

**Urban Development & Housing
Department, Government of Bihar**

INTERNAL AUDIT REPORT

Of Nagar Parishad Kanti,

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

Internal Audit conducted by

GKSureka & Co.

Chartered Accountants

Flat No:104, Baidyanath Palace, Jagdeo Path,
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From 18-04-2022 to 30-04-2022

Report Issued on

Audit Report :

Content of Audit Report:

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

1. Executive Summary

1. Introduction

Name of the Municipality	Nagar Parishad Kanti
Period covered under current audit	01-04-2020 to 31-03-2021
Name of the Chairman of the ULB for the period under Audit	Sri Gajendra Paswan, from 09.06.2017 to till date
Name of Executive Officer for the period under Audit	Mr. Jay Ram Prasad.

2. Results and Findings

Strength observed during the audit engagement	<ul style="list-style-type: none">➤ General Cash Book, Subsidiary Cash Book, Inventory and stock register is maintained.➤ Staff Co-operation during the Audit period was very good.➤ All municipal transactions shall be identified with funds in accordance with rule 5, and separate accounting records have been maintained for each fund.➤ Office infrastructure is sufficient for operation.
Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement. <i>The comments under these two categories should summarize each significant Audit observation in the order of materiality. The summary should be as brief as possible and draw on the observations under the Para on Consequence/Effect/ impact</i>	<ul style="list-style-type: none">➤ Municipality has not been maintaining its books of accounts using double accounting system of book keeping following accrual system of accounting principles guided by the Bihar Municipal Accounting Manual, while UDHD has appointed KRA & Co Chartered accountant.➤ Statement of outstanding liabilities for expense in BMAR Form-55 is not maintaining by the municipality.

<p>of each Audit observation. It should also include a summation of outstanding statutory and internal audit observations.</p>	<ul style="list-style-type: none"> ➤ 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. ➤ Taxes and other revenue collections from internal sources are not deposited in bank on same day. ➤ Nagar Parishad is not maintaining the demand register for various types of Taxes and Rent to be collected from the revenue resources i.e. Holding Tax, Tower Tax, and Shop Rent etc. ➤ Assessment of Property Tax, Rent and other resources has not been conducting on regular intervals.
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3. Opinion

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

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

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

We thank Mr. Jay ram Prasad (Executive Officer), Mr. Chandan Kumar (Accountant) and Mr. Chandan Kumar (Tax collector) for their support during the period of our audit. We are also thankful to Head Clerk (Mr. Veer Chandra Kumar) 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. - 513018G



CA. N. K. Singh
Partner

M.N. - 539535

Date - 12/09/22

UDIN No. - 22539585ARTSUG17327

This section could acknowledge in brief the cooperation, acceptance of the UD&HD - Internal Audit Report

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).



7. Management Discussion with Risk Assessment

Risk Rating

High

II

Medium

M

Low

L

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 as not been updated on regular intervals.		

G. K. Sureka & Co.

Chartered Accountants



CA K. Sureka, Partner

Date:

Place:

Municipal Commissioner / Executive Officer
(signature with ULB's stamp)

Nagar Parishad Kanti

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 ULBs'sriskenvironment.
- 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 ofBMAR
 - Rule 22: All moneys to be brought toaccount
 - Rule: 27: Collections to be deposited into Bank on the sameday
 - Rule 69: Grant RelatedCompliance
 - Rule 120-121: Monthly Receipt & Payment Account and TrialBalance
 - Rule 130: Audit to be completed & reported within 6month
- iv. Report on Compliance of financial guidelines of schemes ofMOHUA&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, Sairatetc;
- 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 prevailingprocesses;



- 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 Parishad Kanti) 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. Ca Anoop Kumar Singh
- ii. Mr. Ashish Kumar
- iii. Mr. Amar Kumar

2) Administration

The present body of the ULB has taken charge on 03-04-2019. The incumbency in the key administrative and executive positions was as under:

- i. Chairman : Sri Gajendra Paswan, from 09.06.2017 to till date,
- ii. Executive officer : Mr. Jay Ram Prasad



3) Review of outstanding audit paras: Status of Audit Observations is as under:

S. 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. & date of compliance report
1.	AG Audit Report No.295/16-17	6	6	4	3	49.10 Lakh Detailed Below	2	Letter No.76 Dated:05-02-2019

Please mention the outstanding para wise details, where audit team helped ULBs in making compliance report as per para xxi of scope of work of internal audit.

The Major observations of AG audit report are as under:

C&AG audit is not conducted since the establishment of Nagar ParishadKanti to know the status of outstanding paras.

AG Audit Para No	Particulars	Status of Compliance	Amount of Recovery
Para No.1	Procurement of Street Light without permission from General Board Meeting Rs.12.33 Lakh	Compiled	--
Para No.2	Irregularities in purchase of solar lights and excess payment of Rs.7.01 Lakh	Pending for compliance.	--
Para No.3	Non determination of holding tax demand collected amount Rs.4.51 Lakh	Pending for compliance.	--
Para No.4	Outstanding balance of holding tax of govt. buildings and Kanti Thermal Power Plant Rs.113.06 Lakh	Partially Complied.	49,00,000



		Recovered Rs.49 Lakh.	
Para No.5	Short deposit of Holding Tax Rs.500/-	Complied	500
Para No.6	Amount deposited during audit Rs.0.10 Lakh	Complied	10,074
	Total:-		49,10,574



4) Finance

I. Budgetary provisions and expenditure for the last threeyears

	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	13,52,04,400.00	150,039,899.19	161,410,000.00
Actual Expenditure	8,32,47,666.00	6,66,38,294	195,889,703.12
Savings(+)/Excess(-)	5,19,56734.00	83,401,605.19	34,479,703.12



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	258,090,702.19	23,27,98,801.00	14,18,86,229	204,168,701.19	204,168,701.19
Receipts	186,897,000.00	119,684,333.00	17,41,60,168	192,572,789.85	192,572,789.85
Total	444,987,702.19	352,483,134.00	31,60,46,467	396,741,491.04	396,741,491.04
Net expenditure	161,410,000.00	148,313,433.00	8,32,47,666	195,889,703.12	195,889,703.12
Closing balance	283,577,702.19	204,168,701.00	23,27,98,801	200,851,787.92	200,851,787.92

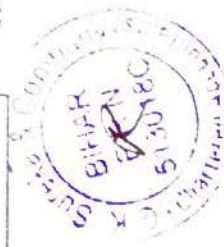


III. Bankreconciliation

(Instructions: Simply write "Reconciled and balances tallied" if reconciliation done satisfactorily. Report the difference in balances where they differ).

