

Urban Development & Housing  
Department, Government of Bihar

# INTERNAL AUDIT REPORT

of

**Nagar Panchayat Dumra,**

**For the period from 01-04-2020 to 31-03-2021**

**Internal Audit conducted by**

**G. SUREKA & CO.**

**Chartered Accountants**

Flat No:104, Baidyanath Palace, Jagdeo Path More,  
Bailey Road Pillar No.10, Patna-800014 (Bihar).

T: 0612-25948, M: 9811077186, 9999232791

E: mfp@gksureka.com W: gksureka.com

**From 06-07-2022 to 15-07-2020**

**Report Issued on 20-07-2022**

# Audit Report :

## Content of Audit Report:

1. Executive Summary  
Scope of Audit
2. Auditee Profile
3. Summary Audit Observations
4. Detailed Audit Observations
5. Annexure
6. Acronyms

### 1. Executive Summary

#### **1. Introduction**

Name of the Municipality	<b>Nagar Panchayat Dumra</b>
Period covered under current audit	<b>01-04-2020 to 31-03-2021</b>
Name of the Chairman of the ULB for the period under Audit	<b>Smt, Bimla Sinha from 11.03.2015 to till date.</b>
Name of Chief Municipal Officer for the period under Audit	<b>Sri Ajit Kumar Sharma.</b>

#### **2. Results and Findings**

<b>Strength observed during the audit engagement</b>	<ul style="list-style-type: none"><li>➤ General Cash Book is maintained.</li><li>➤ Staff Co-operation during the Audit period was very good.</li><li>➤ All municipal transactions shall be identified with funds in accordance with rule 5, and separate accounting records have been maintained for each fund.</li><li>➤ Office infrastructure is sufficient for operation.</li></ul>
<b>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</b> <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</i>	<ul style="list-style-type: none"><li>➤ 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.</li><li>➤ Statement of outstanding liabilities for expense in BMAR Form-55 is not maintaining by the municipality.</li><li>➤ The property tax register and demand collection register are not maintained by ULB so they have not been provided to us to ascertain the Total Demand and Arrear at the end of audit period.</li><li>➤ Taxes and other revenue collections from internal sources are not deposited in bank on same day.</li></ul>

<p>the observations under the Para on Consequence/Effect/ impact of each Audit observation. It should also include a summation of outstanding statutory and internal audit observations.</p>	<ul style="list-style-type: none"> <li>➤ Nagar Panchayat 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.</li> <li>➤ Assessment of Property Tax, Rent and other resources has not been conducting on regular intervals.</li> </ul>
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### 3. Opinion

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

<p><b>The recommendations of Audit team on the observed weakness</b></p>	<p><b>We recommend the followings:</b></p> <ul style="list-style-type: none"> <li>➤ Books of Accounts need to be maintained on double entry accounting system.</li> <li>➤ All the prescribed books of accounts and Registers should be prepared on real time basis.</li> <li>➤ Cashier Cash Book should be written on daily basis.</li> <li>➤ Collection by tax collector should be deposited on daily basis.</li> <li>➤ Assessment of property should be conducted on regular intervals.</li> <li>➤ Demand Collection Register of all the wards should be prepared.</li> <li>➤ Property tax register should be prepared as per new assessment.</li> <li>➤ Collection from own sources should be improved.</li> </ul>
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*The recommendations of Audit Team on the observed weaknesses. This could be presented in a box of highlighted print.*



## 5. Comments from Management

<b>Comment Management</b>	<b>from</b>	The audit report has been discussed with us; we will try our best to remove the irregularities pointed out in the audit report  <b>For Nagar Panchayat Dumra</b>  (Executive Officer)
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*This should also include local management's action plan for resolution of the issues and compliance to the internal auditor's recommendations and suggestions on the areas of process and control weakness/ deficiency.*

## 6. Acknowledgement

7. We thank Mr. Ajit Kumar Sharma (Executive Officer), Mr. Vinay kumar (Accountant) for their support during the period of our audit. We are also thankful to Tax Daroga (Mr. Dinkar Prasad) and support staffs of the municipality for their cooperation extended to us during the period of our audit.

Place: Patna

Date:

**For G.K.Sureka & Co.**  
Chartered Accountants  
FRN. - 5130180



CA. Khuram Javed  
Partner  
M.N. - 539535  
Date - 12/09/22

UD&HD-82539535ARTSUK-9689

*This section could acknowledge in brief the cooperation, acceptance of the criteria/ findings and recommendations by the Municipality (or otherwise). The observations should be stated in a factual and not in the form of an opinion (praise / accusation).*

## 8. Management Discussion with RiskAssessment



S. No.	Observations (sort the observations from high risk to low)	Risk Rating	Design Gap	System Gap	Operational Gap	Management (CMO) Comments	Reference Page
	Loss of Revenue due to under assessment/ wrong generation of demand			Demand not Generated	Demand Registers not maintained	Noted for compliance	Demand registers should be prepared and updated to implement the designed system and to reduce the losses.
	Non-updating various register like hand book, DCB register, Assessment register, etc.				Registers has not been updated on regular intervals.		

**G. K. Sureka & Co.**

Chartered Accountants



**CA Kishore Prasad**  
Partner

**Date:**

**Place:**

**Executive Officer**  
(signature with ULB's stamp)

**Nagar Panchayat Dumra**

**Date:**

**Place:**

## Scope of Audit:

To improve and strengthen the financial Management at ULB, it has been decided, inter alias, to initiate Internal Audit of all significant financial transaction on an on-going basis.

Scope of Audit has been defined in Terms of Reference (TOR) of Internal Audit, Which include the following transaction;

- i. Internal Audit should undertake risk-based review and evaluation of the internal control as discussed in Bihar Internal Control Manual. Internal Audit should devote particular attention to any aspects of the internal control environment affected by significant changes to the ULB's risk environment.
- ii. Internal Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD. In its report there must be a separate section for non-compliance of rules/directives of UD&HD,GoB;
- iii. 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
- iv. Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD,GoB.
- v. 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, Sairatete;
- vi. Check on audit trail of all collection of Taxes and Non-Taxes either through staff or outsourced agency and report of any lapses in controls, if any and also advise recommendations to strengthen the prevailing processes;



- VII. Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;
- VIII. Vouch on all payments above Rs. 10,000 and report on adequacy and appropriateness of its documentation, approvals, compliance of procedures etc.
- IX. 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/-
- X. Auditor should report on presence or absence of a system of issuance of UC 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 If no system for UCs in the ULB Internal Auditor has to prepare UCs for the reporting period for which audit has been conducted.
- XI. Commissioner / Executive officer of the ULBs if they want, they can take help of the internal Auditor to ensure all the payment related to contracted works, purchase bills, advances refund of all kind of work related deposits, all kinds of consultancy fees and contingent bill of ULB according to the rules and regulation as per Municipality Act 2007, Municipal Accounts manual & Rules;
- XII. Report on Procurement procedure and payment of all works, goods and services.
- XIII. Internal Auditor shall also, provide recommendations to help the ULB management improve the ULB's internal control environment;
- XIV. Internal Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.
- XV. Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.



- XVI. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestationperiod.
- XVII. Internal Auditor will report on that all the expenditure i.e. Construction work, Material Procurement, Electric Bill, Telephone Bill, Diesel, Petrol, Greece, Vehicle Bill, House Rent etc. are as per the terms and condition of the contracts.
- XVIII. Internal Auditor will report on, whether all the security deposit and earnest money deposited in tender/agreement process have been deposited in the bank immediately. Similarly refunds of these security deposit and earnest money deposit have been made ontime.
- XIX. Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement ofloss.
- XX. Auditor will report on 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.
- XXI. 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 compliancereport.



## 2. Auditee Profile

### 1) Introduction

The Internal audit of (Nagar Panchayat Dumra) covering the period from 01-04-2020 to 31-03-2021 was conducted by following persons under guidance of CA. Khurram Javed Partner, M/s G.K. Sureka & Co., (Chartered Accountants).

- i. Amar Kumar
- ii. Gautam kumar

### 2) Administration

The present body of the ULB has taken charge on 16-11-2017. The incumbency in the key administrative and executive positions was as under:

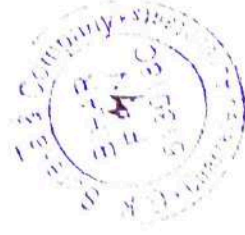
- i. Chairman : Smt. Bimla Sinha, from 11.03.2015 to till date,
- ii. Vice-Chairman : Sri Gajendra Rai, 11-03-2015 to till date.
- iii. Executive officer : Mr. Ajit Kumar sharma.



