

Internal Audit Report

of

ULB: Dumra Nagar Panchayat

For the period from 01-04-2018 to 31-03-2019

Internal Audit Conducted by:

GKSureka & Co.
Chartered Accountants
Flat No:104, Baidyanath Palace, Jagdeo Path More,
Bailey Road Pillar No.10, Patna-800014 (Bihar).
M: 9811077186, 9999232791
E: mfp@gksureka.com W: gksureka.com

From 05-09-2019 to 13-09-2019

Report Issued on: 18-09-2019

Executive Summary

1. Introduction

Name of the Municipality	Nagar panchayat Dumra
Period Covered under Current Audit	01.04.2018 to 31.03.2019
Name of the Chief Municipal Officer for the period under Audit	Executive Officer Mr. Rajeev Singh

2. Results and Findings

<p>Strength observed during the audit engagement</p>	<ul style="list-style-type: none"> ➤ 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. ➤ Provident Fund deducted from salary has been deposited on timely basis. ➤ GST Return has been filed on regular basis.
<p>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</p> <p><i>The comments under these two categories should summarize each significant Audit observation in the order of materiality. The summary should be as brief as possible and draw on the observations under the Para on Consequence/Effect/ impact of each Audit observation. It should also include a summation of outstanding statutory and Internal audit observations.</i></p>	<ul style="list-style-type: none"> ➤ General cash book has not been maintained, however some of subsidiary cash book maintained by Nagar Panchayat. ➤ Vouchers which was passed for payment has not been allotted a particular number with date. ➤ Generally scheme number not mentioned on file / Measurement book. ➤ Municipality has not been maintaining its books of accounts using double accounting system of book keeping following accrual system of accounting principles guided by the Bihar Municipal Accounting Manual. ➤ Statement of outstanding liabilities for expense in BMAR Form-55 is not maintaining by the municipality. ➤ The property tax register has not been provided to us to ascertain the Total Demand and Arrear at the end of audit period. ➤ 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. ➤ Taxes and other revenue collections from internal sources are Not deposited in bank on same day.



	<ul style="list-style-type: none"> ➤ Nagar Panchayat is not maintaining the demand register for various types of Taxes and Rent to be collected from the revenue resources i.e. Holding Tax, Tower Tax, etc. ➤ Assessment of Property Tax, Rent and other resources has not been conducting on regular intervals. ➤ TDS on commission paid to 4% commission's staffs has not been deducted by nagar panchayat. ➤ Professional tax on salary paid has not been deducted. ➤ EPF from contractual and daily wages staff's salary has not been deducted. ➤ TDS on salary paid to city manager has not been deducted.
--	--

3. Opinion

<p>Overall opinion of the Audit team about the functioning of the Municipality</p>	<p>The functioning of the Municipality is very 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. ➤ There are lapses in deduction and deposit of statutory dues such as TDS, VAT, Royalty, Labourcess etc. ➤ Manpower of Nagar Panchayat is not adequate specially in account section.
---	--

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.
--	--



5. Comments from Management

Comment Management	from	The audit report has been discussed with us; we will try our best to remove the irregularities pointed out in the audit report. For Nagar Panchayat Dumra (Executive Officer)
-------------------------------	-------------	--

6. Acknowledgment

We thank Mr. Rajeev Singh (Executive Officer) and Mr. Vinod Kumar (Head clerk) for their support during the period of our audit. We are also thankful to Tax Daroga (Dinkar Prasad) and supporting staffs of the municipality for their cooperation extended to us during the period of our audit.

Place : Patna
Date:

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

(CA. G. K. Kumar Sureka)
Partner
M.N. 091380



UDIN: 20091380AAAA3901
Date: 24-06-2020

Detailed Audit Report

1. Introduction

The Internal audit of Nagar Panchayat Dumra covering period from 1stApril 2018 to 31st March, 2019 was conducted by our audit team under guidance of CA. Gokul Kumar Sureka, Partner, M/s G.K. Sureka & Co., (Chartered Accountants).

