

ANNUAL INTERNAL AUDIT REPORT

OF ULB

(RAMNAGAR)

FOR THE PERIOD

01/04 / 2017 TO 31/03 /2018

CONDUCTED BY

M/s R. N. Singh & Co.
208, Hem Plaza, Fraser Road
Near Dak Bunglaw Chauraha,
Patna – 8000010

From 23.07.2019 TO 30.07.2019

Report Issued on 20th August 2019

Executive Summary

1. INTRODUCTION

. Name of the Municipality	NAGAR PANCHAYAT RAMNAGAR
. Period covered under current audit	ANNUAL REPORT 2017-18
. Name of Chief Municipal Officer for the period under Audit	Shri Jitendra Kumar Sinha

2. Results and Findings

. Strengths observed during the audit engagement.

- (a). All vouchers have supporting documents.
- (b) Office infrastructure is sufficient for operation.
- (c) Response from officer & Clerk are satisfactory.

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

- (a) Bank Reconciliation Statement has not prepared by the ULB.
- (b) General Cash has not been maintain properly.
- (c) Subsidiary Cash book has not been maintained.
- (d) Double Accounting System has not been followed whereas accounting has been made on single entry system.
- (e). Fixed Assets Register is not maintained.
- (f). Advance Register is not maintained.
- (g). Stock Register is not maintained.
- (h). Daily collection register is (Revenue receipt wise) not maintained.
- (i). TDS, VAT, Royalty and Labour Cess have been deducted but it has not been deposited till date. Therefore, TDS Return has not filled till date. As per Income Tax Act 1961, penalty may be levied on ULB. It is a statutory irregularity.
- (j). Property / Holding tax has not been assessed on property by the ULB from Financial Year 2007-2008.
- (k). Tower tax has not been collected, since the establishment of the ULB even though number of tower is 18



as on 31-03-2018. Thus total outstanding tax amount is Rs1774000/- For registration fee, renewal fee.

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

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

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

(o) Attendance register not maintain on daily basis and same is not approved by competent authority on daily basis.

(p) File Movement register not maintain.

(q) Outward/Inward register not maintain.

3. Opinion

As per Our Opinion the following improvements are required.

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



4. Audit Recommendations

The Recommendation of Audit Team on the Observed weakness.

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

5. Comments from Management

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

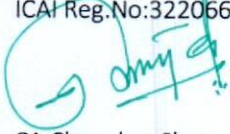
Detailed discussions on this are given in *Discussion Note* as attached below.



6. Acknowledgement: -

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

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



CA Chanakya Shree
Partner
M.No: -079322



UDIN : 20079322AAAA 409435

Date :- 05/11/2020

Detailed Audit Report

1. Introduction

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

- i. Mr. Arun Kumar

2. Administration

The present body of the ULB has taken charge on 10th June 2017 the incumbency in the key administrative and executive positions was as under

Shrimati Savitri Devi Chairman from 10th June 2017 to till date.

Shri Rajesh Kumar Executive Officer from 5th Sep 2015 to 6th June 2018

Shrimati Meera Kumari Executive Officer from 7th July 2018 to 27th January 2019

Shri Jitendra Kumar Sinha Executive Officer from 28th January 2018 to till date.

3. Review of outstanding audit paras:

Status of Audit Observations is as under:

Sl. No.	Particulars of Audit and date of report	Total no. of audit Paras	Total no. of audit Paras where necessary improvement/ corrective measure is required	Total no. of audit Paras where recovery of cash is proposed	Total no. of audit Paras where recovery has been made	Total amount of Recovery	Total no. of outstanding para where no action has been taken	No. and Date of Compliance Report
1	AG Audit for the period 2013-14 to 2016-17	9	9	5	0	0	9	Not Complied
2	Internal Audit for the period 2016-17	7	7	0	0	0	7	Not Complied



Detailed Report on Compliance of Previous Internal Audit Report: -

SL No.	Audit Observation	Nature of Irregularities	Complied/Non-Complied
1	Demand Collection Register has not been prepared hence it is not possible to ascertain total arrear of taxes	Persisting since last two year	Not Complied
2	Taxes collected by tax collector are on deposited on daily basis we observed that it is being deposited after significant delay which is not proper.	Persisting since last three year	Not Complied
3	Tower tax dues are not collected on timely basis.	Persisting since last three year	Not Complied
4	Books of accounts are not verified by EO on time to time basis.	Persisting since long time	Not Complied
5	Grant register is not being maintain hence it is difficult to find unutilized grant at any point of time.	Persisting since long time	Not Complied
6	Bank Reconciliation statement is not prepared hence it is difficult to monitor possible fraud if any.	Persisting since long time	Not Complied
7	There is lack of internal control on deduction and deposited of various taxes On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time but its payment are made on yearly basis	Persisting since last year	Not Complied