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 paras 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 paras where no action has been taken	No. & date of Compliance report
1.	AG Audit Report No. 673/2017-18	11	2 Para-7 Para-9	2 Para-6: Rs.170123/- Para-9: Rs.736000/-	1 Para-6 --	1,42,096 --	2 Para-7 Para-9	479/ 22.05.2018

> CAG audit paras has been complied by ULB Dumra, which are 01, 02, 03, 04, 05, 06 (Partially Complied), 08, 10, & 11 audit paras 07 & 09 which has not been complied by ULB.



3) Finance

I. Budgetary provisions and expenditure for the last three years

	FY 2018-19 (Budgeted Figure taken from Budget of FY 2018-19)	FY 2019-20 (Budgeted Figure taken from Budget of FY 2019-20)	FY 2020-21 (Budgeted Figure taken from Budget of FY 2020-21)
Final/Revised Budget	14,92,79,100	17,37,04,500	181,105,600.00
Actual Expenditure	3,93,24,327	5,27,62,496	31,756,124.90
Savings(+)/Excess(-)	10,99,54,773	12,09,42,004	149,349,475.10

II. Volume of transactions

Period	Budgeted FY 2020-21	Previous Year (For one year) FY 2019-20	Corresponding Period of Previous Year of FY 2018-19	Current Period of FY 2020-21	Cumulative for the current period FY 2020-21
Opening balance	47,497,250.00	4,74,97,250.00	6,47,05,284.00	5,03,99,270.00	5,03,99,270.00
Receipts	189,172,400.00	3,61,99,032.00	3,55,54,462.00	54,749,947.00	54,749,947.00
Total	236,669,650.00	8,36,96,282.00	10,02,59,746.00	105,149,217.00	105,149,217.00
Net expenditure	181,105,600.00	3,32,97,012.00	5,27,62,496.00	31,756,124.90	31,756,124.90
Closing balance	55,564,050.00	5,03,99,270.00	4,74,97,250.00	73,393,092.10	73,393,092.10



### III. Bankreconciliation

Details of Bank Accounts and their reconciliation position are as under:  
Bank Balance as on 31.03.2021

Sl.No	Bank Name	Account Number	Balance as per Pass Book as on 31.03.2021	Balance as per Cash Book as on 31.03.2021	Name of scheme	Reconciliation position
1.	BANK OF INDIA	443910110016382			HFA	BRS not Prepared by ULB.
2.	BANK OF INDIA	443910110015200			SBM	BRS not Prepared by ULB.
3.	TRESUARY	K844801002003	63430870.87		P/L ACCOUNT	BRS not Prepared by ULB.
4.	BANK OF IDIA	443910110016800	404470.65		REVENUE	BRS not Prepared by ULB.
5.	BANK OF INDIA	443910210000080	1628634.8		NULM	BRS not Prepared by ULB.
6.	BANK OF INDIA	443910110016921	1623738.42		P.F	BRS not Prepared by ULB.
<b>Closing Balance as per Pass Book as on 31.03.2021</b>			<b>63430870.87</b>	<b>73,393,092.10</b>		

Bank reconciliation statement has not been prepared by ULB for the audit period. Further, there is unidentified difference of Rs. 99,62,221.23 between pass book and Cash book as on 31<sup>st</sup>March, 2021.



### IV. Revenue & Capital Receipts

Income Details (Amounts to be provided in Rupees)									
S. No.	Details	Period of Audit 2018-19			Period of Audit 2019-20			Period of Audit 2020-21	
		2018-19	2017-18	2019-20	2018-19	2019-20	2020-21	2020-21	2019-20
	<b>Total Receipts (A+B)</b>	35554462.00	4,75,52,453	36199032.00	35554462.00	54,749,947.00	36199032.00		
<b>A</b>	<b>Revenue Receipts (1+2+3)</b>	5745709.00	1,18,74,607	13550705.00	5745709.00	2,617,219.00	13550705.00		
<b>1</b>	<b>Own Revenue Receipts (a+b)</b>	2105961.00	28,72,040	2750063.00	2105961.00	2,191,889.00	2750063.00		
a)	Tax Revenue (levied and collected by municipal body)	1967086.00	-	2480096.00	1967086.00	134,052.00	2480096.00		
i)	Property tax	1891086.00	25,48,220	2480096.00	1891086.00	134,052.00	2480096.00		
ii)	Other tax (levied and collected by municipal body)	76000.00	-	0.00	76000.00		0.00		
b)	Non-tax revenue (levied and collected by municipal body)	138875.00	1,74,750	269967.00	138875.00	2,057,837.00	269967.00		
i)	Fees & fines	3275.00	1,49,070	269967.00	3275.00		269967.00		
ii)	User Charges		-	0.00			0.00		
iii)	Other non-tax revenue (levied and collected by municipal body)	135600.00	-	0.00	135600.00	2,057,837.00	0.00		



2	Other Revenue Receipts	381476.00	6,11,140	35745.00	381476.00	425,330.00	35745.00
a)	Income from interest/investments	381476.00	5,04,552	1962.00	381476.00	425,330.00	1962.00
b)	Other Revenue income		1,06,588	33783.00		0.00	33783.00
3	<b>Transfers/Grants/Assigned Revenues</b>	<b>3258272.00</b>	<b>83,91,427</b>	<b>10764897.00</b>	<b>3258272.00</b>	<b>0.00</b>	<b>10764897.00</b>
a)	State Assigned Revenue	-	13,06,850	0.00	-	0.00	0.00
b)	State Finance Commission (SFC) Grants/Devolution	-	0.00	0.00	-	0.00	0.00
c)	Octroi compensation	-	0.00	0.00	-	0.00	0.00
d)	Other State Government Transfers	-	7084577.00	10764897.00	-	0.00	10764897.00
e)	Central Finance Commission (CFC) Grant	-	0.00	0.00	-	0.00	0.00
f)	Other Central Government Transfers	-	0.00	0.00	-	0.00	0.00
g)	Others	32,58,272.00	0.00	0.00	32,58,272.00	0.00	0.00
B	<b>Capital Receipts</b>	<b>29808753.00</b>	<b>35677846.00</b>	<b>22648327.00</b>	<b>29808753.00</b>	<b>5,21,32,728.00</b>	<b>22648327.00</b>
1	Sale of Municipal Land		0.00	0.00		0.00	0.00
2	Loans (from State Govt. or Banks etc.)		0.00	0.00		0.00	0.00
3	State Capital Account Grant (under State Schemes etc.)	15093734.00	28805306.00	22648327.00	15093734.00	44,049,368.00	22648327.00
4	Central Capital Account Grant (under Central Schemes etc.)	14320000.00	6872540.00	0.00	14320000.00	80,83,360.00	0.00
5	Other Capital Receipts	395019.00	0.00	0.00	395019.00	0.00	0.00



**V. Revenue and Capital Expenditure Information.**

Expenditure Details (Amounts to be provided in Rupees )									
S.No	Details	2018-19			2019-20			2020-21	
		2018-19	2017-18	2019-20	2018-19	2019-20	2020-21	2019-20	2020-21
	<b>Total Expenditure (1+2)</b>	52762496.00	39324327.00	33297012.00	52762496.00	33297012.00	31,756,124.90	33297012.00	33297012.00
1	<b>Revenue Expenditure</b>	14413336.00	22410591.00	9400411.00	14413336.00	9400411.00	21,778,674.90	9400411.00	9400411.00
1.1	<b>Administrative Expenses, Establishment and Salaries</b> (All Departments- Regular and Contractual Staff)	7336388.00	9152958.00	5097701.00	7336388.00	5097701.00	8,919,311.91	5097701.00	5097701.00
1.2	<b>Operation and Maintenance (O&amp;M)</b>	1335461.00	1082540.00	2239781.00	1335461.00	2239781.00	168.67	2239781.00	2239781.00
1.3	<b>Loan repayment (Interest payments)</b>		0.00	0.00		0.00			0.00
1.4	<b>Others</b> (any other revenue expenditure which is not salaries, O&M or Interest Payment)	5741487.00	12175093.00	2062929.00	5741487.00	2062929.00	12,859,194.32	2062929.00	2062929.00
2	<b>Capital Expenditure</b>	38349160.00	15494729.00	23896601.00	38349160.00	23896601.00	9,977,450.00	23896601.00	23896601.00
2.1	<b>All developmental works under Central/State specific schemes</b>	38349160.00	15393594.00	13383104.00	38349160.00	13383104.00	1,709,300.00	13383104.00	13383104.00
2.2	<b>Loan Repayments</b> (Principal Amount)	0.00	0.00	0.00	0.00	0.00			0.00
2.3	<b>Other Capital expenditure</b>	--	1520142.00	33297012.00	--	33297012.00	8,268,150.00	33297012.00	33297012.00



**VI. Status of implementation of Double Entry Accounting System:**  
*Comment on Fixed Assets Register, Opening Balance Sheet and Tally License and Installation in ULB Computer, Annual Financial Statement (AFS) and entry status and interval of accounting entry passed in tally etc.*

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.