- i. CA Anoop Kumar Singh
- ii. Mr. Lalan Kumar
- iii. Mr. Amit kumar

2. Administration

The present body of the ULB has taken charge on 21st January 2019. The incumbency in the key administrative and executive position was as under:

- i. Chairman : Smt. Vimla Sinha, from 11.03.2015 to till date,
- ii. Vice Chairman: Sri Gajendra Rai from 11.03.2015 to till date.
- iii. Executive officer : Mr. Rajeev Singh, from 21.01.2019 to till date.



3. Review of outstanding audit paras : Status of Audit Observations are as under:

Sl.N o.	Particulars of Audit and date of report	Total No. of Audit Paras.	Total No. of paras necessary improvement/ corrective measure is required	Total No. of audit paras where recovery of cash is proposed	Total No. of audit paras where recovery has been made	Total amount of Recovery	Total No. of paras where no action has been taken	No. & date of Compliance report
1.	AG Audit Report No. 673/2017-18	11	2 Para-7 Para-9	2 Para-6: Rs.170123/- Para-9: Rs.736000/-	1 Para-6 --	1,42,096 --	2 Para-7 Para-9	479/ 22.05.2018

- CAG audit report has been compiled by ULB Dumra. Audit para No 01, 02, 03, 04, 05, 08, 10, & 11 has been fully complied by the ULB, while para no 6 was partially complied and audit para no. 07 & 09 was not complied by the ULB Dumra.
- The Major observations of AG audit report are as under:**
- The C&AG audit Para-7 and 9 has been compiled by the ULB N.P. DUMRA as per Letter No. 479/22.05.2018 and compliance of audit Para-6 has been done partially, further the compliance has been approved by the Board.



4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2016-17 (Fig.as per Budget 17-18 & 18-19)	2017-18	2018-19
Final/ Revised Budget	N.A	14,92,79,100.00	17,37,04,500.00
Actual Expenditure	N.A	3,93,24,327.00	5,27,62,496.00
Savings (+)/ Excess (-)	N.A	10,99,54,773.00	12,09,42,004.00

II. Volume of transactions

Period	Budgeted 2018-19	Previous year (2017-18)	Correspondin g period of 2016-17	Current Period (2018-2019)	Cumulative for The current period
Opening Balance	2,18,90,375.75	5,64,29,475.75	N.A	6,47,05,284* (Opening diff. in cash book by Rs. 47681.72)	6,47,05,284.00
Receipts	16,11,15,000.00	4,75,52,453.53	N.A	3,55,54,462.00	3,55,54,462.00
TOTAL	18,30,05,375.75	10,39,81,929.28	N.A	10,02,59,746.00	10,02,59,746.00
Net Expenditure	17,37,04,500.00	3,93,24,327.00	N.A	5,27,62,496.00	5,27,62,496.00
Closing Balance	93,00,875.75.00	6,46,57,602.28	N.A	4,74,97,250.00	4,74,97,250.00

Details of opening Balance differences in cash book by Rs. 47681.72 (64705824-64657602.00) are as follows: -

1. Rs.0.53 (+) in Revenue cash book as on 29.12.2017 at page no.- 05.
2. Rs. 0.75 (+) in HFA cash book as on 20.05.2017 at page no.- 11.
3. Rs. 47683.00 (-) in Revenue cash book as on 16.10.2017 at page no.- 03.

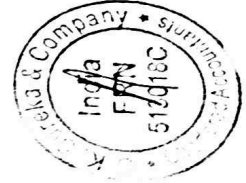


Details of Bank Accounts and their reconciliation position are as under:

Bank Balance as on 31.03.2019

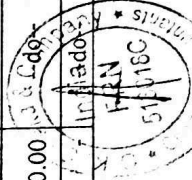
Sl.No.	Bank Name	Account Number	Balance as per Pass Book as on 31.03.2019	Balance as per Cash Book as on 31.03.2019	Difference	Name of scheme	Reconciliation position
1.	BANK OF INDIA	443910110016382	17888086.55	17321208.00	566878.55	HFA	BRS not Prepared by ULB.
2.	BANK OF INDIA	443910110015200	76513.00	72798.00	3715.00	SBM	BRS not Prepared by ULB.
3.	TRESUARY	K844801002003	29792067.00	29792113.00	(46.00)	P/L ACCOUNT	BRS not Prepared by ULB.
4.	BANK OF IDIA	443910110016800	123874.53	179151.00	(55276.47)	REVENUE	BRS not Prepared by ULB.
5.	BANK OF INDIA	443910210000080	84444.00	131980.00	(47536.00)	NULM	BRS not Prepared by ULB.
6.	Total		47964985.08	47497250.00	467735.08		
	Closing Balance as per Pass Book as on 31.03.2019		47964985.08				
	Closing Balance as per Cash Book as on 31.03.2019		47497250.00				
	Difference		467735.08				

Bank reconciliation statement has not been prepared by ULB for the audit period. Further, there is an unidentified difference of Rs. 467735.08 between pass book and Cash book as on 31st March 2019.



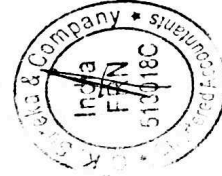
Income Details (Amounts to be provided in Rupees)

S. No.	Details	2017-18		2017-18		2018-19		2019-20		
		2017-18	2016-17	2017-18	2016-17	2018-19	2017-18	2018-19	2019-20	2018-19
	Total Receipts (A+B)	4,75,52,453.00	Not Available	4,75,52,453.00		35554462.00		4,75,52,453.00	Not Applicable	35554462.00
A	Revenue Receipts (1+2+3)									
1	Own Revenue Receipts	1,18,74,607.00	--do--	1,18,74,607.00		5745709.00		1,18,74,607.00	--do--	5745709.00
a)	Tax Revenue (levied and collected by municipal body)	28,72,040.00	--do--	28,72,040.00		2105961.00		28,72,040.00	--do--	2105961.00
i)	Property Tax	25,48,220.00	--do--	25,48,220.00		1967086.00		25,48,220.00	--do--	1967086.00
ii)	Other Tax (levied and collected by municipal body)	25,48,220.00	--do--	25,48,220.00		1891086.00		25,48,220.00	--do--	1891086.00
ii)	Other Tax (levied and collected by municipal body)	-	--do--	-		76000.00		-	--do--	76000.00
b)	Non-Tax Revenue (levied and collected by municipal body)	3,23,820.00	--do--	3,23,820.00		138875.00		3,23,820.00	--do--	138875.00
i)	Fees & Fines	1,49,070.00	--do--	1,49,070.00		3275.00		1,49,070.00	--do--	3275.00
ii)	User Charges	-	--do--	-		-		-	--do--	-
iii)	Other non-tax revenue (levied and collected by municipal body)	1,74,750.00	--do--	1,74,750.00		135600.00		1,74,750.00	--do--	135600.00
2	Other Revenue Receipts	6,11,140.00	--do--	6,11,140.00		381476.00		6,11,140.00	--do--	381476.00
a)	Income from interest/investments	5,04,552.00	--do--	5,04,552.00		381476.00		5,04,552.00	--do--	381476.00
b)	Other Revenue Income	1,06,588.00	--do--	1,06,588.00		-		1,06,588.00	--do--	-
3	Transfers/ Grants/ Assigned Revenues	83,91,427.00	--do--	83,91,427.00		3258272.00		83,91,427.00	--do--	3258272.00
a)	State Assigned Revenue	13,06,850.00	--do--	13,06,850.00		-		13,06,850.00	--do--	-
b)	State Finance Commission (SFC) Grants/Devolution	-	--do--	-		-		-	--do--	-
c)	Octroi Compesation	-	--do--	-		-		-	--do--	-
d)	Other State Government	-	--do--	-		-		-	--do--	-
e)	Central Finance Commission (CFC) Grant	-	--do--	-		-		-	--do--	-
f)	Other Central Government Transfers	-	--do--	-		-		-	--do--	-
g)	Others	70,84,577.00	--do--	70,84,577.00		32,58,272.00		70,84,577.00	--do--	32,58,272.00
B	Capital Receipts (1+2+3+4+5)	3,56,77,846.00	--do--	3,56,77,846.00		29808753.00		3,56,77,846.00	--do--	29808753.00
1	Sale of Municipal Land	-	--do--	-		-		-	--do--	-
2	Loans (from State Govt. or Banks etc.)	-	--do--	-		-		-	--do--	-
3	State Capital Account Grant (under Central Schemes etc.)	2,88,05,306.00	--do--	2,88,05,306.00		15093734.00		2,88,05,306.00	--do--	15093734.00
4	Central Capital Account Grant (under Central Schemes etc.)	68,72,540.00	--do--	68,72,540.00		14320000.00		68,72,540.00	--do--	14320000.00
5	Other Capital Receipts (NULM)	-	--do--	-		395019.00		-	--do--	395019.00