4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2015-16	2016-17	2017-18
Final/Revised Budget	515273015.00	481431459.00	589578743.00
Actual Expenditure	39162602.00	134238691.00	116078147.00
Savings(+)/ Excess(-)	476110413.00	347192768.00	473500596.00

II. Volume of transactions

Period	Budgeted 2017-18	Previous Year (For one Year)2016-17	Current year (2017- 18)
Opening balance	0.00	98587668.00	90737144.00
Receipts	738667600.00	126388167.00	94543485.00
Total	738667600.00	224975835.00	185280629.00
Net expenditure	589578743.00	134238691.00	116078147.00
Closing balance	149088857.00	90737144.00	69202482.00

Note: There is a Receipts Difference of Rs. 1145324.00 in between the figures mentioned in the Vol. of transactions and figures mentioned in the Revenue Receipts table as per the previous Internal Audit Report of the FY_2016-17.

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

S.No.	Name of scheme / item	Bank name / account no.	Balance as per pass book	Balance as per cash book	Differences	Remarks BRS Prepared/ Not Prepared
1.	Various Scheme	Treasury- PLA 129	105955856	105955856	0.00	Reconciled
2.	General Fund	SBI-7138	565299.75	-	565299.75	Not Prepared
3.	SGSRY	SBI-7147	Not Provided	-	Not Provided	Not Prepared
4.	Nagar Nidhi	UBGB-4034	3001385.10	-	3001385.10	Not Prepared
5.	SBM	SBI-7235	829948.13	-	829948.13	Not Prepared
6.	Mukhya Mantri Yojna	CBI-1544	12584.00	-	12584.00	Not Prepared



7.	Kabir Anteyeshthi(special fund)	C.B.I-1148	320267.00	-	320267.00	Not prepared
8.	14 th state Finance	SBI-4170	Not Provided	-	Not Provided	Not prepared
9.	HFA	PNB- 6955	56293.00	-	56293.00	Not prepared

Note: -Subsidiary cashbook has not been Maintained by ULB, so we are unable to enclosed cash balances

Note: -Some of the schemes such as Prasasnik Bhawan ,5th finance 4th finance, 13th finance, Peshakar, Stamp Duty, Rajya Path/ PuliyaNirman Yojana, Led Light, Excutive Officer, Maching Grant, Nagrik Subidha (Rajya Yojna) CM SwakshtaAbhiyan, NagrikSubidha (State Plan), Path Nirman (CM SahriNaliGali) Pakkikaran Yojana, Parshad, Upmukhya Parshad and Parshad Niyat Bhatta, NaliNirman, Peyajalpurti, Peyajalpurti (Mukhyamantri Sat Nischay) & City Manager schemes have been maintained through PLA

IV. Revenue Receipts: -

Income Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
Total Receipts (A+B)		94543485.00	125242843.00	Not Applicable for this quarter.			
A.	Revenue Receipts (1+2+3)	73783335.00	125242843.00				
1.	Own Revenue Receipts (a+b)	5236040.00	4399755.00				
a)	Tax Revenue (levied and collected by municipal body)	3002639.00	520449.00				
i)	Property tax	779633.00	520449.00				
ii)	Other tax (levied and collected by municipal body)	2223006.00	0.00				
b)	Non-tax revenue (levied and collected by municipal body)	2440760.00	3879306.00				
i)	Fees & fines	90.00					
ii)	User Charges	2440670.00	3879306.00				
iii)	Other non-tax revenue (levied and collected by municipal body)	0.00	0.00				
2	Other Revenue Receipts	157037.00	0.00				



a)	Income from interest/investments	157037.00	0.00
b)	Other Revenue income	0.00	0.00
3.	Transfers/ Grants/ Assigned Revenues	68182899.00	120843088.00
a)	State Assigned Revenue	0.00	16434023.00
b)	State Finance Commission (SFC) Grants/ Devolution	19266735.00	91359850.00
c)	Octroi compensation	0.00	0.00
d)	Other State Govt. Transfer	27713229.00	0.00
e)	Central Finance Commission (CFC) Grant	19097988.00	0.00
f)	Other Central Govt. Transfer	490000.00	13049215
g)	Others	0.00	0.00
B.	Capital Receipts	20760150.00	0.00
1	Sale of Municipal Land	0.00	0.00
2	Loans (from State Govt. or Banks etc.)	0.00	0.00
3	State Capital Account Grant (under State Schemes etc.)	6966650.00	0.00
4	Central Capital Account Grant (under Central Schemes etc.)	13793500.00	0.00
5	Other Capital Receipts	0.00	0.00