KRA &Co. has started doing double entry accounting system.

Year wise Status of DEAS are as follows;

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

Interval of accounting entry passed in tally: Daily Basis  
Preparation of Fixed Asset Register: In Process.  
Opening Balance Sheet: Prepared.  
Annual Financial Statement: Not Prepared.

**VII. Status of Municipal Accounts Committee; if meeting is held:** Report on *Committee has been formed or not, if not mention the reason, Review and comments on compliance of decision taken in meeting of MAC ,comments of interval of meeting .*

- 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, **Municipal Accounts Committee has not been constituted** by the N.P.



#### 4. Summary Audit Observations

##### Part - A (Monetary Implications)

All Audit objections/irregularities which has monetary implications, particularly in following areas

- a. Leakage of own source revenue (tax and non tax) either due to wrong assessment or non-levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax, Trade License ,User Charges and fee etc. Internal Auditor will identify major areas of ULB's own revenue loss and auditor will access the loss and prepare a statement of loss.

##### 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;

- a) 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.

##### 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.



**b) Irregularities in Mobile Tower Collection**

**Criteria:**

Registration Fees per tower @ Rs. 30,000/- and annual renewal fees @ Rs.8,000/- 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 have 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.

**Consequence/Effect/Impact:**

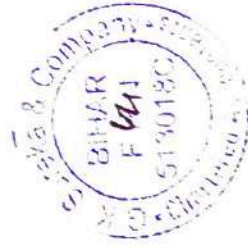
Due to no collection of TOWER Rent there is a huge revenue loss to the NagarPanchayat.

**Cause:**

This happens due to non-monitoring the working activities of concerned authorized 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.



**c) 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 Panchayat 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 Panchayat.

**Cause:**

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

**Corrective Action/ Recommendation:**

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

**d) Irregularities in Shop Rent Collection:**

The Nagar Panchayat has no any other shop in ownership.

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

- During our test check no irregularities observed.



**c. Report on findings of field survey and calculation of Property Tax of minimum 20 high value properties (irrespective of the fact that SAS is received or not) in each quarter. Deviation with municipal record should be reported with quantification of loss.**

Field survey of 20 high value properties has been conducted by us and our report thereon is:

SL. NO	NAME	FATHERS/HUSBAND NAMES	WARD NO	TYPE OF CONTRUCTION	TYPE OF USES	TYPE OF ROAD	CARPET AREA	ANNUAL VALUE	ANNUAL VALUE
1	INDU WALA	RAMAN KUMAR RAI	11	PCC	RESIDENTIAL	OTHERS	3936	34,092.00	3,068.00
2	RACHHI DEVI	MAHESH JHA	11	PCC	RESIDENTIAL	OTHERS	3424	26,325.00	2,369.00
3	CHANDRA DEV PANDEY	RAMRIJHAN PANDEY	11	PCC	RESIDENTIAL	OTHERS	5916	48,285.00	4,346.00
4	MURARI SARAN	LATE SAMBIHU SARAN	11	PCC	RESIDENTIAL	OTHERS	2945	27,837.00	2,505.00
5	RUPLAL SAH	LATE GULAM SAH	11	PCC	RESIDENTIAL	OTHERS	3570	35,736.00	3,036.00
6	MANDAL KARA BHAWAN		7	PCC	GOVERNMENT BUILDING				19,991.00
7	FANINDRA JHA	RAMANAND JHA	1	PCC	RES/COM	OTHERS	3148	28,332.00	2,550.00
8	JAYDEV JHA MUKESH KUMAR SRIVASTAV	VISHNATH JHA	1	PCC	COMMERCIAL	OTHERS	2276	20,484.00	1,844.00
9	CHANDRESWAR DEVI	RADHA RAMAN SRIVASTAV	1	PCC	RES/COM	OTHERS	2083	23,922.00	2,153.00
10	SANJAY KUMAR	CHANDESWAR PRASAD	1	PCC	RESIDENTIAL	OTHERS	3962	40,900.00	3,680.00
11	NILU DEVI	UPENDRA PRASAD YADAV	9	PCC	RES/COM	MAIN ROAD	4000	75,825.00	6,824.00
12	RAMBABU RAI	LATE AJAY YADAV	9	PCC	COMMERCIAL	MAIN ROAD	2628	76,824.00	6,914.00
13	VASHIST RAY	LATE LAXMAN RAI	9	PCC	RES/COM	MAIN ROAD	3488	58,257.00	5,243.00
14	VINAY RAY		9	PCC	RESIDENTIAL	MAIN ROAD	3828	36,180.00	3,256.00
15	SITA DEVI	RHAGWAN SAH	9	PCC	RESIDENTIAL	MAIN ROAD	3220	33,408.00	3,007.00
16	KRISHANKANTI SHERMA	BHAGVIR SHARMA	10	PCC	RESIDENTIAL	OTHERS	4074	31,081.00	2,797.00
17	SANTOSH KUMAR	SHASHI KUMAR RAY	10	PCC	RESIDENTIAL	OTHERS	3181	26,677.00	2,401.00
18	MUNDRIKA PRASAD	JAGANNATH PRASAD	10	PCC	RESIDENTIAL	OTHERS	4326	27,252.00	2,453.00
19	MADHURI DEVI	YOJENDRA PRASAD SINGH	10	PCC	RESIDENTIAL	OTHERS	4346	41,067.00	3,696.00
20			10	PCC	RESIDENTIAL	OTHERS	3696	27,759.00	2,498.00



d. **Auditor should Report in a separate chapter on implementation of Self-Assessment System (SAS) of Property Tax in the ULB;**

**Audit Objective:** To which Audit Engagement objective does this observation relate?

- Wherever self-assessment of taxes is prevalent, income shall be accrued based on records available with the Municipality when it becomes due as per the provisions of the Act. Further, changes arising out of self-assessment will be treated as 'Change in Demand' and will be accounted accordingly.

**Criteria:** What should exist? The rules/ regulations/ procedures/ expectations are the basis against which Audit evidence is compared.

- As per Section-127 (3). Power to Levy Taxes.- The levy, assessment and collection of taxes under this Act shall be in accordance with the provisions of this Act and the Rules and the regulations made thereunder,

Provided that any person may make self-assessment and make payment of any levy or tax under this Act and rules and regulations made thereunder;

Provided further that if any discrepancy or under-assessment is found in such self-assessment, such person shall be liable for payment of differential amount and a fine of not less than fifty percent and upto 100% of such differential amount.

**Condition:** What exists? The condition identifies the nature and extent of deviation from the criteria i.e. deviation from what should exist. This should be supported by factual evidence. A statement of condition would be formed on the basis of Auditor's comparison of actual evidence against the appropriate criteria.

- Nagar Pancayat is in practice to collect the tax revenue as per self-assessment system of property tax (SAS). Further, to verify the accuracy of amount deposited by tax depositors and to find the amount of differential tax revenue there is no demand registers has been maintained.

**Consequence/Effect/Impact:** What effect did it have? The effect establishes the actual or potential impact of the condition and can be both quantitative and qualitative. It is the likely effect/impact which would determine the significance of the condition.

- The effect of this could either lead to increase or decrease in demand.

**Cause:** Why did it happen? The possible or likely reason for the difference between the expected and actual condition.

- This happened due to non-maintenance of tax demand register.

**Corrective Action/Recommendation:** What should be done? The actions suggested or required to correct the situation and prevent future occurrences.

- To implement the self-assessment system of property tax there should must be proper maintenance of demand register.



### Part-B (Non-Monetary Implication)

All Audit objections/ irregularities 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. 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.	Demand and Collection Register	Not Maintained
4.	Assessment Register	Not Maintained

#### **Recommendation:**

We recommend to the Nagar Panchayat to Prepare and update the required books and registers.

#### b. Irregularity in procurement process. Internal Auditor will report on each payment, the payment terms & conditions of tenders and rate offers are according to procurement law and policies.

➤ 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.

#### **Recommendation:**

We recommend to the Nagar Panchayat to comply with all directives issued by concerned authorities of UD & HD, GOB.

#### 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

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.***

**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 N.P. Quantification of loss is not possible at this point of time.
- 6) Advertisement Tax is not being levied by the N.P as a result there is a loss to the N.P 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 because no any advance given to any other during the audit period.
- 10) There is lack of internal control on deduction and deposit of various taxes. On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.

**Recommendation:**

We recommend to the Nagar Panchayat to comply with the accrual system of accounting using double entry system.

**f. Non-compliance of TDS, VAT, GST 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 period of 01-04-2020 to 31-03-2021 has not been deposited in full.