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

S. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
1	Total Expenditure (A+B)	3,93,24,327.00	Not Available	52762496.00	3,93,24,327.00	Not Applicable	52762496.00
1.1	Revenue Expenditure	2,24,10,591.00	--do--	14413336.00	2,24,10,591.00	--do--	14413336.00
	Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	91,52,958.00	--do--	7336388.00	91,52,958.00	--do--	7336388.00
1.2	Operation and Maintenance (O&M)						
1.3	Loan Repayment (Interest payments)	10,82,540.00	--do--	1335461.00	10,82,540.00	--do--	1335461.00
1.4	Others (any other revenue expenditure which is not salaries O&M or Interest Payment)	1,21,75,093.00	--do--	5741487.00	1,21,75,093.00	--do--	5741487.00
1.5	Advances to other agency		--do--			--do--	
2	Capital Expenditure	1,69,13,736.00	--do--	38349160.00	1,54,94,729.00	--do--	38349160.00
2.1	All developmental works under Central/ State specific schemes	1,53,93,594.00	--do--	38032617.00	1,53,93,594.00	--do--	38032617.00
2.2	Loan Repayment (Principal Amount)		--do--			--do--	
2.3	Other Capital Expenditure	1,01,135.00	--do--	316543.00	1,01,135.00	--do--	316543.00
2.4	Grant refund / Transfer to treasury	14,19,007.00	--do--		14,19,007.00	--do--	



VI. Status of Implementation of Double Entry Accounting System

As suggested by the C&AG, the Ministry of Finance, Government of India has introduced a "National Municipal Accounts Manual" for adoption of accrual system of accounting system of accounting of ULBs. Based on NMAM, Bihar Municipal Accounts Manual (BMAM) has been got prepared by the Government of Bihar and has been enforced from April 1,2007. Generally ULB following cash based accounting system which is only detail of total collection and expenses as per provision of BMR 2007, the double entry system should be employed to all ULB.

- Appointment of KRA & CO. for DEAS for the year 2016-17 to 2019-20 has been done but no contract has been signed with Nagar Panchayat.
- For the Year 2018-19, Double Entry Accounting System is not operational in the Nagar Panchayat.
- However, DEAS has been implemented in Dumra nagar panchayat till 2015-16.
- Status of Double Entry Accounting System:
 - 1) Name of Agency Implementing DEAS: KRA & CO.
 - 2) Period: 2016-17 to 2019-20.
 - 3) Status of Report : N.A.
 - 4) Preparation of Fixed Asset Register : N.A
 - 5) Preparation of Opening Balance Sheet: N.A
 - 6) Preparation of Financial Statement : N.A
 - 7) Preparation of Property Tax Register : N.A
 - 8) Details of Tally Installation: Tally Installed
 - 9) Details of Tally Serial Id. And Email Id. :

Serial Id: 715641570,
Mail Id: fcadhrubnarayan@gmail.com

VII. Status of Municipal Accounts Committee; if meeting held

As per section 98 of Bihar Municipal Act, 2007, it is necessary for the Municipality to constitute a Municipal Accounts Committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto, but noMunicipal Accounts Committee has been constituted by the N.P. till the date of our audit.