V. Revenue and Capital Expenditure Information: -

Expenditure Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Expenditure (1+2)	116078147.00	134238691.00	Not Applicable for this quarter			
1	Revenue Expenditure	15174032.00					
1.1	Administrative Expenses, Establishment and Salaries	11577318.00					



	(All Departments- Regular and Contractual Staff)		
1.2	Operation and Maintenance (O&M)	2239723.00	
1.3	Loan repayment (Interest payments)	0.00	
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	1356991.00	
2.	Capital Expenditure	100904115.00	
2.1	All developmental works under Central/State specific schemes	100904115.00	
2.2	Loan Repayments (Principal Amount)	0.00	
2.3	Other Capital expenditure	0.00	

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

VI. Status of implementation of Double Entry Accounting System

Accounting of Nagar Panchayat RamNagar has not been maintained as Double Entry Accounting System. The consultant for DEAS (Vinod Singhal & Co.) has been appointed but financial accounts for 2017-18 is still to be prepared. The DEAS team has started work since 12.02.2019.

VII. Status of Municipal Accounts Committee; - Nagar Panchayat Ramnagar has not been constituted Municipal Accounts Committee under section 98 of the Municipal Act, 2007.



5. Audit Observations

1. Part – A

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

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

(i) Mobile Tower Collection: -

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

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

Condition –As per details provided to us there are total 20 (twenty) Mobile Towers registered with this ULB up to 31.03.2018 and Rs.1774000 /- has not been collected till the date of audit from these tower operators as Tower Tax.

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

Cause – We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB has not proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage.

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

S.N	Company Name	No of Tower	Date of establishment	Outstanding Fee	Renewal Fee	Total	Collection	Dues Balance
1	Airtel	03	2007-08	330000	24000	354000	-	354000
2	Airtel	01	2006-07	118000	8000	126000	-	126000
3	Airtel	02	2008-09	204000	16000	220000	-	220000
4	Idea	03	2009-10	282000	24000	306000	-	306000
5	Tata Indicom	01	2009-10	94000	8000	102000	-	102000
6	Tata Indicom	01	2011-12	78000	8000	86000	-	86000



7	Aircel	01	2008-09	102000	8000	110000	-	110000	
8	Aircel	01	2010-11	86000	8000	94000	-	94000	
9	Reliance	01	2009-10	94000	8000	102000	-	102000	
10	Reliance	01	2011-12	78000	8000	86000	-	86000	
11	Reliance	01	2012-13	70000	8000	78000	-	78000	
12	BSNL	01	2009-10	94000	8000	102000	-	102000	
13.	ATC India	01	2016-17	38000	8000	46000	38000	8000	
14	ATC India	02	2017-18	60000	16000	76000	76000	0.00	
		TOTAL						1774000/-	

(ii) Advertisement Tax

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

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

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

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

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

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

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

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

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

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

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

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



Sl no	Date of collection	MR No	Amount	Date of Payment
1	05.05.17 to 31.05.17	301 to 350	9589/-	31.05.17
2	01.06.17 to 27.06.17	351 to 400	12540/-	01.07.17
3	31.07.2017 to 28.08.2017	801 to 860	12308	29.08.2017
4	28.08.2017 to 07.09.2017	867 to 900	11965	15.09.2017
5	20.11.2017 to 23.11.2017	101 to 200	12996	11.12.2017
6	30.11.2017 to 15.12.2017	201 to 251	31198	30.12.2017
7	27.01.2018 to 16.12.2018	551 to 600	10412	26.02.2018
8	19.02.2018 to 23.03.2018	801 to 900	42434	28.03.2018

(iv) Holding & Property Tax Collection: -

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

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

Condition – Total Property Tax/Holding Tax outstanding as on 31st March 2018 is Rs.217114 /-

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

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

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

Year	Total Demand			Total Recovery			Total Arrear		
	Arrear	Current	Total	Arrear	Current	Total	Arrear	Current	Total
2017-18	635704	3470416	4106120	487934	3401072	3889006	147770	69344	217114



(v) **Market/Shop Rent Collection: –**

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

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

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

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

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

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

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

➤ No observation found during the course of audit.