➤ **Recommendation:**

We recommend to the Nagar Panchayat to comply with all statutory deduction collection and deposit to concerned government department.

**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.

**Recommendation:**

We recommend to the Nagar Panchayat to comply with all provision of payroll system.

**h. Utilisation of Grant and report on missing Utilisation Certificates**

- Utilization certificates details submitted to UDHD is given below.

SNo	Scheme	Letter No/Date	Amount	UC Submitted	UC Pending
1.	EO Salary	26/26-06-2019	120000	0	120000
2.	14 <sup>th</sup> Finance	38/11-07-2019	1281947	0	1281947
3.	Karyapalak Salary	42/12-07-2019	219520	0	219520
4.	5 <sup>th</sup> Finance	53/13-08-2019	2977107	0	2977107
5.	5 <sup>th</sup> Finance	57/13-08-2019	2876439	0	2876439
6.	EO Salary	76/13-09-2019	240000	0	240000
7.	Ward Parsad Salary	82/20-09-2019	240000	0	240000
8.	14 <sup>th</sup> Finance	128/27-11-2019	2181947	0	2181947
9.	Mukhaya Mantri Andarsh Nokay Protasan Yojna	63/06-01-2020	9000000	0	9000000
10.	Path Puliya Nirman	172/10-01-2020	2213450	0	2213450
11.	Karyapalak Salary	31/25-04-2020	600000	0	600000
12.	15 <sup>th</sup> Finance	50/26-05-2020	4004480	0	4004480
13.	15 <sup>th</sup> Finance	26/05-05-2020	4004479	0	4004479
14.	5 <sup>th</sup> Finance	36/13-05-2020	1849861	0	184961

**Recommendation:**

We recommend to the Nagar Panchayat to if there is need to help in preparation of Utilization Certificate they have to take help from internal auditor.

**i. Physical verification of inventory/stores**



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

**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 is not given to employees hence the advance register is not maintained.

**k. Comment on management of Fixed and other Assets**

- We were not provided with the Fixed Assets Register for the FY 2020-21 for verification.

**l. Report on compliance of financial guidelines of schemes of MOHUA and UD & HD, GoB**

- Separate details of schemes of MOHUA (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.

**m. Any other matters as may be prescribed in due course.**

- Staff strength of accounts department needs to be increased.

**Recommendation:**

We recommend to the Nagar Panchayat to employ new staff due to scarcity in staff strength specially in own source collection.

**Part-C (Other)**

a) Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.	➤ No irregularities observed on test check basis.
b) 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.
c) Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to	<b><u>Instances of losses, failures or inefficiencies</u></b>



<p>avoid their recurrence in future.</p>	<ul style="list-style-type: none"> <li>➤ 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 Panchayat.</li> <li>➤ Tower tax (Registration and Renewal Fees) is not being collected on timely Nagar Panchayat is not collecting any advertisement tax.</li> </ul> <p><b>Recommendations and/or measures which can be taken to avoid their recurrence in future.</b></p> <ul style="list-style-type: none"> <li>➤ Proper monitoring of all transactions and implementation of Bihar Municipal Accounting Manual by authorised persons are recommended.</li> </ul>
<p>d) 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.</p>	<ul style="list-style-type: none"> <li>➤ We observed during our audit that ULB is appropriate in depositing tax deducted by them on timely basis specially GST and TDS including return filing according to the rule.</li> </ul>
<p>e) Internal Auditor will ensure that all the C&amp;AG audit &amp; 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.</p>	<p>Compliances of C&amp;AG Audit are pending and Internal audit Report not provided to us.</p>
<p>f) Any Other-Auditor should report the deficiencies noticed during their audit and recommend ULB management to improve internal control systems.</p>	<ul style="list-style-type: none"> <li>➤ Manpower crisis in NP, we recommended for the appointment of manpower with adequate quality especially in tax collection department.</li> </ul>



*Each Audit Observation under Part-A, B and C should be in brief (maximum 100 words) and supporting evidence or list or statement should be attached as annexure with reference. In addition, observations should be structured as described below.*

**Audit Objective:** *To which Audit Engagement objective does this observation relate?*

**Criteria:** *What should exist? The rules/ regulations/ procedures/ expectations are the basis against which Audit evidence is compared.*

**Condition:** *What exists? The condition identifies the nature and extent of deviation from the criteria i.e. deviation from what should exist. This should be supported by factual evidence. A statement of condition would be formed on the basis of Auditor's comparison of actual evidence against the appropriate criteria.*

**Consequence/Effect/Impact:** *What effect did it have? The effect establishes the actual or potential impact of the condition and can be both quantitative and qualitative. It is the likely effect/impact which would determine the significance of the condition.*

**Cause:** *Why did it happen? The possible or likely reason for the difference between the expected and actual condition.*

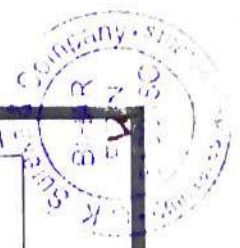
**Corrective Action/Recommendation:** *What should be done? The actions suggested or required to correct the situation and prevent future occurrences.*

*Wherever possible, the audit findings should be accompanied by graphs and charts to improve the visibility of the analysis and findings. Photographs could also be used as corroborative evidence.*



#### 4. Detail Audit Observations

RISK ASSESSMENT							
Nagar Panchayat Dumra							
Sr. No.	Observations	Risk Rating	Design Gap	System Gap	Operating Gap	Mgt. Comment	Auditor Recommendation
<b>DEMAND GENERATION:</b>							
1.	Loss of Revenue due to under Assessment/wrong Generation Of demand.	HIGH	No	Yes	Yes	There is scarcity of manpower in the ULB; however we will comply in the near future.	Demand/ Assessment register should be appropriately maintainedward wise with all required details with previous dues assessmentyear wise before preparation of BUDGET of ULB.
2.	Collusion with Citizen regarding Assessment.	MEDIUM	No	Yes	Yes	We are trying our best to comply the same in near future.	Management should hire Independent Person or Organization for assessment of properties.



3.	Non-Updating Various Registerlike hand book, DCB register, Assessment registered.	MEDIUM	No	No	Yes	It will be taken care infuture.	Hand Book & DCB register are not up to date. Assessment Register has not been maintained.
4.	Others	-	-	-	-	-	-
<b>RECEIPTS AND BANKING:</b>							
1.	Error in collections, loss of receipts and perpetrated frauds	HIGH	Yes	Yes	Yes	It will be taken care infuture.	Management should ensure implementation of the system to serve notice to the property holders who are not depositing the holding tax. Further, management should ensure that the amount which is collected has to be deposited as per prescribed norms.
2.	Non-updating various register like hand book, DCB register, cash book, etc.	MEDIUM	No	No	Yes	It will be taken care infuture.	Hand Book & DCB register are not up to date. It should be updated on daily basis.
3.	Collusion with the citizen and the ULBs staff to make wrong assessments of income	HIGH	No	No	No	There is scarcity of manpower in the ULB; however we will comply in the near future.	Management should segregate the work regarding collection, demand initiation, notice serving, balancing of demand and collection register,





5.	Perpetrated fraud (Like payment more than one time to same contractor)	HIGH	No	No	No	-	No Such cases found.
6.	Non-updating various register like store register, issue register, bill register with payment fig., advance register, etc.	MEDIUM	Yes	Yes	Yes	It will be taken care in future.	These registers are not maintained. Only payment files are maintained. Registers should be maintained as quickly as possible.
7.	Others	-	-	-	-	-	-

**GRANT AND LOANS AND UTILISATION THEREOF:**

1.	Non utilization of grant or grant unspent.	MEDIUM	No	No	No	It will be complied as quickly as possible.	The unspent grant should be refunded to the department which has not been utilized yet.
2.	Not furnishing of UC	HIGH	No	No	Yes	We are giving special attention on it. It will be furnished as quickly as possible.	UC should be furnished within the timeline prescribed by the department.
3.	Non fulfillment of condition part Therefo	MEDIUM	No	No	No	-	-
4.	Perpetrated fraud (Like payment more than one time same contractor)	HIGH	No	No	No	-	-
5.	Non-updating various register like grant register, work register, bill register with payment fig., advance register, etc.	MEDIUM	Yes	Yes	Yes	It will be taken care in future.	Only Contractor files are maintained. Registers should be maintained as





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

## List of Important Registers

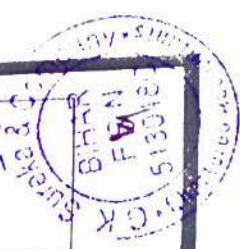
Name of the ULB	Nagar Panchayat Dumra
RISK RATING:	MEDIUM
CAG OBSERVATIONS STATUS	NOT AVAILABLE
PERIOD:	01/41/2020 to 31/03/2021



