat from payment at the time of procurement of machine or goods.
- Vat is being deducted from departmental work on whole of the work but it is levie only on material purchased.

e. Lack of internal control measures: -

1. During the course of our Audit, we have observed various discrepancies in the Cash Book, which are enumerated below: -
 - Head wise expenditure were not clearly entered and recorded.
 - The cash book balances are not reconciled with the Balances in Bank Pass Book.
 - Cash book has not been regularly authorized by the executive officer.



2. Cash book has not been properly prepared by Nagar Panchayat Ramnagar
- Cash book is maintained from pass book; it means at the time of payment cash book is not maintained that shows a departmental failure.
3. After analyzing operating control, it was observed that there is shortage of Man Power in ULB. Consequently, it is not functioning smoothly with respect to completion of works on time, provide and review the service efficiently which is the main function of ULB, preparation of books and records on time etc.

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

We observed that TDS, VAT, Royalty and Labour-cess for the financial year 2017-18 has been deducted but not deposited to appropriate authority by ULB till the date of audit. Also return filling of TDS&VAT has not been made by the ULB.

g. Deficiency in pay-roll system: -

Pay-Roll Register has not been shown to us during the period of internal audit, records relating to statutory deduction like PF, ESIC, Income tax are not maintained. The PF, ESIC with respect to contractual employee are neither deducted nor paid to statutory authority. Thus we are unable to comment on deficiency in pay-roll system.

- h. Utilizations of grant and report on missing Utilization certificates: -** During the course of audit we observed that Utilization of grant has been prepared by ULB and no case found of missing utilization certificates and also we are providing all help to the ULB so that UC shall be prepared on time and submitted to UD&HD.

i. Physical verification of inventory/stores: -

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

J. Advances, their adjustment & recovery: -

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

Advance has been given to staff for office expenses without any advance requisition and without the approval of executive officer.

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

No Observation found in this regards.



PART – “C”
Scope of Audit

Sl. No	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	No observation found in this regard.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment procedures to check any in-consistencies in assessment. at least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not).	We have witnessed the 20 high value of property same has been reported above in Point 5, Part A(c).
3	Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR Rule 22: All moneys to be brought to account Rule: 27: Collections to be deposited into Bank on the same day Rule 69: Grant Related Compliance Rule 120-121: Monthly Receipt & Payment Account and Trial Balance Rule 130: Audit to be completed & reported within 6 month	All the compliance has been made at ULB except Rule :27 & Rule 120-121. Details of discrepancies regarding Rule: 27 has been reported above in Point 5, Part A(ii). Rule 120-121: Monthly Receipt & Payment Account and Trial Balance are not being prepared. Rule 130 is not being followed.
4	Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.
5	If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sai rat etc. have incurred then quantify the same.	Loss of Rs 632000/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	No Observation Found in this regard.
7	Whether all Procurement made including through E-	No Such type of Issue found in this



	Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	regard.
8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	During the course of audit we Observed that Utilization of grant has been prepared by ULB and no case found of missing utilization certificates
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	We have verified such instances and found some irregularities. Details of irregularity have been annexed in Executive Summary in Observation Para, and recommendations have also been annexed in Recommendation in Executive Summary.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Yes, all payment has been made according to payment terms & conditions of tenders.
11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No Such type of issue found in this regard.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses.	We have verified all major areas of ULB and same have been reported in Point 5, Part A(c).
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	We observed that statutory compliance has not been accomplished by ULB regarding deduction, deposit and return also. Details of major statutory irregularities are: <ul style="list-style-type: none"> • TDS return has not been filled. • TDS have not been deposited appropriately. • Labor cess has not been deducted appropriately. • VAT liability has not been settled till the date of audit.

Penalty and Interest may be

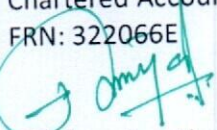


	levied on ULB as per Statutory Laws.
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General Observations: -

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

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



CA Chanakya Shree
Partner
Mem No: 079322



नगर विकास एवं आवास विभाग

वित्तीय वर्ष-2017-18 में प्राप्त सहायक अनुदानों की निकाली/व्यय एवं अवशेष राशि की चालान द्वारा कोषागार में जमा बिकरणी संबंधित प्रतिवेदन।
 DDO Code :- URB011
 Treasury Code :- ECH
 PL Account No:-192
 Bank Account No:-8448