5. Audit Observations

I. PART- A

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

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

Audit Objective:

Report and quantify all major own revenue losses and opportunities lost or missed, including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat, etc;

1. **Property Tax and other revenue receipts are not deposited by tax collectors to the cashier by 4:30 PM on the same Day.**

Criteria:

Collections should be deposited in to bank on the same day. (Rule-27)

All moneys to be brought to account. (Rule 22)

Condition:

Revenue collection process is not satisfactory; in case of property tax internal control is not adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the day after tomorrow but it is being deposited after a week/month.

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

Holding Tax Register and the summary of daily cash collected and deposited for the FY 2018-19 has not been prepared by Nagar Panchayat. So, we are unable to ascertain the amount of Tax revenue collected during the period, however we verified the DCR (Daily Collection Register) and found short deposit of Rs.70538/- against total collection of Rs.1949824/- and total Deposit in bank account Rs.1879286/- (Details of short cash deposit during the year has not been provided for verification) .

Consequence/Effect/Impact:

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

Cause:



Non-compliance of BMAR by tax collectors and failure to remit collections to cashier by 4:30 PM on same day.

Corrective Action/ Recommendation:

Tax collectors are needs to follows the BMAR and remit the collections to cashier by 4:30 PM on same day

2. Irregularities in Mobile Tower Collection Criteria:

Registration Fees per tower @ Rs. 30,000/- and annual renewal fees @ Rs.8,000/- per annum to be collected. If more than 1 antenna is placed on the tower then an extra registration and renewal fees @ 60% per annum will be collected. Moreover a late fine at 1.5% would be imposed in case of delay in collection after first month of the financial year. Further after every 5 years renewal fees have to be increased by 25%.

Further as per Rule 6(9) of Bihar Communication Towers and Related Structures Rules 2012, in case arrears of registration fees and/or renewal fees for any tower, the municipality reserve the right to seal the tower until the payment is received in full along with accrued interest.

Condition-2

Records of Tower Tax demand, collection and deposits during the year 2018-19 made available for verification. On the basis of available records, we observed that only Rs. 76,000.00 collected against total demand Rs. 59,84,400.00 during the year 2018-19. So, amount of Rs.59,08,400.00 outstanding as on 31.03.2019 under tower tax head. Details are as follows-

S NO.	Tower Company Name	Location	Year of Installation	Total Demand upto 31.03.2019	Collection during the year 2018-19	Total Tower Rent O/s as on 31.03.2019
1	AIRTEL	RAMSNEHI RAY	2005-06	5,36,000.00	-	5,36,000.00
2	T.V.I.	RAMSNEHI RAY	2010-11	1,50,000.00	-	1,50,000.00
3	AIRCEL	USHA KUMARI	2008-09	3,14,000.00	-	3,14,000.00
4	AIRCEL	MAHENDRA RAY	2009-10	2,24,400.00		2,24,400.00
5	AIRCEL	KAUSHALYA DEVI	2008-09	7,74,000.00	-	7,74,000.00
6	AIRTEL	CHANDRESHWAR PRASAD	2005-06	12,59,600.00		12,59,600.00
7	TATA INDICOM	CHANDRESHWAR PRASAD	2008-09	5,00,000.00	-	5,00,000.00



8	RELIANCE	KINTU DEVI	2005-06	7,77,200.00		7,77,200.00
9	IDEA	GEETA KUMARI	2010-11	2,57,600.00	-	2,57,600.00
10	AIRTEL	MADHU RESH SHARAN	2015-16	4,77,600.00	-	4,77,600.00
11	BSNL	PRIMERY HEALTH SOCIETY	2008-09	6,38,000.00		6,38,000.00
12	Jio	RAM BABU PATEL	2018-19	38,000.00	38,000.00	-
13	Jio	SATISH PRASAD	2018-19	38000.00	38,000.00	-
			Total	59,84,400.00	76,000.00	59,08,400.00

Consequence/Effect/Impact:

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

Cause:

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

Corrective Action/ Recommendation:

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

3. Non Collection of Advertisement Tax: Criteria:

Advertisement Taxes, in case auctioned to external agencies, shall be recognized as per the terms of agreement. In all other cases, when permission for advertisement is granted for the first time, the Advertisement Tax shall be accrued at the point when tax is paid and permission is granted. After the first year, Advertisement Tax shall be accrued when renewal is due.