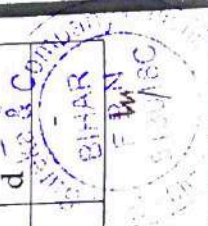
Sl. No.	Particulars	Audit Observation	Associates Risk	MGT. Comment	Status (Resolved or not)
1.	Cash Book	General Cash Book & Subsidiary Cash Book has been maintained by the ULB but entry made in cash book was not on real time basis. Ledger is being prepared by DEAS team in tally not by ULB.	Due to non-updation of cash book on real time basis there may be chance of making back dated entry. This may leads to fraud & defalcation. Due to this segregation of head wise balance is difficult. It becomes difficult to prepare appropriate financial statement.	There is scarcity of manpower in the ULB; however we will comply in the near future. It will be taken care in future.	Not Resolved Resolved
2.	Ledger				Not Resolved
3.	Journal	Journal Register has not been maintained.	Due to this amount receivable & payable is not ascertainable. Advances have been accounted as income & expenditure.	It will be taken care in future.	Not Resolved
4.	Register for Journal/Magazines/Newspapers	Not-Maintained	This may leads to misplacement of Journal, Magazines & Newspapers.	It will be taken care in future.	Not Resolved
5.	Register for Temporary Advances	Not-Maintained	It may leads to fraud & Defalcation.	It will be taken care in future.	Not Resolved
6.	Register of Money Orders/Bank Draft Received	Not Maintained	It may leads to dishonor of DD received or misplace of DD.	It will be maintained from next financial year.	Not Resolved



7.	Cheque Issue Register	Maintained	It may lead to dual payment and further create difficulty to prepare BRS. It may also lead to dual payment and further create difficulty to prepare BRS.	It will be maintained from next financial year or as earlier possible.	Not Resolved
8.	Register of Remittances made into bank	Not Maintained		It will be maintained from next financial year or as earlier possible.	Not Resolved
9.	Bank Passbook	Maintained			-
10.	Register of Bank drafts dispatched	Not Maintained	It may lead to dishonor of DD received and further create difficulty to prepare BRS.	It will be maintained from next financial year.	Not Resolved
11.	Bill Register	Not-Maintained separately, bills are attached in their respective files only.	It may lead to fraud & Defalcation.	It will be taken care in future.	Not Resolved
12.	Establishment Register	Maintained			-
13.	Stock Register	Not-Maintained	It may lead to mis-utilisation of Stock items.	It will be taken care in future.	Not Resolved
14.	Capital Goods/Consumable articles, non-consumable articles and	Not-Maintained	It may lead to misplacement of Capital Goods/Consumable articles & non-consumable article.	It will be taken care in future.	Not Resolved
15.	Statutory Deduction Register	Not-Maintained in register only prepared in excel sheet	It may lead to statutory irregularities. Delay in	It will be taken care in future.	Not Resolved

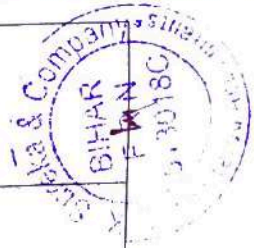


		head wise but not authorised.	deposit of deducted amount further leads to interest @ 1.5% per month. Further, filling of return may be affected.		
16.	Fixed Assets Register	Not-Maintained	It may lead to delay in preparation and submission of UC. It may also affect the utilization of fund.	Being prepared by DEAS team but in process.	Not Resolved
17.	Grant Register	Not-Maintained	Due to this segregation of head wise balance is difficult.	It will be taken care in future.	Not Resolved
18.	Scheme Register	Maintained	It may lead to fraud & Defalcation.	-	-
19.	Monthly accounts of Receipts/Payments	Not-Maintained	It may leads to misplacement of files.	Being Prepared by DEAS team.	Not Resolved
20.	Temporary Advances Register for Staff, Customers/supplier/VE and TA/DA Advance	Not-Maintained	-	It will be taken care in future.	Not Resolved
21.	Dispatch Register	Maintained	-	-	-
22.	File Register	Not-Maintained	It may leads to misplacement of files.	It will be taken care in future.	Not Resolved
23.	Any other (Name of the register)	-	-	-	Not Resolved



## Cash and Bank

Nagar Panchayat Dumra						
MEDIUM						
NOT AVAILABLE						
PERIOD: 01/41/2020 to 31/03/2021						
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved/or not)
1.	Check whether there is no any undue delay in presentation of cheque/DD received, to bank,	No Such cases Found.	-	-	-	-
2.	Whether cheque/ draft issue/ receipt/ dishonored register have been maintained as per prescribed form (As Per BMAM) & entry are made on properly, accurately & timely basis.	No such registers are maintained.	-	It may lead to dual payment and further create difficulty to prepare BRS.	It will be taken care in future.	Not Resolved
3.	Whether banking transactions (receipts & Payments) are matched with cash book, Cheque issue register, collection register, etc., Verify the same with Bank statement & BRS,	BRS has not been provided to us to verify further cheque issue and collection register is not maintained.	-	It may lead to dual payment and further create difficulty to prepare BRS.	It will be taken care in future.	Not Resolved



4. Whether cheque issue register are matched with	Cheque issue register not maintained.	-	It may lead to dual payment and further create difficulty to prepare BRS.	It will be taken care in future.	Not Resolved
5. Whether proper steps has been taken for dishonored cheque, it was realized in cash or not,	No such cases found.	-	-	-	-
6. Whether Bank Reconciliation has been made for each account, verify the status of BRS, (attached BRS as annexure)	Not Prepared.	-	It may lead to mis-appropriation of fund.	It will be taken care in future.	Not Resolved
7. Check whether no any fraud payment or payment to other person has been made,	No such cases found.	-	-	-	-
8. Whether bank statement for all account have been promptly received from bank.	Yes	-	-	-	-
9. Number of Bank account maintained	11	-	-	-	-
10. Original copy of cancelled receipt is attached with duplicate copy with "CANCELLED" marked on it.	No such cases found.	-	-	-	-
11. Liability for stale cheques account review is done and necessary reversal entries are passed	No such cases found.	-	-	-	-
12. Any other	-	-	-	-	-

## Public Works

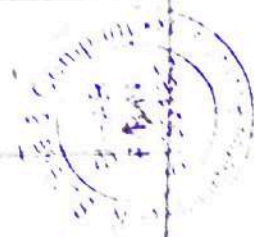
Nagar Panchayat Dumra

MEDIUM

NOT AVAILABLE

PERIOD: 01/41/2020 to 31/03/2021

Sl. No.	Particulars	Audit Observation	Amount involved	Associates Risk	M.C.T. Comment	Status (Resolve d/or not)
1.	Whether bill has been prepared as per actual measurement & page no. of the MB in which detailed measurement have been quoted has mentioned in first page of MB,	Yes	-	-	-	-
2.	Whether bill has been signed by proper in charge,	Yes	-	-	-	-
3.	Whether the bill has been checked by the accountant with the MB (also compare the qty.), estimate, agreement, previous bill (in case of running agreement)	Yes	-	-	-	-
4.	Verify whether any payment made for removing /dismantling material which have scrap value must be indicated in the bill,	No such cases found.	-	-	-	-



5.	Whether measuring has done by the engineer concerned,	Yes	-	-	-	-
6.	Whether expenditure on construction of work was debited to WIP & verified with MB maintained,	Yes	-	-	-	-
7.	Whether master roll (machine numbered & authorized) has been maintained for details of store, specifying: Date of issue, Name of subordinate, Name of work, Number of labour, Period of engagement, Details of payment (date, Amount, Cheque no, etc.)	Not Maintained	-	-	It may leads to fraud & Defalcation.	It will be prepared in future.
		No	-	-	-	Not Resolved
		No	-	-	-	Not Resolved
		No	-	-	-	Not Resolved
		No	-	-	-	Not Resolved
		No	-	-	-	Not Resolved
		No	-	-	-	Not Resolved
		No	-	-	-	Not Resolved
8.	Whether the same has been periodically verified.	No	-	-	-	Not Resolved
9.	Whether payment are as per defined approval level sanctioned u/s 75 of BMA, 2007,	Yes	-	-	-	Not Resolved



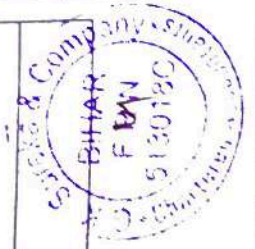
## Cash Book

Nagar Panchayat Dumra						
MEDIUM						
NOT AVAILABLE						
PERIOD: 01/41/2020 to 31/03/2021						
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Whether Opening Balance & Closing Balance was worked out or not,	General Cash Book & Subsidiary Cash Book has been maintained by the ULB but entry made in cash book was not on real time basis.	-	Due to non-closing of cash book on real time basis there may be chance of making back dated entry. This may leads to fraud & defalcation.	There is scarcity of manpower in the ULB; however we will comply in the near future.	Not Resolved
2.	Whether posting of receipt & payment side of cash book are properly maintained & it was matched with proper evidence like Receipt Voucher, Cheque issue Register, Bank Statement, etc.,	Posting of receipt & payment side of cash book are properly maintained but we are unable to match with Cheque issue Register as it is not being maintained by the ULB.	-	It may lead to dual recording of receipts & payment and further difficulty to prepare BRS.	It will be taken care in future.	Not Resolved