नगर निकाय का नाम:- नगर पंचायत, पकड़ीदयाल

कोषागार का नाम:- मोहिरी

क्र.सं.	सहायक अनुदान का आवंटन का विवरण	सहायक अनुदान आवंटन का वर्ष	संबंधित स्वीकृति संख्या एवं तिथि	स्वीकृति संख्या एवं तिथि	आवंटित राशि के विवरण द्वारा निकाली गई राशि	टी.सी. नं. एवं तिथि	बी.क. खाता में जमा की गई राशि	वित्तीय वर्ष जिसमें राशि का व्यय की गयी	संबंधित मद में व्यय की गई राशि	संबंधित आवंटन के अनुक्रम की गयी निकाली के विवरण दिए गए व्यय के उपपत्र 2016 को अवशेष राशि	कोषागार में जमा की गई राशि	चालान सं./ तिथि	समाप्त उपवर्षिका प्रमाण पत्र में दिए गए राशि	समाप्त उपवर्षिका प्रमाण पत्र में दिए गए राशि	लाभित U.C. की राशि	बी.क. खाता में जमा की गई राशि	बी.क. खाता में जमा की गई राशि	अनुचित
1	2017-18	3	8/23.5.17	5.00	5.00	T22170003/2.6.17	5.00	2017-18	5.00	5.00	NILL	-	5.00	5.00	NILL	NILL	NILL	
2	2017-18	राज्य योजना	31/27.7.17	1591700	1591700	T22170050/30.03.17	1591700	2017-18	1591700	1591700	NILL	-	1591700	1591700	NILL	NILL	NILL	
3	2017-18	पेशाकर	23/30.06.17	986829	986829	T22170012/15.09.17	986829	2017-18	986829	986829	NILL	-	986829	986829	NILL	NILL	NILL	
4	2017-18	पावट भत्ता	15/15.06.17	2.52	2.52	T22170013/15.09.17	2.52	2017-18	2.52	2.52	NILL	-	2.52	2.52	NILL	NILL	NILL	
4	2017-18	14वें वित्त आयोग	32/02.08.17	2848702	2848702	T22170015/15.09.17	2848702	2017-18	2848702	2848702	NILL	-	2848702	2848702	NILL	NILL	NILL	
6	2017-18	14वें वित्त आयोग	32/02.08.17	2848702	2848702	T22170017/15.09.17	2848702	2017-18	2848702	2848702	NILL	-	2848702	2848702	NILL	NILL	NILL	
7	2017-18	नगरिक सुविधा	43/24.08.17	3547200	3547200	T22170018/20.10.17	3547200	2017-18	3547200	3547200	NILL	-	3547200	3547200	NILL	NILL	NILL	
8	2017-18	मुख्यमंत्री शहरी नाली मंत्री	39/11.08.17	2051051	2051051	T22170019/20.10.17	2051051	2017-18	2051051	2051051	NILL	-	2051051	2051051	NILL	NILL	NILL	
9	2017-18	मुख्यमंत्री शहरी नाली मंत्री	39/11.08.17	2051051	2051051	T22170020/20.10.17	2051051	2017-18	2051051	2051051	NILL	-	2051051	2051051	NILL	NILL	NILL	
10	2017-18	मुख्यमंत्री शहरी नाली मंत्री	69/30.10.17	1286383	1286383	T22170021/21.11.17	1286383	2017-18	1286383	1286383	NILL	-	1286383	1286383	NILL	NILL	NILL	
11	2017-18	14वें वित्त आयोग	97/24.01.18	2841112	2841112	T22170023/02.01.18	2841112	2017-18	2841112	2841112	NILL	-	2841112	2841112	NILL	NILL	NILL	
12	2017-18	14वें वित्त आयोग	97/24.01.18	2841112	2841112	T22170022/02.01.18	2841112	2017-18	2841112	2841112	NILL	-	2841112	2841112	NILL	NILL	NILL	
13	2017-18	E.O Salary	126/28.02.18	447548	447548	T22170024/03.03.18	447548	2017-18	447548	447548	NILL	-	447548	447548	NILL	NILL	NILL	