Closing Bank Balance & Cash Book year end with details

S. N	Bank Name	Account No	Name of Scheme	Balance as per Bank on 31-03-2021	Balance as per Book on 31-03-2021	Difference
1	SBI	B.R.G.F.	30383217516	1,437,391.00		
2	SBI	S.G.S.R.Y.	2821	141,496.36		
3	BOI	4 TH FINANCE	9171	131,445.00		
4	BOI	SAFAL	465610110002162	123,105.50		
5	BOI	HOLDING TAX	465610110015110	41,388.10		
6	BOI	KABEER ANTHO	465610100012438	922,739.84		
7	BOI	SJSRY	465610110001593	17,867.91		
8	BOI	INTERNAL FUND	465610100011465	8,148.00		
9	BOI	HOLDING TAX	465610110002161	274.04		
10	canara bank	HFA	4189101001512	53,663,169.85		
11	canara bank	OTHER INTERNAL FUND	4189101000553	2,654,303.00		
12	BOI	SAFAL	465610100011646	49,114.00		
13	INDIAN OVERSEAS BANK	HOLDING	276001000004420	1,179,365.58		
14	UNITED BANK OF INDIA	PATH NIRMAN	860010107555	459,326.00		
15	UNITED BANK OF INDIA	S.G.S.R.Y.	860010344876	3,305,111.30		
16	UNITED BANK OF INDIA	INTERNAL FUND	860010345200	292,947.22		
17	UNITED BANK OF INDIA	I.D.S.M.T.	860010344869	420,658.80		
18	UNITED BANK OF INDIA	GANDI BASTII 13TH	860010105728	25,475.60		
19	UNITED BANK OF INDIA	FINANCIAL,SEM,SJSRY,OTHER INTERNAL,	860010108613	162,698.10	Cassh Book	
20	IDBI BANK		2076104000003680	1,715,875.00	Not	
21	TREASURY PLA A/C			135,056,353.00	maintained by bank wise.	
				0		



22	SBI	ALL TAX PAYMENT	10875807865	280,831.50	
23	INDIAN OVERSEAS BANK		200000051	133,989.39	
24	BankOf india		114656	146,250.29	
Total Bank Balance as on 31-03-2021				202,369,324.38	200,851,787.92

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

The closing balance of Main cash book is Rs. 200,851,787.92 and the total balance of Bank dated 31-03-2021 is Rs.202,369,324.38the difference between Cash Book & Pass Book is Rs.1,517,536.46

“Reconciled and balances tallied”



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	2019-20	2020-21	
	Total Receipts (A+B)	17,41,60,168	6,51,41,727	119,684,333	17,41,60,168	119,684,333	192,572,789.85	119,684,333	192,572,789.85	
A	Revenue Receipts (1+2+3)	11,56,64,432	2,82,23,475	119,684,333	11,56,64,432	119,684,333	192,572,789.85	119,684,333	192,572,789.85	
1	Own Revenue Receipts (a+b)	62,96,427	11,74,493	2,541,862	62,96,427	2,541,862	3,906,408.00	2,541,862	3,906,408.00	
a)	Tax Revenue (levied and collected by municipal body)	--	7,01,721	1,748,283	--	1,748,283	2,384,460.00	1,748,283	2,384,460.00	
i)	Property tax	57,03,277	7,01,721	1,714,575	57,03,277	1,714,575	2,384,460.00	1,714,575	2,384,460.00	
ii)	Other tax (levied and collected by municipal body)	5,93,150	--	33708	5,93,150	33708	--	33708	--	
b)	Non-tax revenue (levied and collected by municipal body)	--	4,72,772	793,579	--	793,579	1,521,948.00	793,579	1,521,948.00	
i)	Fees & fines	--	4,72,772	--	--	--	--	--	--	
ii)	User Charges	--	--	--	--	--	--	--	--	
iii)	Other non-tax revenue (levied and collected by municipal body)	--	--	793,579	--	793,579	1,521,948.00	793,579	1,521,948.00	



V. Revenue and Capital Expenditure Information.

S.No		Details	2018-19		2019-20		2020-21	
			2018-19	2017-18	2019-20	2018-19	2020-21	2019-20
		Total Expenditure (1+2)	8,32,47,666	11,16,98,818	148,313,433	8,32,47,666	195,889,703.12	148,313,433
1		Revenue Expenditure	1,60,72,925	9,20,20,511	83,637,202	1,60,72,925	141,704,812.12	83,637,202
1.1		Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	30,80,068	24,96,448	7,489,126	30,80,068	10,744,317.00	7,489,126
1.2		Operation and Maintenance (O&M)	2,25,427	11,21,163	356,190	2,25,427	12,074.12	356,190
1.3		Loan repayment (Interest payments)	--	--	--	--	--	--
1.4		Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	1,27,67,430	8,84,02,900	75,791,886	1,27,67,430	130,948,421.00	75,791,886
2		Capital Expenditure	6,71,74,741	1,96,78,307	64,676,231	6,71,74,741	54,184,891.00	64,676,231
2.1		All developmental works under Central/State specific schemes	6,10,58,702	1,86,34,470	51,648,268	6,10,58,702	12,539,260.00	51,648,268
2.2		Loan Repayments (Principal Amount)	--	--	--	--	--	--
2.3		Other Capital expenditure	61,16,039	10,43,837	13,027,963	61,16,039	41,645,631.00	13,027,963



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.
- Details of Tally Installation: Tally Installed
- Details of Tally Serial ID. :765641574
- Email Id. : fadhrubnarayan@gmail.com

I. Status of Municipal Accounts Committee; if meeting is held: Report on

As per section 98 of Bihar Municipal Act, 2007, it is necessary for the Municipality to constitute a Municipal Accounts Committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto, but *no Municipal Accounts Committee has been constituted by the N.P. till the date of our audit.*



3. 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 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. Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available.
2. Tax demand register has not been provided for verification; in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. This could be a huge loss to Nagar.