3.	Whether posting in on daily basis,	No	-	Some entries may be forgotten.	It will be taken care in future.	Not Resolved
4.	Whether there is any clerical error (casting or/and posting error, etc.) or not,	Yes	-	It may leads to over & under stating of income, expenditure, opening and closing balance.	It will be taken care in future.	Not Resolved
5.	Whether any delay in deposit of amount of collection by cashier,	In most of the cases any amount collected is deposited about a week delay.	-	It leads to interest revenue loss to the ULB.	It will be taken care in future.	Not Resolved
6.	conduct physical verification of cash and report heavy cash balance if any	No	Not Resolved	Not Resolved	Not Resolved	Not Resolved
7.	Any Other	No	-	-	-	-

<b>Collection</b>	
Name of the ULB	Nagar Panchayat Dumra
RISK RATING:	MEDIUM
Name of Tax Collector	
	PERIOD: 01/41/2020 to 31/03/2021



Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Whether collection procedure are as per guidelines/direction of ULB,	Yes	-	-	-	-
2.	Whether collections are made on the basis of Demand & Collection Register,	Demand & Collection register has not been maintained.	-	It may leads revenue loss to the ULB.	It will be prepared in future.	Not Resolved
3.	Whether collection are made in the same receipt Vouchers which has been issued/authorized by ULB /state government & it should be clearer mentioned of different head & not any alteration, & the carbon copy of receipt vouchers are properly vouched so that no any variation in posting the same,	Yes	-	-	-	-
4.	Whether collections are bifurcated in different heads as required,	Yes	-	-	-	-
5.	Whether a separate bank account has been maintained for each circle, (for PMC only)	-	-	-	-	-
6.	Whether all collections are made in proper "Receipt Voucher Book" having same serial number which was actually issued to TC,	Yes	-	-	-	-
7.	Whether all collections made during the day are account for & banked on next working day or there is	In most of the cases any amount collected is deposited about a	-	It leads to interest revenue loss to the ULB.	It will be taken care in future.	Not Resolved

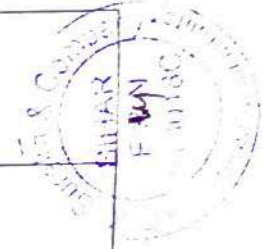
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any teaming & lading	week delay					
8. Whether no any collection are directly expended without prior approval,	No such cases found.	-	-	-	-	-
9. Whether collections are made by all the holding fall under the same TC or Civics Centre,	No, Collections were not made by all the holding.	-	It will affect municipality fund.	-	It will be taken care in future.	Not Resolved
10. Whether government share of collections (like Education cess & health cess) are properly & timely deposited in its own account, (if applicable)	No Such cases found.	-	-	-	-	-
11. Whether there is any short/non collection or short deposit or not deposit,	No Such cases found.	-	-	-	-	-
12. Whether penalty (@2% P.M/ 1.5%) has been duly charged on latepayment,	Yes	-	-	-	-	-
13. Whether daily collections are entered into hand book, collection register maintained by TC & it should be properly entered in demand & collection register,	Daily Collection register has Not been Maintained.	-	It leads to interest revenue loss to the ULB	-	It will be taken care in future.	Not Resolved
14. Whether collection by way of cheque are properly banked & credited into account,	Yes	-	-	-	-	-

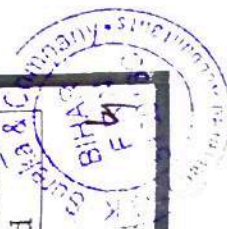


15.	Whether any refund/remission granted are admissible under the law and that have been duly sanctioned,	No Such cases found.	-	-	-
16.	Whether any immediate steps has been taken or not for cheque dishonored received,	No Such cases found.	-	-	-
17.	Whether reversal of payment has been made for any dishonored cheque.	No Such cases found.	-	-	-

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



2.	Whether determination of demand is on manual or computerized way, & it would be as per updated rules, regulation, guidelines & other required details for proper calculation,	ULB is not being in practice to raise the demand. No proper details are recorded in the manual register.	-	It may leads to revenue loss to the ULB.	It will be taken care in future.	Not Resolved
3.	Whether data for calculation is correct & properly verified by appropriate authority/ Internal Auditor by way of physical survey,	No verification is being conducted by appropriate authority however we have done physical survey of 20 high value properties and no variance found.	-	-	-	-
4.	Whether revision of valuation of holding properly made after specified period	No, revision of valuation of holding is being not made after specified period.	-	It may leads to revenue losses.	It will be taken care in future.	Not Resolved
5.	Whether any refund/remission granted are admissible under the law and that have been duly sanctioned,	No Such cases found.	-	-	-	-
6.	Ensure whether there is any clerical error in calculation,	No Such cases found.	-	-	-	-
7.	Whether demand register in prescribed format is maintained or not,	Demand Register Not Maintained	-	It may leads to revenue loss to the ULB.	It will be taken care in future.	Not Resolved



8.	Whether persons involve incalculation/ collection have knowledge of their responsibility, Whether there is proper distribution of responsibility for calculation, recovery & updation of register for demand, so that no single person have control on two or process at the same time,	Yes	-	-	-	-
9.	Whether there is appropriate measures( As Per section 155 & 158 of BMA, 2007) are adopted for recovery of Government/biddues,	Due to lack of Manpower all these work has been controlled shandedly.	-	It may leads to fraud & Defalcation.	Need more skilled employees.	Not Resolved
10.	Whether there is any under/no assessment,	No	-	-	-	-
11.	Whether notice for demand has been made in prescribed format (As Per BMAR) & as per rules & regulations,	No measures have been taken for recovery of Government Dues.	-	It may leads to revenue losses,	It will be taken care in future.	Not Resolved
12.	Whether penalty(2% P.M/ 1.5%) has been charged on late payment,	No notices of demand are being served.	-	It may leads to revenue losses,	It will be taken care in future.	Not Resolved
13.	Whether Demand, Collection & Balance Register has been prepared on daily basis for all receipts or not, & it would be authorized by proper authority or not,	Yes	-	-	-	-
14.		Not Maintained in prescribed format & also not updated.	-	It may leads to revenue losses,	It will be taken care in future.	Not Resolved

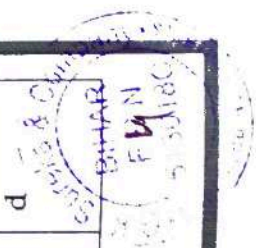
15.	Whether there are adequate safeguard on data has been operated or not,	No	-	-	-	-
16.	Whether self-assessment property tax return for payment of property tax has been filed by the assesses in the prescribed format,	Yes	-	-	-	-
17.	Whether there is any collusion with customer/holding w.r.t., assessment, payment, etc.	No Such cases found.	-	-	-	-
18.	Any Other	No	-	-	-	-

## Establishment

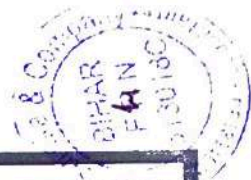
Nagar Panchayat Dumra						
MEDIUM						
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Whether establishment expenditure is sanctioned by authorized person & it has been within sanctioned limit,	Yes	-	-	-	-



2.	Whether service log book has been maintained & up to date or not,	Not Maintained	-	It may leads to over/less payments.	It will be taken care in future.	Not Resolved
3.	Audit whether apart from comparing the pay & allowance drawn by each employee in the payroll with the corresponding entries in the pay column of the service book and checking the acquaints roll of employee who have been paid in cash,	Service book not prepared.	-	It may leads to over/less payments.	It will be taken care in future.	Not Resolved
4.	Whether each employee has unique identification number & it has be referred in all matter in relation to service book Whether payment made to employee has been verified with attendanceregister/logbook,	Yes	-	-	-	-
5.	Whether service book for calculation of payable has been authorized by the proper person,	Service Book not maintained.	-	It may leads to over/less payments.	It will be taken care in future.	Not Resolved
6.	Whether account depart has prepared the advice & instructed the bank for the payment as per advice,	Yes	-	-	-	-
7.	Whether undistributed amount of pay & allowance as shown in cash book matched with balance of undistributed salary balance,	Undistributed salary amount not maintained in cashbook.	-	It may leads to over/less payments.	It will be taken care in future.	Not Resolved