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

Report on field survey of 20 high value properties

NAME OF ULB- RAMNAGAR

DATE OF SURVEY:24.07.19 to 25.07.19

Sl. No	Owner Property Name	Add Of Owner	Ward No	Type of construction	Type of uses	Carpet Area(in square feet)	Rate	Annual Property Tax	Remarks of Auditor
1	Dr B.K.Mishra	Dr B N Mishra	20	RCC	Com+Res	1145	15	429.40	no variation observed.
2	Hiphajat Karim	Late shekh shamsul rahman	20	RCC	Com+Res	1462	15	548.25	no variation observed.
3	Basanti Devi	Shri Mahanth Pandey	20	RCC	Com+Res	1250	15	469.00	no variation observed.
4	Dhurub Pd Gupta	Gaurishanker Pd Gupta	20	RCC	Com+Res	1264	15	474.00	no variation observed.
5	Brijkishore Tiwari	Shri Raj Mohan Tiwari	20	RCC	Com+Res	1266	15	475.00	no variation observed.
6	Krishna MurariKemka	Kishorilal Kemka	20	RCC	Commercial	6960	20	3480.00	no variation observed.



7	Dherender Rai	Sukdeo Pd	20	RCC	Commercial	1100	20	550.00	no variation observed.
8	Nandlal Jaishwal	Deodhari Jaishwal	21	RCC	Commercial	3780	12	1134.00	no variation observed.
9	Kedar Prasad	Deonath Prasad	6	RCC	Residential	2672	15	1002.00	no variation observed.
10	Arjun vikram Sah	Mohan Vikram Sah	6	RCC	Commercial	4559	08	912.00	no variation observed.
11	Permod Kr Saraf	Mohanlal Saraf	6	RCC	Commercial	1900	15	713.00	no variation observed.
12	Md Nooralam	Md saied	7	RCC	Commercial	1200	20	600.00	no variation observed.
13	Gaiyani Devi	Ishwari Pd	8	RCC	Commercial	3000	20	1500.00	no variation observed.
14	Pawan Kr Sarawagi	Mohalal Sarawagi	6	RCC	Commercial	6200	20	3100.0	no variation observed.
15	Panna lal sah	Ragunath sah	5	RCC	Commercial	5088	20	2544.00	no variation observed.
16	Babuni Devi	Rajender Pd Gupta	5	RCC	Commercial	2477	20	1239.00	no variation observed.
17	Pawaaan KR Sarawagi	Mohanlal Sarawagi	5	RCC	Commercial	880	20	440.00	no variation observed.
18	Dhananjay vikaram Sah	Narayan vikaram sah	3	RCC	Residential	6570	05	821.00	no variation observed.
19	Meera Sah	Sanat Vikaram Sah	3	RCC	Residential	7345	05	918.00	no variation observed.
20	Urmila Devi	Govind Tibdewal	5	RCC	Commercial	1200	20	600.00	no variation observed.

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

ii. Part-B

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

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

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

Sl. No.	Particulars	Status
1	General Cash Book	Not Maintained
2	File Movement Register	Not Maintained
3	Ledger Book	Not Maintained
4	Grant Register	Not Maintained
5	Advance Register	Not Maintained
6	Pay-Roll Register	Not Maintained



7	Vehicle LOG Book	Not Maintained
8	Store Register	Not Maintained
9	Fixed Assets Register	Not Maintained
10	Demand & Collection Register of Property Tax, Mobile Tower Tax, Shop Rent etc.	Not Maintained

b. Irregularity in procurement process: -

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

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

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

- (1) Non collection of various taxes required to be collected.
- (2) Non maintenance of prescribe books of accounts
- (3) Non submission of UC and other reports on timely basis

d. Non- compliance of Act & Rules: -

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

- Property tax on land and building
- Surcharge on transfer of land and building.
- Tax on deficit in parking space in any non-residential building.
- Water tax,
- Fire tax,
- Tax on advertisement
- Surcharges on entertainment tax,

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

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

- Proper Sec of TDS Deduction is not conduct.