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. 40,000/- and annual renewal fees @ Rs.18,000/- 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. Mobile Tower dues as on 31-03-2021

S. N	Owner or Tower	No Tower	Year of Installation	Registration fee to be realised	Regamt realised till 31-03-2021	Outstanding amount	Annual fee to be realised	Annual fee realised till date 31-3-2021	Dues amt as on 31-03-2021	
1	BHARTI AIRTEL LTD	1	2013-14	--	0	24000	18,000	0	42,000	
2	BHARTI AIRTEL LTD	1	2013-14	--	0	24000	18,000	0	42,000	
3	RELIANCE	1	2013-14	30,000	0	54000	18,000	0	102,000	
4	IDEA	1	2013-14	30,000	0	54000	18,000	0	102,000	
5	RELIANCE JIO WARD	1	2013-14		0	0	18,000	0	18,000	
6	RELIANCE JIO	1	2013-14		0	0	18,000	0	18,000	
7	RELIANCE JIO	1	2013-14		0	0	18,000	0	18,000	
8	RELIANCE JIO	1	2013-14		0	0	18,000	0	18,000	
Total							144,000	144,000	0	360,000

Amount realized in 2020-21 is Rs. /- so the net Balance of Tower Tax is Rs.360,000/-

Consequence/Effect/Impact

Due to no collection of TOWER Rent there is a huge revenue loss to the Nagar Parishad which is shown below.



Cause:

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

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 Parishad has no other shop in ownership.

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

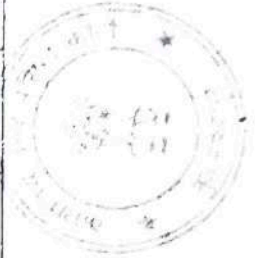
- During our test check no irregularities observed.



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

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

Sl. No.	Ward No.	Name of Tax Payer	Father's Name / Husband's Name of Tax Payer	Annual Value	Holding Tax	Carpet Area	Type of house	Type of road	Type of building
1	01	Ram Ekbal Prasad	Ram Jashish Prasad	92200	1728	800	RCC	Main Road	Comm & Res
2	01	Ram Babu Rai	Lata Nannath rai	24000	2160	1000	RCC	Main Road	Comm & Res
3	01	Ravindra Sah	Chujhar Sah	16800	1512	700	RCC	P Main Road	Comm & Res
4	01	Gounour Sah	Heera Sah	16800	1512	700	RCC	P Main Road	Comm & Res
5	01	Subhash Singh	Bhupn. Singh	28800	2592	1200	RCC	P Main Road	Comm & Res
6	01	Shyam Babu Prasad	Lakhendra sah	48000	4320	2000	RCC	P Main Road	Comm & Res
7	01	Ganesh rai	Gena Rai	16800	1512	700	RCC	P Main Road	Comm & Res
8	01	Munchun Paswan	Ganga Paswan	16800	1512	700	RCC	Main Road	Comm & Res
9	07	Nitesh Kumar + 1	Aadesh Prasad Singh	28800	2592	1200	RCC	Main Road	Comm & Res
10	07	Bimal Kishore Thakur	Moh Thakur	23044	2074	1449	RCC	P Main Road	Other & Res
11	01	Gagannath Prasad Yadav	Sechan Rai	36000	3240	1500	RCC	P Main Road	Other & Res
12	01	Kailash Singh	Munho Singh	21600	1944	1200	RCC	P Main Road	Commercial
13	01	Sumanth Kumar	Baidhnath Sah	50400	4536	2800	RCC	P Main Road	Commercial
14	01	Prabhu Sah	Bholu sah	14400	1296	800	RCC	Main Road	Comm & Res
15	3	Anil Kumar patel	Prabhu Dayal Patel	48000	4320	2000	RCC	P Main Road	Commercial
16	3	Sailendra Jha	Yogendra Jha	43200	3888	1800	RCC	Main Road	Comm & Res
17	3	Upesh Patel	Bijrai	14400	1296	600	RCC	Main Road	Commercial
18	3	Manoj Kumar Singh	Hardayal Singh	12000	1080	2000	RCC	P Main Road	Comm & Res
19	3	Sugna Devi	Binay Kumar Singh	9600	1152	1600	RCC	P Main Road	Comm & Res
20	3	Deepak Kumar	Brijnandan Singh	24000	2160	1000	RCC	Main Road	Commercial



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 Parishad to Prepare and update the required books and registers.

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

➤ No 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:

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

Recommendation:

We recommend to the Nagar Parishad to comply with all directives issued by concerned authorizes 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: -

- i. Property tax on lands and buildings.
- ii. Surcharge on transfer of lands and buildings,
- iii. Tax on deficit in parking spaces in any non-residential building,
- iv. Water tax,
- v. Fire tax,
- vi. Tax on advertisements, other than advertisements published in newspapers,
- vii. Surcharge on entertainment tax
- viii. Surcharge on electricity consumption within the municipal area,



- ix. Tax on congregations,
- x. Tax on pilgrims and tourists, and
- xi. Toll -
 - a) on roads, bridges, ferries and navigable channel and
 - b) on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles, within the meaning of the Motor Vehicles Act, 1988, plying on a public street.
- xii. Tax on profession

We observed that only property tax 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 Parishad 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 01-07-2019 to 30-09-2019 has been deposited in full to the concerned departments.

Recommendation:

We recommend to the Nagar Parishad 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 Parishad 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.

S.N	Notation No	Date	Sheme	Acceptence No	Allotment Amount	Deposited Utilized Amount
1	884	12-07-2017	Chief Minister Urban drinking water	302/24-03-2017	7482750	6684323
2	884	12-07-2017	13th Finance	125/12-03-2015	1792036	688806
3	787	20-06-2019	Excutive officer Salary	20/23-06-2016	513456	133055
4	787	20-06-2019	Chief Minister Urban drinking water	92/25-09-2016	6379277	6379277
5	739	03-06-2019	Chief Minister Urban drinking water	142/30-03-2016	787551	787551
6	739	03-06-2019	Chief Minister Urban drinking water	142/30-03-2016	2341033	2341033
7	625	29-04-2019	5th Finance	123/21-03-2016	5466352	5466352
8	625	29-04-2019	5th Finance	123/21-03-2016	844129	844129
9	625	29-04-2019	5th Finance	123/21-03-2016	3992217	3992217
10	495	25-03-2019	NagrikSwidhaMadd	16/17-07-2015	1295400	161519
11	495	25-03-2019	14th Finance	114/14-02-2015	2960006	1031250
12	251	12-02-2019	Professional Tax	155/27-09-2016	874351	874351
13	251	12-02-2019	Professional Tax	23/30-06-2017	360112	283149
14	756	22-05-2017	Professional Tax	37/28-08-2015	644537	644537
15	756	22-05-2017	Counciller Allowence	11/18-05-2016	462068	312068
16	756	22-05-2017	Excutive officer Salary	20/23-06-2016	513456	380401
17	315	15-03-2017	E-Governance	98/09-01-2015	150000	150000
18	9792	28-12-2016	13th Finance	06/30-04-2015	1792036	190000