1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
सहायक अनुदान आवंटन का विवरण वर्ष	सहायक अनुदान आवंटन का मद	सहायक अनुदान आवंटन का मद्द	संबन्धित स्वीकृति/पत्र सं० एवं तिथि	स्वीकृति/पत्र सं० एवं तिथि	स्वीकृति/पत्र सं० एवं तिथि	आवंटित राशि के विरुद्ध निकाले द्वारा निकाली की गई राशि	टी.पी.ए. सं० एवं तिथि	टी.पी.ए. सं० एवं तिथि	टी.पी.ए. सं० एवं तिथि	टी.पी.ए. सं० एवं तिथि	टी.पी.ए. सं० एवं तिथि	टी.पी.ए. सं० एवं तिथि	टी.पी.ए. सं० एवं तिथि	टी.पी.ए. सं० एवं तिथि	टी.पी.ए. सं० एवं तिथि	टी.पी.ए. सं० एवं तिथि	टी.पी.ए. सं० एवं तिथि	टी.पी.ए. सं० एवं तिथि	टी.पी.ए. सं० एवं तिथि	टी.पी.ए. सं० एवं तिथि
14 2017-18	नगर सँकार भवन	112/08.02.18	61.90	61.90	T22170028/04 03.18	61.90	61.90	2017-18	61.90	61.90	NILL	NILL	61.90	61.90	NILL	NILL	NILL	NILL	NILL	NILL
15 2018-19	E.O Salary	148/17-06-18	500000	500000	T221700003	500000	500000	2018-19	500000	500000	NILL	NILL	500000	500000	20-11-19	NILL	NILL	NILL	NILL	NILL
16 2018-19	वाई पार्सट भित्ति	116/15-09-17	252000	252000	T221700013	252000	252000	2018-19	252000	252000	NILL	NILL	252000	252000	20-11-19	NILL	NILL	NILL	NILL	NILL
17 2018-19	पेशाकर	146/19-10-17	986829	986829	T221700012	986829	986829	2018-19	986829	986829	NILL	NILL	986829	986829		NILL	NILL	NILL	NILL	NILL
18 2018-19	सुव्यवस्था शहरी पर्यटन	312/25-03-17	9413900	9413900	T221700049	9413900	9413900	2018-19	9413900	9413900	NILL	NILL	9413900	9413900		NILL	NILL	NILL	NILL	NILL
19 2019-20	DAY-NULM	25/11-01-18	185019	185019		185019	185019	2018-19	185019	185019	NILL	NILL	185019	185019		NILL	NILL	NILL	NILL	NILL
20 2019-20	DAY-NULM	437/16-08-19	234000	234000		234000	234000	2018-19	234000	234000	NILL	NILL	234000	234000		NILL	NILL	NILL	NILL	NILL



नगर सँकार, पेशाकर, सुव्यवस्था
 नगर सँकार, पेशाकर, सुव्यवस्था
 4-9-20

Annual Discussion Note

Pakridayal

Financial Year 2017-18

SL No	Particulars	Management Remarks
1.	Cash Book has not been regularly authorized by the executive Officer.	
2.	Computerized accounting system has not been implemented by the ULB in F/Y2017-18.	
3.	ULB has not been in practice to prepare monthly receipt and payment account.	
4.	We observed that Statutory Compliance has not been accomplished by ULB. These statutory irregularities are following: TDS return has not been filled. Labor-cess & Royalty & VAT has not been deposited to concern department which is deducted from payment.	
5.	Amount Collected from own sources revenue has not been deposited into bank by the ULB on the same date/next to the same date as required.	
6.	Various register books of records etc. are not being prepared by the ULB such as fixed asset register, Stock register, Advance recovery register, Demand register, Statutory register, with regard TDS,VAT,Royalty and Labour-cess etc.	
7.	Log book of vehicle & generator is not properly maintained and consequently its analysis is not possible.	
8.	Loss of Rs 6,32,000/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.	



9	Municipal accounts committee has not been constituted till the date of audit	
10.	ULB is not in practice to prepare summary of daily collection receipt in form GEN-13	
11.	Demand and arrear registers of holding tax are not prepared by the ULB.	
12.	Pay-roll system at the ULB is not maintain. The register, records relating to statutory deduction like PF, ESIC, Income tax are not maintained. the PF, ESIC with respect to contractual employee are neither deducted nor paid to the statutory authority.	
13	BRS has not been prepared by ULB Hence it is difficult to monitor fraud if any.	
14	Assessment of holding tax has not been done since long time.	

उम्मीदों का
अनुपालन नविष्य में
हिला जाएगा ।

22-7-19

22-7-19

नगर कार्यपालक घटाधिकारी
नगर पंचायत, पकड़ीदयाल