- According to Vat Act 2005 Vat is deducting from the payment but ULB is not in practice to deduct vat from payment at the time of procurement of machine or goods.
- Vat is deducting from departmental work on whole of the work but it is levy only on material purchased.

e. Lack of internal control measures: -

1. During the course of our Audit, we have observed various discrepancies in the Cash Book, which are enumerated below: -
 - Head wise expenditure were not clearly entered and recorded.
 - The cash book balances are not reconciled with the Balances in Bank Pass Book.
 - Cash book has not been regularly authorized by the executive officer.
2. Cash book has not been properly prepared by Nagar Panchayat Ramnagar
 - Cash book is maintained from pass book; it means at the time of payment cash book is not maintained that shows a departmental failure.
3. After analyzing operating control, it was observed that there is shortage of Man Power in ULB. Consequently, it is not functioning smoothly with respect to completion of works on time, provide and review the service efficiently which is the main function of ULB, preparation of books and records on time etc.

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

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

g. Deficiency in pay-roll system: -

Pay-Roll Register has not been shown to us during the period of internal audit, records relating to statutory deduction like PF, ESIC, Income tax are not maintained The PF, ESIC with respect to contractual employee are neither deducted not paid to statutory authority. Thus we are unable to comment on deficiency in pay-roll system.



h. Utilizations of grant and report on missing Utilization certificates:

As per the details (20 Column Utilization Certificate) provided by the management of the concerned ULB there is NO any Ucs has been pending for submission to the UD & HD for the financial year 2017-18. Further, we are providing all help to the ULB so that the UC shall be prepared on time and submitted to UD & HD.

I. Physical verification of inventory/stores: -

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

J. Advances, their adjustment & recovery: -

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

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

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

NO Observation found in this regard.



PART – “C”
Scope of Audit

Sl. No	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	No observation found in this regard.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment procedures to check any in-consistencies in assessment. at least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not).	We have witnessed the 20 high value of property same has been reported above in Point 5, Part A(c).
3	Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR Rule 22: All moneys to be brought to account Rule: 27: Collections to be deposited into Bank on the same day Rule 69: Grant Related Compliance Rule 120-121: Monthly Receipt & Payment Account and Trial Balance Rule 130: Audit to be completed & reported within 6 month	All the compliance has been made at ULB except Rule :27 & Rule 120-121. Details of discrepancies regarding Rule: 27 has been annexed in “Sheet B”. Rule 120-121: Monthly Receipt & Payment Account and Trial Balance are not being prepared. Rule 130 is not being followed.
4	Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.
5	If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sai rat etc. have incurred then quantify the same.	Loss of Rs 1774000/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	No Observation Found in this regard.
7	Whether all Procurement made including through E-	No Such type of Issue found in this



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



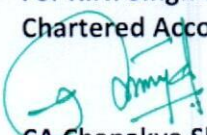
Amount Collected from own sources revenue has not been deposited into bank by the ULB on the same date /next to the same date as required. The details are given below

Sl no	Date of collection	MR No	Amount	Date of Payment
1	05.05.17 to 31.05.17	301 to 350	9589/-	31.05.17
2	01.06.17 to 27.06.17	351 to 400	12540/-	01.07.17
3	31.07.2017 to 28.08.2017	801 to 860	12308	29.08.2017
4	28.08.2017 to 07.09.2017	867 to 900	11965	15.09.2017
5	20.11.2017 to 23.11.2017	101 to 200	12996	11.12.2017
6	30.11.2017 to 15.12.2017	201 to 251	31198	30.12.2017
7	27.01.2018 to 16.12.2018	551 to 600	10412	26.02.2018
8	19.02.2018 to 23.03.2018	801 to 900	42434	28.03.2018

General Observations: -

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

For R.N. Singh & Co.
Chartered Accountants


CA Chanakya Shree
Partner
Mem No: 079322
FRN: 322066E



कार्यालय :- नगर पंचायत, रामनगर, प० चम्पारण।

वित्तीय वर्ष 2015-16 से 2018-19 में प्राप्त सहायक अनुदानों की निकासी/व्यय एवं अवशेष राशि की चालान द्वारा कोषागार में जमा संबंधित प्रतिवेदन