19	9792	28-12-2016	14th Finance	06/30-04-2015	2960006	227520
20	9797	28-12-2016	Mahila Ward Parshadko Laptop	114/14-12-2015	180000	179850
21	9797	28-12-2016	NagrikSwidhaMadd	16/17-07-2015	1295400	70646
22	9797	28-12-2016	CouncillerAllowence	08/19-05-2015	137932	12932
23	6564	22-09-2016	SahayakAnudanMadd	125/12-03-2015	1792036	1103230
24	6564	22-09-2016	SahayakAnudanMadd	13/13-07-2015	29620006	1584415
25	6564	22-09-2016	Chairman Vice chairman & WC allowance	08/19-05-2015	137932	125000
26	6564	22-09-2016	NagrikSwidhaMadd	16/07-07-2015	1295400	1063225
27	1209	11-09-2019	5 th Finance	162/19-10-2016	5965379	5965379
28	1209	11-09-2019	5 th Finance	162/19-10-2016	876491	876491
29	1209	11-09-2019	5 th Finance	162/19-10-2016	4254445	4254445
30	1210	11-09-2019	Salary of Excutive Officer	07/23-05-2017	500000	448688
31	1502	13-11-2019	C.M ShahriNaliGali	68/30-10-2017	469424	469424
32	1502	13-11-2019	C.M ShahriNaliGali	68/30-10-2017	755907	755907
33	1502	13-11-2019	C.M ShahriNaliGali	68/30-10-2017	57467	57467
34	1503	13-11-2019	5 th Finance	353/29-03-2017	2777016	2777016
35	1503	13-11-2019	5 th Finance	353/29-03-2017	363639	363639
36	1503	13-11-2019	5 th Finance	353/29-03-2017	1936152	1936152
37	1503	13-11-2019	Salary of Excutive Officer	07/23-05-2017	500000	45889

Recommendation:

We recommend to the Nagar Parishad to if there is need to help in prepatration 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 also 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 provided with the Fixed Assets Register for the FY 2017-18 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 Parishad 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 avoid their recurrence in future.	<p><u>Instances of losses, failures or inefficiencies</u></p> <p>➤ Tax demand register has not been provided for verification in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. This could be a huge loss to Nagar Parishad.</p> <p>➤ Tower tax (Registration and Renewal Fees) is not being collected on timely Nagar Parishad is not collecting any</p>



	<p>advertisement tax.</p> <p>Recommendations and/or measures which can be taken to avoid their recurrence in future.</p> <p>➤ Proper monitoring of all transactions and implementation of Bihar Municipal Accounting Manual by authorised persons are recommended.</p>						
<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>	<p>➤ 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 the rule but Royalty & Labor Cess deposited yearly basis detail of due royalty & labor cess given below for the period of 01-04-2020 to 31-03-2021</p> <table border="1" data-bbox="1005 963 1388 1108"> <thead> <tr> <th>Particulars</th> <th></th> </tr> </thead> <tbody> <tr> <td>Royalty</td> <td></td> </tr> <tr> <td>Labor Cess</td> <td></td> </tr> </tbody> </table>	Particulars		Royalty		Labor Cess	
Particulars							
Royalty							
Labor Cess							
<p>e) 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.</p>	<p>➤ AG Audit is not conducted in ULB since the constitution of Nagar Parishad in 2013-14 by the department so we are unable to comment on AG Audit report & Compliance.</p>						
<p>f) Any Other-Auditor should report the deficiencies noticed during their audit and recommend ULB management to improve internal control systems.</p>	<p>➤ Manpower crisis in NP, we recommended for the appointment of manpower with adequate quality especially in tax collection department.</p>						



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.



10) Detail Audit Observations

RISK ASSESSMENT							
Name of the ULB		Kanti Nagar Parishad					
S. N.	Observations	Risk Rating	Design Gap	System gap	Operating Gap	Mgt. Comment	Auditor Recommendation
DEMAND GENERATION:							
1	Loss of Revenue due to under assessment/ wrong generation of demand	H	NIL	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.
2	Collusion with citizen regarding assessment	M	--	--	--	--	--
3	Non-updating various register like hand book, DCB register, Assessment register, etc.	M	NIL	NIL	Registers as not been updated on regular intervals	--	--
4	Others						



RECEIPTS AND BANKING:

1	Error in collections, loss of receipts and perpetrated frauds	H	--	--	--	--	--	--	--	--
2	Non-updating various register like hand book, DCB register, cash book, etc.	M	--	--	--	--	--	--	--	--
3	Collusion with the citizen and the ULBs staff to make wrong assessments of income	H	--	--	--	--	--	--	--	--
4	Others		--	--	--	--	--	--	--	--

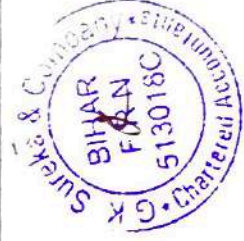
REVENUE EXPENDITURE:

1	Error in over payment	H	--	--	--	--	--	--	--	--
2	Loss of supporting document	H	--	--	--	--	--	--	--	--
3	Loss of authentication	H	--	--	--	--	--	--	--	--
4	Perpetrated fraud (Like payment more than one time on same bill)	H	--	--	--	--	--	--	--	--
5	Non-updating various register like Bill register with payment fig., etc.	M	--	--	--	--	--	--	--	--



CAPITAL EXPENDITURE:

1	Error in over payment	H	--	--	--	--	--	--	--
2	Loss of supporting document	H	--	--	--	--	--	--	--
3	Loss of authentication	H	--	--	--	--	--	--	--
4	Collusion with contractor	H	--	--	--	--	--	--	--
5	Perpetrated fraud (Like payment more than one time to same contractor)	H	--	--	--	--	--	--	--
6	Non-updating various register like work register, MB, bill register, Fixed Assets register, Service book/record, advance register, etc.	M	--	--	--	--	--	--	--
7	Others		--	--	--	--	--	--	--



PROCUREMENT AND INVENTORY:

1	Error in over payment	H	--	--	--	--	--	--	--
2	Loss of supporting document	H	--	--	--	--	--	--	--
3	Loss of authentication/Procedural error	H	--	--	--	--	--	--	--
4	Collusion with contractor	H	--	--	--	--	--	--	--
5	Perpetrated fraud (Like payment more than one time to same contractor)	H	--	--	--	--	--	--	--
6	Non-updating various register like store register, issuer register, bill register with payment fig., advance register, etc.	M	--	--	--	--	--	--	--
7	Others		--	--	--	--	--	--	--