Condition

On the basis of verification of records related to Advertisement Tax, we observed that only Rs. 11800.00 was deposited against total collection Rs. 26000.00 during the audit period. So, Amount of Rs.14200.00 held by the tax collector as on 31.03.2019.

Consequence/Effect/Impact:

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



Cause:

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

Corrective Action/ Recommendation:

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

4. Irregularities in Shop Rent Collection:

Criteria:

Revenues in respect of rents from properties shall be accrued based on terms of agreement. All rent should be collected on due date otherwise it should be collected with penalty and interest.

Condition:

Nagar Panchayat Dumra does not have any shop.

Consequence/Effect/Impact:

N.A

Cause:

N.A

Corrective Action/ Recommendation:

N.A

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

During Audit period, we observed that Electricity bill for the month of march, 2019 was passed for payment in excess of Rs. 1233.00 as per details given below-

Bill No.- 10056913080 Bill date. - 05.03.2019

Amount payable up to 20.03.2019(Due date of deposit without late fees) = 28659.00

Amount payable after 20.03.2019 (Due date of deposit with late fees) = 29892.00

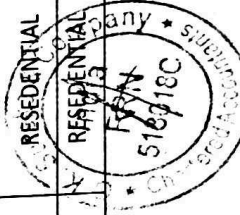
Because ULB paid bill after 20.03.2019, vide cheque no.- 048262 dated- 18.04.2019.

So excess amount of Rs.1233.00 has been paid by the ULB Dumra.



REPORT ON FIELD SURVEY OF 20 HIGH VALUE PROPERTIES OF N.P. DUMRA

SL. NO	NAME	FATHERS NAMES	WARD NO.	TYPE OF CONSTRUCTION	TYPE OF USES	TYPE OF ROAD	CARPET AREA	ANNUAL TAX	REMARKS
1	SANJAY KUMAR	UPENDRA PRASAD YADAV	9	PCC	RES/COM	MAIN ROAD	4000	6,824.00	NO VARIANCE
2	NILU DEVI	LATE AJAY YADAV	9	PCC	COMMERCIAL	MAIN ROAD	2628	6,914.00	NO VARIANCE
3	RAMBABU RAI	LATE LAXMAN RAI	9	PCC	RES/COM	MAIN ROAD	3488	5,243.00	NO VARIANCE
4	VASHIST RAY		9	PCC	RESIDENTIAL	MAIN ROAD	3828	3,256.00	NO VARIANCE
5	VINAY RAY		9	PCC	RESIDENTIAL	MAIN ROAD	3220	3,007.00	NO VARIANCE
6	SITA DEVI	BHAGWAN SAH	10	PCC	RESIDENTIAL	OTHERS	4074	2,797.00	NO VARIANCE
7	KRISHAN KANT SHERMA	BHAGVIR SHARMA	10	PCC	RESIDENTIAL	OTHERS	3181	2,401.00	NO VARIANCE
8	SANTOSH KUMAR	SHASHI KUMAR RAY	10	PCC	RESIDENTIAL	OTHERS	4326	2,453.00	NO VARIANCE
9	MUNDRIKA PRASAD	JAGANNATH PRASAD	10	PCC	RESIDENTIAL	OTHERS	4346	3,696.00	NO VARIANCE
10	MADHURI DEVI	YOJENDRA PRASAD SINGH	10	PCC	RESIDENTIAL	OTHERS	3696	2,498.00	NO VARIANCE
11	INDU WALA	RAMAN KUMAR RAI	11	PCC	RESIDENTIAL	OTHERS	3936	3,068.00	NO VARIANCE
12	BACHHI DEVI	MAHESH JHA	11	PCC	RESIDENTIAL	OTHERS	3424	2,369.00	NO VARIANCE
13	CHANDRA DEV PANDEY	RAMRIJHAN PANDEY	11	PCC	RESIDENTIAL	OTHERS	5916	4,346.00	NO VARIANCE
14	MURARI SARAN	LATE SAMBHU SARAN	11	PCC	RESIDENTIAL	OTHERS	2945	2,505.00	NO VARIANCE
15	RUPLAL SAH	LATE GULAM SAH	11	PCC	RESIDENTIAL	OTHERS	3570	3,036.00	NO VARIANCE
16	MANDAL KARABHAWAN		7		G.B			19,991.00	NO VARIANCE
17	FANINDRA JHA	RAMANAND JHA	1	PCC	RESEIDENTIAL	OTHERS	3148	2,550.00	NO VARIANCE
18	JAYDEV JHA	VISHNATH JHA	1	PCC	RESEIDENTIAL	OTHERS	2276	1,844.00	NO VARIANCE
19	MUKESH KUMAR SRIVASTAV	RADHA RAMAN SRIVASTAV	1	PCC	RESEIDENTIAL	OTHERS	2083	2,153.00	NO VARIANCE
20	CHANDESWARI DEVI	CHANDESWAR PRASAD	1	PCC	RESEIDENTIAL	OTHERS	3962	3,680.00	NO VARIANCE