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



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

27.	Training of employees (including Skill development Levy)	No Such cases found.	-	-	-	-
28.	Leave Register - To check whether a leave register is maintained as per types of leave as medical Leave/CL/EL/maternity/paternity leave.	Not Maintained	-	It may lead to over/less payments.	It will be taken care in future.	Not Resolved

## Grant

Nagar Panchayat Dumra						
RISK RATING:						
MEDIUM						
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Maintenance/Update register regarding details of funds received and expenditure.	Yes	-	-	-	-
2.	Any diversion/re-appropriation of funds not covered under the provision of BMA, 2007 should be pointed out for remedial action.	No Such cases found.	-	-	-	-
3.	To check whether utilization certificate is for actual utilization of funds received.	Yes	-	-	-	-



4.	It should also be checked that utilization certificate is issued as prescribed time frame given in the Manual and issue of UCs is not delayed.	We have found some cases where UCs is not prepared on time. However we have guided to prepare it.	-	It may leads to mis-utilization of fund.	With the guidance of internal auditor, we have started preparing UC's. It will be submitted to department very soon.	In Process
5.	Internal Auditor should also check whether expenditure incurred on each activity does not exceed the budget.	No Such cases found.	-	-	-	-

## Payment of bills of contractors

Nagar Panchayat Dumra

MEDIUM

Sl. No.	Particulars	Audit Observation	Amount involved	Associates Risk	MGT. Comment	Status (Resolved/ or not)
1.	Original bill duly signed by contractors is submitted.	Yes	-	-	-	-
2.	Contractor has put his initials in allcuttings and corrections in the bill.	No Such cases found.	-	-	-	-
3.	All Supporting documents are attached with the bills.	Yes	-	-	-	-



4.	The rates, security deposit, and deductions are as per terms and conditions specified in the agreement	Yes	-	-	-	-
5.	The variations in quantities and completion period etc. have been authorized by the competent authority	Yes	-	-	-	-
6.	Job completion certificate has been processed by the dealing assistant.	Yes	-	-	-	-
7.	Bills passed for payment are as per rules & T & C of Tender.	Yes	-	-	-	-
8.	All terms and conditions of the contract are fulfilled before passing the bills.	Yes	-	-	-	-
9.	Every final bill is checked in detail with measurement books.	Yes	-	-	-	-
10.	Cash/Bank Vouchers to be checked for authorization etc.	Yes	-	-	-	-
11.	Overall review of the books of accounts.	Yes	-	-	-	-
12.	Position of outstanding advances paid to suppliers/contractors.	No Such cases found.	-	-	-	-



# Receipt Voucher

Nagar Panchayat Dumra

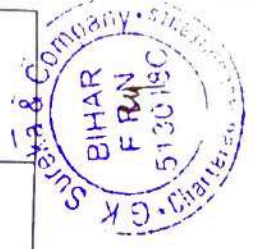
MEDIUM

PERIOD: 01/41/2020 to 31/03/2021

Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Whether "Receipt Vouchers" are in the prescribed format & having machined serial number & there is no any manuscript form, Check;	Yes	-	-	-	-
2.			-	-	-	-
3.	What is the date of printing,	Checked	-	-	-	-
4.	What quantity of serial number was printed out,	Checked	-	-	-	-
5.	What is the date of dispatched, quantity of receipt vouchers & their serial number;	Checked	-	-	-	-



	Checked				
6.		Log book/ Register maintained at printing press regarding printing of "Receipt Vouchers".			
7.	Yes	Verify that "Receipt Vouchers" received & their storing, having same quantity & serial numbered which was actually dispatched & proper recording of the same along with issue,			
8.	Yes	Verify Log book/ Register maintained at every collection center & cash counter with regard to receipt & return quantity & serial number,			
9.	Yes	Verify the log book/ Register of 'Receipt Vouchers' & cross verified the allotments to TC (LogBook) with their date of issue, serial number, name of TC & their circle			
10.	Yes	Check whether TC have same "Receipt Voucher" which was actually issued by store & it must be authorized by the appropriate authority,			





11.	Check that there should be proper recording at each stage (where authority has been changed) of logbook/ register for issue/receipt of "Receipt Vouchers",	No Such cases found.	-	-	-	-
12.	Confirm that all unused "Receipt Vouchers" are under the custody of authorized person,	Yes	-	-	-	-
13.	Verify that any cancelled vouchers have in both original & carbon copy,	Yes	-	-	-	-
14.	Verify whether reversible carbon has been used during receipt.	Yes	-	-	-	-

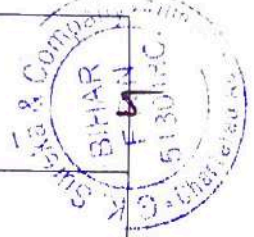
**Other Revenue:**

1.	Advertisement Tax	No System Developed for collection of advertisement tax.	-	It will affect municipal fund.	System will be developed very soon.	Not Resolved
2.	Tower Tax	No amount is collected as Tower Tax in this financial year and no steps have been taken for recovery of dues.	-	It will affect municipal fund.	Notice will be send to concerned tower operator.	In Process
3.	Professional Tax	No professional tax collected.	-	-	-	-
4.	Assigned Revenue (As details annexed)	No Such cases found.	-	-	-	-
5.	Rental Charges (As details annexed)	No any municipal properties given on rent during this period.	-	It will affect municipal fund.	System will be developed very soon.	Not Resolved

6.	Fee & uses Charges (As details annexed)	Collected.	-	-	-	-
7.	Other Revenue Items	-	-	-	-	-

## Revenue Expenses

Nagar Panchayat Dumra						
RISK RATING: MEDIUM						
PERIOD: 01/41/2020 to 31/03/2021						
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved / or not)
1.	Whether payment is on the basis of Sanction / work order letter & incurred by authorized person.	Yes	-	-	-	-
2.	Whether payment is made through prescribed format.	Yes	-	-	-	-
3.	Whether payment is made without any undue delay or whether any cheque issued are promptly issued to the respective person.	Yes	-	-	-	-
4.	Whether there is bifurcation of responsibility towards person making payment & person preparing MB, receipt of goods, maintenance of payment file, etc.	Yes	-	-	-	-



5.	Whether updation of accounts/books are on proper & timely basis,	Yes	-	-	-	-
6.	Whether authorized person verify & sign the document involve,	Yes	-	-	-	-
7.	Whether data base for the same has been properly maintained & safeguard measures are taken,	No database has been maintained by the ULB.	-	Important information may be lost or stolen.	We will take necessary step to implement the DBMS is near future.	Not Resolved.
8.	Whether exact amount (no any over payment) are paid and verified by supporting document, & no any collusion with party,	Yes	-	-	-	-
9.	Whether register for settlement of service bill has been maintained and up to date,	Yes	-	-	-	-
10.	Whether payment made to the same to whom it might be payable and no any second claim in this regard,	Yes	-	-	-	-
11.	Whether payment has been made after deducting statutory dues or advances,	Yes	-	-	-	-
12.	Whether the expenditure are made with a period & amount as sanctioned,	Yes	-	-	-	-



13.	Whether there is undue rush of expenditure at the end of financial year,	No	-	-	-	-
14.	Whether payment has to be made after confirmation from store,	Yes	-	-	-	-
15.	Whether payment for repairs, etc., has to be made on the basis of logbook maintained,	No Such cases found.	-	-	-	-
16.	Whether payment are as per defined approval level sanctioned/s 75 of BMA, 2007,	Yes	-	-	-	-
17.	Confirm whether goods/assets received/accepted on or before 31 <sup>st</sup> March, where the bill is received after that date have been accounted for (either on the basis of purchase order, tender rate or as per bill),	No Such cases found.	-	-	-	-
18.	Whether no any withdrawal is made unless supported by last pay-in-slip, except in case of new appointment,	No Such cases found.	-	-	-	-
19.	Whether all statutory deduction or adjustment has been made before payment,	yes	-	-	-	-
20.	Whether entry of any event during service has been made in service book by authorized person,	Yes	-	-	-	-

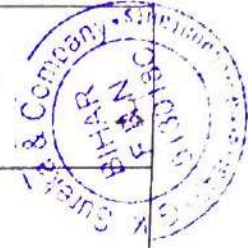


## Statutory Requirement

Nagar Panchayat Dumra

MEDIUM

Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved / or not)
1.	Whether deduction of TDS on payment has been made as per law,	Yes	-	-	-	-
2.	Whether TDS deducted are timely deposited into bank with same amount,	Not deposited on time and also statutory liability register has not been maintained.	Unable to quantify	There may be levied statutory interest/penalty	It will be taken care in future.	Not Resolved.
3.	Whether regulatory requirement for submission of Return has been followed,	No return is being filled.	Unable to quantify	There may be levied statutory interest/penalty	It will be taken care in future.	Not Resolved.
4.	Whether any deduction is made in any act, must be deposited as per their respective act,	Yes but deposited late.	Unable to quantify	There may be levied statutory interest/penalty	It will be taken care in future.	Not Resolved.
5.	Verify whether in case of "through rate" contract, there is no any payment for material, etc. by the ULB	No Such cases found.	-	-	-	-