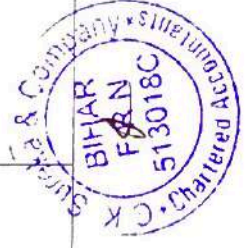


GRANT AND LOANS AND UTILISATION THEREOF:

1	Non utilisation of grant or grant unspent	M	--	--	--	--	--	--	--
2	Not furnishing of UC	H	--	--	--	--	--	--	--
3	Non fulfillment of condition part thereto	M	--	--	--	--	--	--	--
5	Perpetrated fraud (Like payment more than one time same contractor)	H	--	--	--	--	--	--	--
6	Non-updating various register like grant register, work register, bill register with payment fig., advance register, etc.	M	--	--	--	--	--	--	--
7	Others		--	--	--	--	--	--	--

FIXED DEPOSITS AND INVESTMENTS:

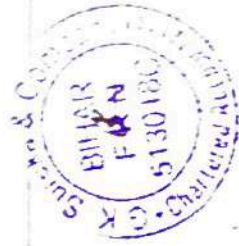
1	Not deposited at appropriate time (loss of revenue)	H	--	--	--	--	--	--	--
2	Loss of Investment certificate	H	--	--	--	--	--	--	--
3	Non fulfillment of condition part thereto	M	--	--	--	--	--	--	--
4	Collusion with bank officials to invest at lower rate	H	--	--	--	--	--	--	--



5	Deposit into Current account	M	--	--	--	--	--	--	--
6	Non-updating various register like investment register, Bank book, cash book, etc.	M	--	--	--	--	--	--	--
7	Others		--	--	--	--	--	--	--

LOANS AND ADVANCES:

1	Un-authorized release of advance	H	--	--	--	--	--	--	--
2	Release of advance beyond authority	H	--	--	--	--	--	--	--
3	Non-adjustment of loan or advance during the year	M	--	--	--	--	--	--	--
4	Collusion with employee/party to release advance/loan beyond authority	H	--	--	--	--	--	--	--
5	Advance/loan not account for	H	--	--	--	--	--	--	--
6	Non-updating various register like Loan & advance, Bank book, cash book, etc.	M	--	--	--	--	--	--	--
7	Others		--	--	--	--	--	--	--



List of Important Registers

Name of the ULB		Kanti Nagar Parishad	
RISK RATING:		High	
CAG OBSERVATIONS STATUS		AG Audit has not been Conducted till the date so we are unable to comment the status of compliance.	
		PERIOD:	APRIL
1	Cash Book	Maintained	
2	Ledger	Not Maintained.	
3	Journal	Not Maintained	
4	Register for Journal/Magazines/Newspapers	Not Maintained	
5	Register for Temporary Advances	Maintained	
6	Register of Money Orders/Bank Draft Received		
7	Cheque Issue Register		
8	Register of Remittances made into bank		
9	Bank Passbook		



10	Register of Bank drafts dispatched			
11	Bill Register			
12	Establishment Register			
13	Stock Register			
14	Capital Goods/Consumable articles, non-consumable articles and			
16	Statutory Deduction Register			
17	Fixed Assets Register			
18	Grant Register			
19	Scheme Register			
20	Monthly accounts of Receipts/Payments			
21	Temporary Advances Register for Staff, Customers/supplier/VEC			
22	and TA/DA Advance			
23	Dispatch Register			
24	File Register			
25	Any other (Name of the register)			



Cash and Bank

Kanti Nagar Parishad

	Name of the ULB	PERIOD:	APRIL	
	RISK RATING:			
	CAG OBSERVATIONS STATUS			
1	<ul style="list-style-type: none"> ➤ Check whether there is no any undue delay in presentation of cheque/DD received, to bank, 			
2	<ul style="list-style-type: none"> ➤ 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. 			
3	<ul style="list-style-type: none"> ➤ Whether banking transactions (receipts & Payments) are matched with cash book, Cheque issue register, collection register, etc., Verify the same with Bank statement & BRS, 			
4	<ul style="list-style-type: none"> ➤ Whether cheque issue register are matched with 			
5	<ul style="list-style-type: none"> ➤ Whether proper steps has been taken for dishonoured cheque, it was realised in cash or not, 			



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



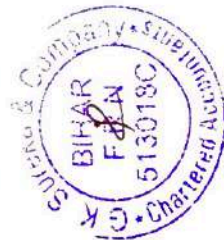
Public Works

Kanti Nagar Parishad

Name of the ULB	Kanti Nagar Parishad			
RISK RATING:				
CAG OBSERVATIONS STATUS				
		PERIOD:	APRIL	
1	<ul style="list-style-type: none"> 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, 			
2	<ul style="list-style-type: none"> Whether bill has been signed by proper in charge, 			
3	<ul style="list-style-type: none"> 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) 			
4	<ul style="list-style-type: none"> Verify whether any payment made for removing/dismantling material which have scrap value must be indicated in the bill, 			
5	<ul style="list-style-type: none"> Whether measuring has done by the engineer concerned, 			



6	<p>➤ Whether expenditure on construction work was debited to WIP & verified with MB maintained,</p>				
7	<p>➤ Whether roll (machine & authorised) has been maintained for details of store, specifying:</p>				
8	<p>o Date of Issue,</p>				
9	<p>o Name of subordinate,</p>				
10	<p>o Name of work,</p>				
11	<p>o Number of labour,</p>				
12	<p>o Period of engagement,</p>				
13	<p>o Details of payment (date, amount, Cheque no, etc)</p>				
14	<p>Whether the same has been periodically verified.</p>				
15	<p>➤ Whether payment are as per defined approval level sanctioned u/s 75 of BMA, 2007,</p>				
16	<p>Any Other</p>				



Cash Book

Kanti Nagar Parishad

Name of the ULB

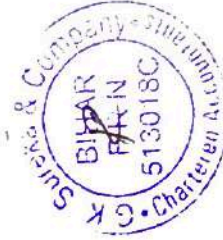
RISK RATING:

CAG OBSERVATIONS STATUS

PERIOD: APRIL

- | No. | Observations | Remarks |
|-----|---|---------|
| 1 | <ul style="list-style-type: none"> ➤ Whether Opening Balance & Closing Balance was worked out or not, | |
| 2 | <ul style="list-style-type: none"> ➤ Whether posting of receipt & payment side of cash book are properly maintained & it was matched with propevidencelike Receipt Voucher, Cheque issue Register, Bank Statement, etc., | |
| 3 | <ul style="list-style-type: none"> ➤ Whether posting in on dailybasis, | |
| 4 | <ul style="list-style-type: none"> ➤ Whether there is any clerical error (casting or/and posting error, etc) or not, | |
| 5 | <ul style="list-style-type: none"> ➤ Whether any delay in deposit of amount of collection bycashier, | |
| 6 | <ul style="list-style-type: none"> ➤ conduct physical verification of cash and report heavy cash balance if any | |
| 7 | <ul style="list-style-type: none"> ➤ AnyOther | |

Internal Audit Report



Collection

Kanti Nagar Parishad

Name of the ULB

RISK RATING:

Name Of The Tax Collector

		PERIOD:	APRIL
1	Ø Whether collection procedure are as per guidelines/direction of ULB,		
2	Ø Whether collections are made on the basis of Demand & Collection Register ,		
3	Ø Whether collection are made in the same receipt Vouchers which has been issued/authorised 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,		
4	Ø Whether collections are bifurcated in different heads as required,		
5	Ø Whether a separate bank account has been maintained for each circle, (for PMC only)		
6	Ø Whether all collections are made in proper "Receipt Voucher Book" having same serial number which was actually		

Internal Audit Report



	issued to TC,								
7	Ø Whether all collections made during the day are account for & banked on next working day or there is any teaming & lading.								
8	Ø Whether no any collection are directly expended without prior approval,								
9	Ø Whether collections are made by all the holding fall under the same TC or Civics Centre,								
10	Ø Whether government share of collections (like Education cess & health cess) are properly & timely deposited in its own account, (if applicable)								
11	Ø Whether there is any short/non collection or short deposit or not deposit,								
12	Ø Whether penalty (@2% P.M/ 1.5%) has been duly charged on late payment,								
13	Ø Whether daily collections are entered into hand book, collection register maintained by TC & it should be properly entered in demand & collection register,								
14	Ø Whether collection by way of cheque are properly banked & credited into account,								
15	Ø Whether any refund/remission granted are admissible under the law and that have been duly sanctioned,								
16	Ø Whether any immediate steps has been taken or not for cheque dishonoured received,								
17	Whether reversal of payment has been made for any dishonoured cheque								

Internal Audit Report



18	Any Other					



Demand

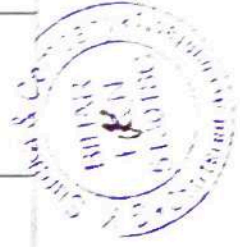
Kanti Nagar Parishad

Name of the ULB

RISK RATING:

Name of Tax Collector

- | | | | | | |
|----------|--|--|--|--|--|
| 1 | <p><input type="checkbox"/> Ensure whether closing balance of previous year is accurately brought forward,</p> <p><input type="checkbox"/> 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,</p> | | | | |
| 2 | <p><input type="checkbox"/> Whether data for calculation is correct & properly verified by appropriate authority/ Internal Auditor by way of physical survey,</p> | | | | |
| 3 | <p><input type="checkbox"/> Whether revision of valuation of holding properly made after specified period</p> | | | | |
| 4 | <p><input type="checkbox"/> Whether any refund/remission granted are admissible under the law and that have been duly sanctioned,</p> | | | | |
| 5 | <p><input type="checkbox"/> Ensure whether there is any clerical error in calculation,</p> | | | | |
| 6 | <p><input type="checkbox"/> Whether demand register in prescribed format is maintained or not,</p> | | | | |
| 7 | <p><input type="checkbox"/> Whether persons involve in calculation/ collection have knowledge of their responsibility,</p> | | | | |
| 8 | | | | | |



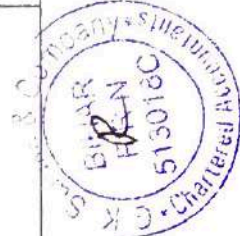
9	Ø Whether there is proper distribution of responsibility for calculation, recovery & updation of register for demand, so that no single person have control on two or process at the same time,						
10	Ø Whether there is any under/no assessment,						
11	Ø Whether there is appropriate measures(As Per section 155 & 158 of BMA, 2007) are adopted for recovery of Government/bid dues,						
12	Ø Whether notice for demand has been made in prescribed format (As Per BMAR) & as per rules & regulations,						
13	Ø Whether penalty(@2% P.M/ 1.5%) has been charged on latepayment,						
14	Ø Whether Demand, Collection & Balance Register has been prepared on daily basis for all receipts or not, & it would be authorised by proper authority or not,						
16	Ø Whether self assessment property tax return for payment of property tax has been filed by the assesses in the prescribed format,						
17	Ø Whether there is any collusion with customer/holding w.r.t., assessment, payment, etc,						
18	Any Other						



Establishment

Kanti Nagar Parishad

	Name of the ULB	
	RISK RATING:	
	Name of the ULB	
1	Whether establishment expenditure issuance by authorised person & it has been within sanctioned limit,	
2	➤ Whether service log book has been maintained & up to date or not,	
3	➤ Audit whether apart from comparing the pay & allowance drawn by each employee in the pay bill with the corresponding entries in the pay column of the service book and checking the acquaints roll of employee who have been paid in cash,	
4	➤ Whether each employee has unique identification number & it has been referred in all matter in relation to service book Whether payment made to employee has been verified with attendance register/logbook,	
5	➤ Whether service book for calculation of payable has been authorised by the proper person,	



6	<ul style="list-style-type: none"> ➤ Whether account depart has prepared the advice & instructed the bank for the payment as per advice, 					
7	<ul style="list-style-type: none"> ➤ Whether undistributed amount of pay & allowance as shown in cash book matched with balance of undistributed salary balance, 					
8	<ul style="list-style-type: none"> ➤ Whether undistributed amount of pay & allowance are not for more than 3 months as cash in hand, 					
9	<ul style="list-style-type: none"> ➤ Whether disbursement of pay & allowance are duly recorded in books & accepted by employee specifying separate date with date of receive (In case of arrear), 					
10	<ul style="list-style-type: none"> ➤ Whether the bill prepared according to sanctioned scale, 					
11	<ul style="list-style-type: none"> ➤ Whether no any payment is made to employee whose service retired in any manner, 					
12	<ul style="list-style-type: none"> ➤ Whether no any withdrawal is made unless supported by last pay-in-slip, except in case of new appointment, 					
13	<ul style="list-style-type: none"> ➤ Whether all statutory deduction or adjustment has been made before payment, 					
14	<ul style="list-style-type: none"> 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. 					