VIII. PART-B

All audit objections/ irregularities which have no monetary implication, but significant violation of Act, Rules & directives of UD & HD. Mention the reference Act & Rules wherein remedial measures is required. In this part auditor should report in respect of -

a. **Non- maintenance of books of accounts , subsidiary registers**

S.No.	Particulars	Status
1.	Ledger Book	Not Maintained
2.	Grant Register	Not Maintained
3.	Payroll Register	Maintained
4.	Log Book	Not Provided
5.	Assessment Register	Not Provided
6.	General cash book	Not Maintained

Action taken/Recommendation:

We recommend to the Nagar Panchayat to prepare and maintain all the required books and registers.

b. **Irregularity in procurement process**

During Audit period, followings are the irregularities found in procurement process:

C.C.T,V Purchased :

- a) General Board meeting held on 28.02.2018 decided to installation of CCTV Camera in the municipal area.
- b) No any proper advertisement to invite quotation for CCTV published in news paper by nagar panchayat. Only a public notice (letter no.-209 dated- 28.02.2018) to invite quotation was pasted on notice board.
- c) Three quotations were received namely-
Prabhat computer Centre - Rs.101650.00
Sai Enterprises - Rs. 99700.00
Sai computer - Rs. 97890.00

In quotation invitation letter, it is ordered that quotation submitted with PAN and GST related paper but there was no copy of PAN and GST with quotation.

- d) In work order letter no.- 274 dated- 17.03.2018, Time period for installation of CCTV was 7 days but Bill date of Installed CCTV was 14.03. 2018.It means order has been issued **after execution of work**. It shows that management is involve in whole process

Payment details:

Supplier: Sai computer

Bill no.- 274 dated- 14.03.2018

Bill amount = 97890.00



- Bill passed = 97890.00
Amount paid Rs. 97890.00 through ch. No.- 040702 dated- 10.04.2018
- e) Purchased CCTV was not entered into stock register.
 - f) No TDS has been deducted before making payment.
 - g) It was not clear that Sai computer is an authorized dealer or not.

Recommendation:

Please correct above mentioned non-compliance done by concerned ULB.

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 Panchayat to prepare and update the required books and registers.

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, tower tax and advertisement 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.

Recommendation:

We recommend to the Nagar Panchayat to levy all the above taxes and user charges after making necessary assessment.

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) There is lack of internal control on deduction and deposit of various taxes. On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.

Recommendation:

We recommend to the Nagar Panchayat to strengthen the above mentioned internal control weakness for fair presentation of financial position.



the Motor Vehicles Act, 1988, plying on a public street.

xii. Tax on profession

We observed that only property tax, tower tax and advertisement 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.