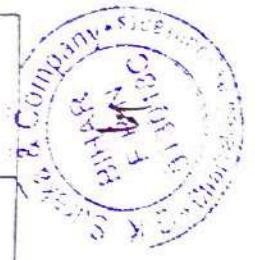


6.	Any demand is outstanding from regulatory authority for non-compliance.	No Such cases found.	-	-
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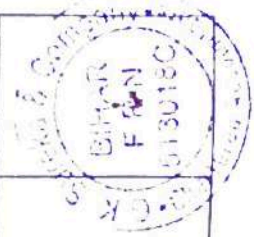
## Tender Details (Work Order Wise)

Name of the ULB	Nagar Panchayat Dumra			
RISK RATING:	MEDIUM			
Work order No.	No Tender were done during this period.			
	PERIOD: 01/41/2020 to 31/03/2021			

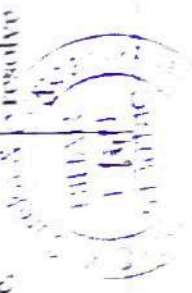
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	To check whether the provisions contained in Tender Advertisement for procurement were followed in award of contracts.	Yes	-	-	-	-
2.	To check that the time/date of receipt and opening of tenders was properly incorporated in the tender documents.	Yes	-	-	-	-



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



9.	Award of contract and its execution as per procedure and guidelines issued by the Govt. of India in view of conditions agreed with the Development partners (DFID, World Bank, & European Union etc.)	Yes	-	-	-	-
10.	To check whether bids were evaluated in terms of the provisions of the bid documents and the evaluation report was available.	Yes	-	-	-	-
11.	To check whether contract was awarded to the lowest evaluated responsive bidders who fulfilled qualification requirements, specified in the tender's documents.	Yes	-	-	-	-
12.	In case of negotiations of prices, it should be checked whether the negotiation was made with L1 bidder and all the relevant records thereof were available.	Yes	-	-	-	-
13.	To check whether articles were received/work was completed in time as per delivery schedule.	Yes	-	-	-	-
14.	The stores/goods are properly recorded in the Stock Registers /Asset Register.	Stock/Asset Register has not been maintained to record the same.	-	-	There may be chances of misplacement of goods/stores.	It will be taken care in future. Not resolved



15.	Whether any complaint was received regarding procurement and payment and existence of mechanism for redressal of Complaints	Yes	-	-	-	-
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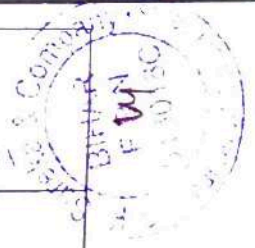
Vehicle Log Book						
Nagar Panchayat Dumra						
RISK RATING: MEDIUM						
PERIOD: 01/41/2020 to 31/03/2021						
Sl. No.	Particulars	Audit Observation	Amount Involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Whether logbook has maintained or not & up to date with proper details like journeys, work undertaken, covering route, visited place, kilometer, etc.,	Yes	-	-	-	-
2.	Whether logbook of journey is maintained in detail & signed by the officials using them,	Yes	-	-	-	-
3.	Whether it should be used for official purpose, otherwise charges are recoverable,	Used only for official purpose.	-	-	-	-



4.	Whether details of fuel for the same has been maintained in log book,	Yes	-	-	-	-
5.	Whether full details of repairs have been maintained & it have been through authorized center,	Yes	-	-	-	-
6.	Whether authorized person have proper check over logbook.	Yes	-	-	-	-

### Fixed Assets

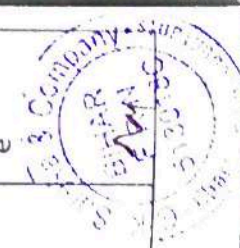
Nagar Panchayat Dumra						
MEDIUM						
Sl. No.	Particulars	Audit Observation	Amount involved	Associates Risk	MGT. Comment	Status (Resolved /or not)
1.	Status on Maintenance of Fixed Assets Register	Not Maintained	-	It may leads to misplacement of assets.	Being Prepared by DEAS Team.	Not Resolved
2.	Budget availability is confirmed before acquisition	Yes	-	-	-	-
3.	Fixed assets are recognized at cost of acquisition and if so, check whether the cost components are incidental to its acquisition	Unable to comment on it, since fixed asset register is not finalized till now.	-	-	Being Prepared by DEAS Team.	Not Resolved



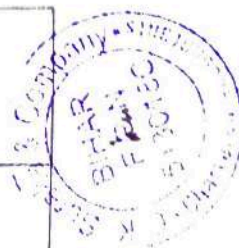
4.	all fixed assets are acquired only after obtaining approval of the concerned authority	Yes	-	-	-	-
5.	Physical verification of fixed assets done and discrepancies are reconciled with Fixed Asset Register.	Due to non-availability of FA register. Physical Verification is not done.	-	It may leads to misplacement of assets.	Being Prepared by DEAS Team.	Not Resolved
6.	Depreciation is provided on each class of fixed assets at the prescribed rates	No Depreciation is provided.	-	It leads to over valuation of fixed assets.	Levied once fixed asset register maintained.	Not Resolved
7.	Asset Replacement Register is properly maintained asset class-wise	No such cases found.	-	-	-	-

### Others

Nagar Panchayat Dumra						
MEDIUM						
Name of the ULB						
RISK RATING:						
Sl. No.	Particulars	Audit Observation	Amount involved	Associates Risk	MGT. Comment	Status (Resolved / or not)
1.	All permanent changes made in the assessment of buildings and lands have been recorded in this register with reference to the monthly lists, Register of Revision Petitions, Register of Appeal Petitions, and	No assessment has been done from the date of imposition of holding tax.	-	It may lead to revenue loss.	It will be taken care in future.	Not Resolved



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



**General Observations: -**

There is lots of scope for improvement with respect to maintenance of Records and Registers. The important and basic records like 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 G.K SUREKA & CO.  
Chartered Accountants



CA Khuram Javed  
Partner  
Mem No: 539535  
FRN: 513018C

Urban Development & Housing Department  
Government of Bihar  
*Dumra Nagar Parishad*

Discussion Note for Internal Audit observation of FY 2020-21

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 2020-21 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:

S. No	<u>Audit Observations</u>	<u>Reply of Management</u>
1.	Implementation of DEAS at ULB for the FY 2020-21.	DEAS team has been appointed by the concerned department. Implementation of DEAS is in progress, and pending for approval.
2.	Constitution of "Municipal Accounts Committee" is pending yet.	We are working on the constitution of Municipal Accounts Committee.
3.	a. Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available. b. 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 ULB.	a) Noted for further compliance. b) Noted for further compliance.
4.	Tower tax (Registration and Renewal Fees) is not being collected on timely basis.	Notice will be issue to the concerned person, as and when stay order of High Court will be laps/remove.
5.	ULB is not collecting any advertisement tax.	We are working on it.
6.	Demand Register for shop rent has not being maintained by ULB.	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.
7.	Non- maintenance of books of accounts , subsidiary registers	We are working on the preparation of Subsidiary

*(Signature)*  
नगर निगम, सीतामढी

S.No.	Particulars	Status	books and Register, few of them is prepared. Details as bellow.
1.	Grant Register	Not Maintained	DEAS team has been appointed by the concerned department for this and they are working on this.
2.	Payroll Register	Not properly maintained	
3.	Log Book	Not Maintained	
4.	Demand and Collection Register	Not Maintained	
8.	ULB is not preparing its books of accounts using the accrual system of accounting.		It will be followed from next time. Short Deposit of taxes will be deposited soon.
9.	The municipality is not 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 2020-21 partly has been deposited and partly has not been deposited.		Preparation of Grant Register is in progress. Utilization Certificate of respective grant will be prepared and submitted to the concerned department as soon as such grant utilized. Help of Internal Auditor will be taken, if required.
10.	Grant Register has not been prepared hence it is difficult to ascertain unutilized grant at any particular time. We recommend to the ULB to provide the grant register for assist in preparation of utilization certificate.		we are working on it.
11.	Store Register has not been prepared and physical verification of inventory/stores has also not been done.		Yes, I will place this matter in meeting board/committee.
12.	Staff strength of accounts department needs to be increased.		

Date:  
Place:

(Municipal Commissioner)  
  
 नगर निगम, सीतामढी