15	To check salary bills.								
16	Position of outstanding advances paid to Employees								
17	To check deduction of provident fund and ESI has been made as per rules								
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.								
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.								
20	Check Retirement benefit to employee								
21	Personnel Appointments and to see whether all records are updated from time to time.								
22	Dismissal and Resignation/ Termination								
23	Temporary workers								
24	Overtime								
25	Attendance Register To check number of persons mentioned in the attendance register tally with the sanctioned strength of a unit.								
26	Personnel Files								
27	Training of employees (including Skill development Levy)								



28	Leave Register - To check whether a leave register is maintained as per types of leave asmedical Leave/CL/EL/maternity/paternity leave.									
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Payment of bills of contractors

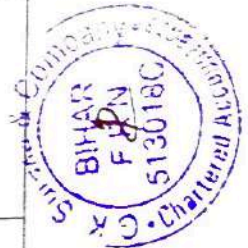
	Name of the ULB	Kanti Nagar Parishad			
	RISK RATING:				
	Name of the ULB				
1	➤ Original bill duly signed by contractors submitted.				
2	➤ Contractor has put his initials in all cuttings and corrections in the bill.				
3	➤ All Supporting documents are attached with the bills.				
4	➤ The rates, security deposit, and deductions are as per terms and conditions specified in the agreement				
5	➤ The variations in quantities and completion period etc. have been authorized by the competent authority				
7	➤ Job completion certificate has been processed by the dealing assistant.				
8	➤ Bills passed for payment are as per rules & T & C offender.				



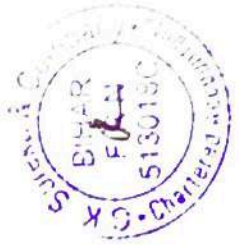
Grant

Kanti Nagar Parishad

Name of the ULB	Kanti Nagar Parishad				
RISK RATING:					
Name of the ULB					
1	Maintenance/Updation register regarding details of funds received and expenditure.				
2	Any diversion/re-appropriation of funds not covered under the provision of BMA, 2007 should be pointed out for remedial action.				
3	To check whether utilization certificate is for actual utilization of funds received				
4	It should also be checked that utilization certificate is issued as per prescribed time frame given in the Manual and issue of UCs is not delayed				
5	Internal Auditor should also check whether expenditure incurred on each activity does not exceed the budget.				



9	➤ All terms and conditions of the contract are fulfilled before passing the bills.					
10	➤ Every final bill is checked in detail with measurement books.					
11	➤ Cash/Bank Vouchers to be checked for authorization etc.					
12	➤ Overall review of the books of accounts.					
13	➤ Position of outstanding advances paid to suppliers/contractors.					



Receipt Voucher

Kanti Nagar Parishad

	Name of the ULB			
	RISK RATING:			
	Name of the ULB			
Receipt Vouchers:				
1	<ul style="list-style-type: none"> ➤ Whether "Receipt Vouchers" are in the prescribed format & having machined serial number & there is no any manuscript form, 			
2	<ul style="list-style-type: none"> ➤ Check; 			
3	<ul style="list-style-type: none"> o What is the date of printing, 			
4	<ul style="list-style-type: none"> o What quantity of serial number was printed out, 			
5	<ul style="list-style-type: none"> o What is the date of dispatched, quantity of receipt vouchers & their serial number; 			
6	<ul style="list-style-type: none"> o Log book/ Register maintained at 			
8	<ul style="list-style-type: none"> ➤ Verify that "Receipt Vouchers" received & their storing, having same quantity & serial numbered which was actually dispatched & proper recording of the same along with issue, 			
9	<ul style="list-style-type: none"> ➤ Verify Log book/ Register maintained at every collection centre & cash counter with regard to receipt & return quantity & serial number, 			

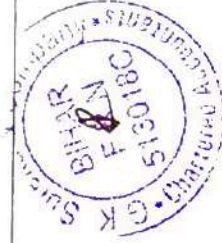


10	<ul style="list-style-type: none"> ➤ Verify the log book/ Register of 'Receipt Vouchers' & cross verified the allotments to TC(Log Book) with their date of issue, serial number, name of TC & their circle 					
11	<ul style="list-style-type: none"> ➤ Check whether TC have same "Receipt Voucher" which was actually issued by store & it must be authorised by the appropriate authority, 					
12	<ul style="list-style-type: none"> ➤ Check that there should be proper recording at each stage (where authority has been changed) of log book/ register for issue/receipt of "Receipt Vouchers", 					
13	<ul style="list-style-type: none"> ➤ Confirm that all unused "Receipt Vouchers" are under the custody of authorised person, 					
14	<ul style="list-style-type: none"> ➤ Verify that any cancelled vouchers have in both original & carbon copy, 					
15	<ul style="list-style-type: none"> ➤ Verify whether reversible carbon has been used during receipt. 					
Other Revenue:						
1	Advertisement Tax					
2	Tower Tax					
3	Professional Tax					
4	Assigned Revenue (As details annexed)					
5	Rental Charges (As details annexed)					
6	Fee & uses Charges (As details annexed)					
7	Other Revenue Items					



Revenue Expense

	Name of the ULB	Kanti Nagar Parishad				
	RISK RATING:					
	Name of the ULB					
1	➤ Whether payment is on the basis of sanction/work order letter & incurred by authorised person,					
2	➤ Whether payment is made through prescribed voucher (As per BMAM),					
3	➤ Whether payment is made without any undue delay or whether any cheque issued are promptly issued to the respective person,					
4	➤ Whether there is bifurcation of responsibility towards person making payment & person preparing MB, receipt of goods, maintenance of Payment file, etc.,					
5	➤ Whether updation of accounts/books are on proper & timely basis,					
6	➤ Whether authorised person verify & sign the document involve,					
7	➤ Whether data base for the same has been properly maintained & safeguard measures are taken,					



8	➤ Whether exact amount (no any over payment) are paid and verified by supporting document, & no any collusion with party,				
9	➤ Whether register for settlement of service bill has been maintained and up to date,				
10	➤ Whether payment made to the same to whom it might be payable and no any second claim in this regard,				
11	➤ Whether payment has been made after deducting statutory dues or advances,				
12	➤ Whether the expenditure are made with a period & amount sanctioned,				
13	➤ Whether there is undue rush of expenditure at the end of financial year,				
14	➤ Whether payment has to be made after confirmation from store,				
15	➤ Whether payment for repairs, etc, has to be made on the basis of logbook maintained,				
16	➤ Whether payment are as per defined approval level sanctioned u/s 75 of BMA, 2007,				
17	Confirm whether goods/assets received/accepted on or before 31 st March, where the bill is received after that date have been accounted for (either on the basis of purchase order, tender rate or as per bill),				
18	➤ Whether no any withdrawal is made unless supported by last pay-in-slip, except in case of new appointment,				