सहायक अनुदान आइटम का वित्तीय वर्ष	सहायक अनुदान आइटम का मद	संबंधित स्वीकृति/व्यय संख्या एवं तिथि	स्वीकृति/व्यय एवं आवंटन में आवंटित राशि	आवंटित राशि के विरुद्ध नगर निकाय द्वारा निकासी द्वारा निकासी की गई राशि	टीपीओ एवं सिवि सिवि	पी0एल0 खाता में रखी गई राशि	बैंक खाता में जमा की गई राशि	वित्तीय वर्ष जिसमें राशि व्यय की गयी	संबंधित मद में व्यय की गई राशि	संबंधित आइटम की अनुसूची गयी निकासी के विरुद्ध किए गए व्यय के उपरान्त 2016 की अवशेष राशि	कोषागार में जमा की गई राशि	चालान सं/ तिथि	समाप्ति उपयोजिता प्रमाण-पत्र में निहित राशि	समाप्ति उपयोजिता प्रमाण-पत्र की तिथि	लंबित U.C की राशि	बैंक खाता में जमा अवशेष राशि	पी0एल0 खाता में जमा अवशेष राशि		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	2015-16	पोषाकर	37/28.08.2015	11,48,494.00	11,48,494.00	T22170002	11,48,494.00	-	-	2015-16	11,48,494.00	-	-	1148494	18.01.2016	-	-	-	-
2	2015-16	पार्षद भत्ता	06/19.05.2015	1,37,932.00	1,37,932.00	T22170001	1,37,932.00	-	-	2015-16	1,37,932.00	-	-	137932	18.01.2016	-	-	-	-
3	2015-16	नाला निर्माण मद	25/12.08.2015	61,77,300.00	61,77,300.00	T22150001	61,77,300.00	-	-	2015-16	61,77,300.00	-	-	6177300	18.01.2016	-	-	-	-
4	2015-16	14 वे वित्त अग	13/13.07.2015	53,35,732.00	53,35,732.00		53,35,732.00	-	-	2015-16	53,35,732.00	-	-	5335732	18.01.2016	-	-	-	-
5	2015-16	नगरिक सुख सुविधा	16/17.07.2015	54,73,800.00	54,73,800.00	T22170001	54,73,800.00	-	-	2015-16	54,73,800.00	-	-	5473800	18.01.2016	-	-	-	-
6	2013-14	पेय जलापूर्ति मद	78/20.01.014	650000.00	650000.00	T22150001	650000.00	-	-	2013-14	650000.00	-	-	650000	22.09.2014	-	-	-	-
7	2013-14	पेय जलापूर्ति मद	78/20.01.014	3,02,80,000.00	3,02,80,000.00	T22150002	3,02,80,000.00	-	-	2013-14	3,02,80,000.00	-	-	302800000	22.09.2014	-	-	-	-
8	2013-14	चतुर्थ एड बि	102/15.03.014	67,70,957.00	67,70,957.00	T22170012	67,70,957.00	-	-	2013-14 to 2014-15	67,70,957.00	-	-	6770957	22.09.2014	-	-	-	-
9	2013-14	पोषाकर मद	23/28.09.014	7,37,296.00	7,37,296.00	T22170014	7,37,296.00	-	-	2013-14	7,37,296.00	-	-	737296	11.10.014	-	-	-	-
10	2014-15	पेय जलापूर्ति मद	25/24.07.2014	30,00,000.00	30,00,000.00	T22150005	30,00,000.00	-	-	2014-15	30,00,000.00	-	-	3000000	11.10.014	-	-	-	-
11	2014-15	पेय जलापूर्ति मद	25/24.07.2014	1,35,70,000.00	1,35,70,000.00	T22150006	1,35,70,000.00	-	-	2014-15	1,35,70,000.00	-	-	13570000	11.10.014	-	-	-	-
12	2014-15	पेय जलापूर्ति मद	25/24.07.2014	2,00,000.00	2,00,000.00	T22150004	2,00,000.00	-	-	2014-15	2,00,000.00	-	-	200000	11.10.014	-	-	-	-
13	2014-15	पेय जलापूर्ति मद	25/24.07.2014	58,90,000.00	58,90,000.00		58,90,000.00	-	-	2014-15	58,90,000.00	-	-	58900000	11.10.014	-	-	-	-
14	2014-15	नगर सफाई भवन	18/24.07.014	17,88,125.00	17,88,125.00	T22170004	17,88,125.00	-	-	2014-15	17,88,125.00	-	-	1788125	11.10.014	-	-	-	-
15	2015-16	पोषाकर	37/28.08.2015	11,48,494.00	11,48,494.00	T22170002	11,48,494.00	-	-	2015-16	11,48,494.00	-	-	1148494	18.01.2016	-	-	-	-
16	2015-16	पार्षद भत्ता	06/19.05.2015	1,37,932.00	1,37,932.00	T22170001	1,37,932.00	-	-	2015-16	1,37,932.00	-	-	137932	18.01.2016	-	-	-	-



17	2015-16	मारा निर्माण मर	25 / 12.08.2015	61,77,300.00	61,77,300.00	T22150001	61,77,300.00	-	-	2015-16	61,77,300.00	-	-	-	61,77,300	18.01.2016	-	-
18	2015-16	मगरिक सुख सुकिसा	16 / 17.07.2015	54,73,800.00	54,73,800.00	T22170001	54,73,800.00	-	-	2015-16	54,73,800.00	-	-	-	54,73,800	18.01.2016	-	-
19	2013-14	चतुर्थ ररु रि	67 / 04.03.013	42,21,646.00	42,21,646.00	T22170004	42,21,646.00	-	-	2012-13	42,21,646.00	-	-	-	42,21,646	22.05.2017	-	-
20	2013-14	चतुर्थ ररु रि	67 / 04.03.013	18,09,280.00	18,09,280.00	T22170005	18,09,280.00	-	-	2013-14	18,09,280.00	-	-	-	18,09,280	22.05.2017	-	-
21	2014-15	चतुर्थ ररु रि	129 / 20.03.2015	19,89,340.00	19,89,340.00	T22170006	19,89,340.00	-	-	2014-15	19,89,340.00	-	-	-	19,89,340	22.05.2017	-	-
22	2014-15	चतुर्थ ररु रि	129 / 20.03.2015	07,76,195.00	07,76,195.00	T22170008	07,76,195.00	-	-	2014-15	07,76,195.00	-	-	-	7,76,195	22.05.2017	-	-
23	2014-15	चतुर्थ ररु रि	129 / 20.03.2015	10,00,000.00	10,00,000.00	T22170007	10,00,000.00	-	-	2014-15	10,00,000.00	-	-	-	10,00,000	22.05.2017	-	-
24	2014-15	चतुर्थ ररु रि	129 / 20.03.2015	46,41,790.00	46,41,790.00	T22170005	46,41,790.00	-	-	2014-15	46,41,790.00	-	-	-	46,41,790	22.05.2017	-	-
25	2016-17	पंरन	162 / 19.10.2016	107,53,344	107,53,344	T22170002	107,53,344	-	-	2016-17	107,53,344	-	-	-	107,53,344	-	-	-
26	2016-17	पंरन	162 / 19.10.2016	157,99,90	157,99,90	T22170003	157,99,90	-	-	2016-17	157,99,90	-	-	-	157,99,90	-	-	-
27	2016-17	पंरन	162 / 19.10.2016	7,68,169	7,68,169	T22170001	7,68,169	-	-	2016-17	7,68,169	-	-	-	7,68,169	-	-	-
28	2016-17	चौरहराँ	191 / 26.12.016	4,00,473	4,00,473	T22170001	4,00,473	-	-	2016-17	4,00,473	-	-	-	4,00,473	-	-	-
29	2016-17	चौरहराँ	191 / 26.12.016	4,00,473	4,00,473	T22170002	4,00,473	-	-	2016-17	4,00,473	-	-	-	4,00,473	-	-	-
30	2016-17	चौरहराँ	29 / 06.07.016	4,03,33,36	4,03,33,36	T22170006	4,03,33,36	-	-	2016-17	4,03,33,36	-	-	-	4,03,33,36	-	-	-
31	2016-17	चौरहराँ	29 / 06.07.016	4,03,33,37	4,03,33,37	T22170007	4,03,33,37	-	-	2016-17	4,03,33,37	-	-	-	4,03,33,37	-	-	-
32	2016-17	पुररानारी गरी ररु	42 / 09.09.2016	11,44,682	11,44,682	T22170001	11,44,682	-	-	2016-17	11,44,682	-	-	-	11,44,682	-	-	-
33	2016-17	पुररानारी गरी ररु	42 / 09.09.2016	1,46,7,486	1,46,7,486	T22170009	1,46,7,486	-	-	2016-17	1,46,7,486	-	-	-	1,46,7,486	-	-	-
34	2016-17	पुररानारी गरी ररु	167 / 25.10.2016	1,95,6,648	1,95,6,648	T22170002	1,95,6,648	-	-	2016-17	1,95,6,648	-	-	-	1,95,6,648	-	-	-
35	2016-17	पंर निर्माण	40 / 04.08.2016	1,80,087	1,80,087	T22170001	1,80,087	-	-	2016-17	1,80,087	-	-	-	1,80,087	-	-	-
36	2016-17	पंरर मरा	11 / 18.05.2016	63,00,68	63,00,68	T22170001	63,00,68	-	-	2016-17	63,00,68	-	-	-	63,00,68	-	-	-
37	2016-17	पंररकर मर	155 / 27.09.2016	1,33,7,605	1,33,7,605	T22170004	1,33,7,605	-	-	2016-17	1,33,7,605	-	-	-	1,33,7,605	-	-	-
38	2017-18	पंरन ररुनिररु मर	357 / 28.03.2017	14,59,121.00	14,59,121.00	T22170004	14,59,121.00	-	-	2017-18	14,59,121.00	-	-	-	14,59,121	16.11.2017	-	-