19	➤ Whether all statutory deduction or adjustment has been made before payment,					
20	Whether entry of any event during service has been made in service book by authorised person,					



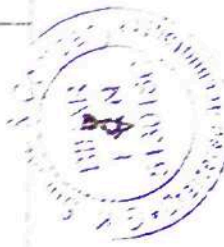
Statutory Requirement

	Name of the ULB	Kanti Nagar Parishad			
	RISK RATING:				
	Name of the ULB				
1	➤ Whether deduction of TDS on payment has been made as per law,				
2	➤ Whether TDS deducted are timely deposited into bank with same amount,				
3	➤ Whether regulatory requirement for submission of Return has been followed,				
4	➤ Whether any deduction is made in any act, must be deposited as per their respective act,				
5	Verify whether in case of "through rate" contract, there is no any payment for material, etc by the ULB				
6	Any demand is outstanding from regulatory authority for non compliance				

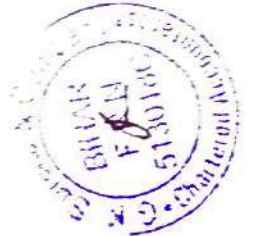


Tender Details (Work Order Wise)

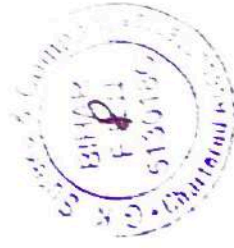
	Name of the ULB	Kaunti Nagar Parishad				
	RISK RATING:					
	Name of the ULB					
	Work Order No.-					
1	<ul style="list-style-type: none"> ➤ To check whether the provisions contained in Tender Advertisement for procurement were followed in award of contracts. 					
2	<ul style="list-style-type: none"> ➤ To check that the time/date of receipt and opening of tenders was properly incorporated in the tender documents. 					
3	<ul style="list-style-type: none"> ➤ 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. 					
4	<ul style="list-style-type: none"> ➤ The purchase proposal was approved by the competent authority as per delegation of powers 					



5	➤ Indent for purchase indicates the details of quantity required, last purchase rate, period for which stores are needed and name of consignee.					
6	➤ Approval of mode of procurement					
7	➤ The tender documents are prepared properly and description of items to be procured, quantity and estimated value should be indicated.					
8	➤ To check whether the direction were followed for notification/advertising and opening of bids at notified date, time and place in the presence of bidders.					
9	➤ Award of contract and its execution is as per procedure and guidelines issued by the Govt. of India in view of conditions agreed with the Development partners (DFID, World Bank, & European Union etc.)					
10	➤ To check whether bids were evaluated in terms of the provisions of the bid documents and the evaluation report was available.					
11	➤ To check whether contract was awarded to the lowest evaluated responsive bidders who fulfilled qualification requirements, specified in the tender documents.					



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.				
13	➤ To check whether articles were received/work was completed in time as per delivery schedule.				
14	➤ The stores/goods are properly recorded in the Stock Registers / Asset Register.				
15	➤ Whether any complaint was received regarding procurement and payment and existence of mechanism for redressal of Complaints				



Vehicle Log Book

	Name of the ULB	Kanti Nagar Parishad	
	RISK RATING:		
	Name of the ULB		
		PERIOD:	APRIL
1	<ul style="list-style-type: none"> ➤ Whether logbook has maintained or not & up to date with proper details like journeys, wokundertaken, covering root, visited place, kilometre, etc., 		
2	<ul style="list-style-type: none"> ➤ Whether logbook of journey is maintained in detail & signed by the officials using them, 		
3	<ul style="list-style-type: none"> ➤ Whether it should be used for official purpose, otherwise charges are recoverable, 		
4	<ul style="list-style-type: none"> ➤ Whether details of fuel for the same has been maintained in logbook, 		



5	<p>➤ Whether full details of repairs has been maintained & it have been through authorised centre,</p>					
6	<p>Ø Whether authorised person have proper check over logbook.</p>					



Fixed Assets

Kanti Nagar Parishad

	Name of the ULB	Kanti Nagar Parishad			
	RISK RATING:				
	Name of the ULB				
1	Status on Maintenance of Fixed Assets Register				We were provided with the Fixed Assets Register for the FY 2017-18 for verification.
3	Budget availability is confirmed before acquisition.				
4	Fixed assets are recognized at cost of acquisition and if so, check whether the cost components are incidental to its acquisition				
5	all fixed assets are acquired only after obtaining approval of the concerned authority				
6	Physical verification of fixed assets is done and discrepancies are reconciled with Fixed Asset Register.				
7	Depreciation is provided on each class of fixed assets at the prescribed rates				
8	Asset Replacement Register is properly maintained asset class-wise				
9					
10					



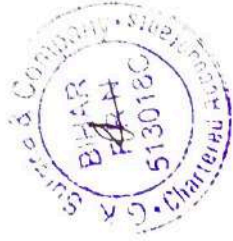
Others

Kanti Nagar Parishad

Name of the ULB	Kanti Nagar Parishad				
RISK RATING:					
Name of the ULB					
Register of Mutation					
<ul style="list-style-type: none"> ➤ 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 Register of Writes-off ➤ demands of current year and previous year have been reconciled with reference to the above details 					
Register of Suits					
<ul style="list-style-type: none"> ➤ all suits filed by the municipality for recovery of any sum due are entered ➤ all suits filed against the municipality are entered 					



	<ul style="list-style-type: none"> ➤ sanction from the Council obtained for filing/defending the suit ➤ all details like the Assessment Number, amount involved, Name of Court and Suit Number etc. are clearly entered ➤ Execution Petitions are filed for recovery of sums, in cases the suits are disposed in favour of municipality 					
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Urban Development & Housing Department
Government of Bihar
Kanti 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:

<u>S. No</u>	<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.	ULB is not preparing its books of accounts using the accrual system of accounting.	DEAS team has been appointed by the concerned department for this and they are working on this.
4.	Staff strength of department needs to be increased.	Yes, I will place this matter in meeting board/committee.

Date:
Place:



For Nagar Parishad Kanti
Executive Officer
Nagar Parishad, Kanti
12/9/2022
M. P. Singh