39	2017-18	पंचम राठिआयत मद	357 / 29.03.2017	01,11,42,848.00	01,11,42,848.00		01,11,42,848.00	-	-	2017-18	01,11,42,848.00	-	-	11142848	16.11.2017	-	-
40	2017-18	पंचम राठिआयत मद	357 / 29.03.2017	77,68,860.00	77,68,860.00		77,68,860.00	-	-	2017-18	77,68,860.00	-	-	7768860	16.11.2017	-	-
41	2017-18	चौदहवाँ	242 / 06.03.2017	24,59,809.00	24,59,809.00		24,59,809.00	-	-	2017-18	24,59,809.00	-	-	2459809	16.11.2017	-	-
42	2017-18	चौदहवाँ	242 / 06.03.2017	24,59,809.00	24,59,809.00		24,59,809.00	-	-	2017-18	24,59,809.00	-	-	2459809	16.11.2017	-	-
43	2017-18	सकाई एवं स्वच्छता	248 / 10.03.2017	09,80,969.00	09,80,969.00		09,80,969.00	-	-	2017-18	09,80,969.00	-	-	980969	16.11.2017	-	-
44	2017-18	चौदहवाँ	249 / 10.03.2017	49,94,132.00	49,94,132.00		49,94,132.00	-	-	2017-18	49,94,132.00	-	-	4994132	16.11.2017	-	-
45	2017-18	चौदहवाँ	249 / 10.03.2017	49,94,131.00	49,94,131.00		49,94,131.00	-	-	2017-18	49,94,131.00	-	-	4994131	16.11.2017	-	-
46	2017-18	पापंर भग्ना	15 / 15.06.2017	03,84,000.00	03,84,000.00		03,84,000.00	-	-	2017-18	03,84,000.00	-	-	364000	16.11.2017	-	-
47	2018-19	पेशाकर	77 / 24.10.2018	2098319.00	2098319.00	T22170002	2098319.00	-	-	2018-19	2098319.00	-	-	2098319	06.01.2019	-	-
48	2018-19	मुख्यमंत्री राजगणतंत्रियोग	09 / 30.05.2018	6235093.00	6235093.00	T22170004	6235093.00	-	-	2018-19	6235093.00	-	-	6235093	06.01.2019	-	-
49	2018-19	पंचम राठिआयत	15 / 03.07.2018	9376107.00	9376107.00	T22170001	9376107.00	-	-	2018-19	9376107.00	-	-	9376107	06.01.2019	-	-
50	2018-19	पंचम राठिआयत	15 / 03.07.2018	9376107.00	9376107.00	T22150002	9376107.00	-	-	2018-19	9376107.00	-	-	9376107	06.01.2019	-	-
51	2018-19	पेशाकर मद	77 / 24.10.2018	2098319.00	2098319.00	T22170002	2098319.00	-	-	2018-19	2098319.00	-	-	1783953	10.04.2019	-	-
52	2018-19	मुख्यमंत्री राजगणतंत्रियोग	09 / 30.5.2018	6235093.00	6235093.00	T22170004	6235093.00	-	-	2018-19	6235093.00	-	-	6222622	10.04.2019	-	-
53	2018-19	कार्यपालक पद वेतन मद	07 / 22.5.2018	700000.00	700000.00	T22170002	700000.00	-	-	2018-19	700000.00	-	-	640299	10.04.2019	-	-
															225315593		



नगर कार्यपालक पदाधिकारी
नगर पंचायत, रामनगर

(Signature)
E. Chatterjee, Ramnagar
Nagar Panchayat,
West Champaran

Annual Discussion Note

RamNagar ULB

Financial Year 2017-18

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



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

उपर्युक्त कंडिकाओं में दिये गये आपत्ति का
अनुपालन अभी से किया जायेगा।

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अध्यक्ष/अधिकारी
नगर पंचायत, रामनगर

3/9/20
Nagar Panchayat
West Chandigarh
30/9/20