Recommendation:

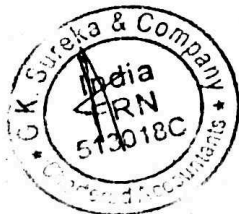
We recommend to the Nagar Panchayat to levy all the above taxes and user charges after making necessary assessment.

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) There is lack of internal control on deduction and deposit of various taxes. On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.

Recommendation:

We recommend to the Nagar Panchayat to strengthen the above mentioned internal control weakness for fair presentation of financial position.



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

The municipality is not regular in depositing statutory dues including tax deducted at source, service tax, VAT/GST, works contract tax, cess payable to the government etc. We observed that all such taxes deducted during the financial year 2018-19 has been deposited in the month of March, 2019.

Details is as under-S No	Type of Tax	Tax Amt. Collected	Tax Amt. Deposited	Difference
1	Income Tax	132684.00	132684.00	Nil
2	VAT	214226.00	214226.00	Nil
3	Labour Cess	162348.00	162348.00	Nil
4	Royalty	195287.00	195287.00	Nil
5	GST	268886.00	268886.00	Nil

Recommendation:

We recommend to the Nagar Panchayat to comply with the above mentioned internal controls weakness for fair presentation of financial statements.

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.

Recommendations:

We recommend to the Nagar Panchayat to comply the said provisions.

h. Utilization of Grant and report on missing Utilization Certificates

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



Details of grant received and their utilization in the FY 2018-19 are as follows :

S No	Date	Sanction Letter no.	Fund Name	Sanction Amount (inRs.)	UC Submitted (in Rs.)	U.C No./ date
1	25.05.2018	07/22.5.18	E.O SALARY	7,00,000.00	0	Not Submitted
2	07.06.2018	09/30.05.2018	NALI-GALI	21,91,058.00	2191058	478/19.03.2019
3	07.06.2018	09/30.05.2018	NALI-GALI	20,18,733.00	2018733	478/19.03.2019
4	07.06.2018	09/30.05.2018	NALI-GALI	1,28,018.00	128018	478/19.03.2019
5	07.06.2018	08/24.05.2018	CITY MANAGER SALARY	1,97,220.00	0	Not Submitted
6	08.08.2018	15/03.07.2018	5TH FINANCE	26,58,809.00	0	Not Submitted
7	08.08.2018	15/03.07.2018	5TH FINANCE	26,58,809.00	0	Not Submitted
8	08.08.2018	21/10.07.2018	5TH FINANCE	27,19,153.00	0	Not Submitted
9	08.08.2018	21/10.07.2018	5TH FINANCE	27,19,154.00	0	Not Submitted
10	08.08.2018	187/14.05.2018	STAMP DUTY	5,20,020.00	0	Not Submitted
11	11.12.2018	77/24.10.2018	PROFESSIONAL TAX	6,79,372.00	0	Not Submitted
				1,71,90,346.00	43,37,809.00	

Recommendations:

We recommend to the Nagar Panchayat to prepare and maintain Grant register for assistance in preparation of utilization certificate.



i. Physical verification of inventory/Stores

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

Recommendations:

We recommend to the Nagar Panchayat to prepare and maintain Store/inventory register.

j. Advances, their adjustment & recovery

Advance Payment

Criteria:

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

Condition:

Advance Register not provided to us for verification.

Recommendations:

We recommend to the Nagar Panchayat to prepare and maintain Advance register.

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

Staff strength of accounts department needs to be increased.



IX. PART- C

a. Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GOB; Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.

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

Chapter-IX: Financial Management of Municipalities

Keeping in view the classification of municipal areas under section 7, the receipts and expenditures of the Municipality has not been kept under the heads of accounts, including those for water-supply, drainage and sewerage, solid waste management, road development and maintenance, slum services, commercial projects and other account heads as specified and the general account head, in such manner, and in such Form, as prescribed, so as to facilitate the imposition of user charges and preparation of any subsidy report under this Act.

Chapter-X: Application of Municipal Fund

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

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

Chapter-XI: Budget Estimates

No irregularities observed in preparation and presentation of budget estimate for the FY 2018-19.

Chapter XII: Accounts and Audit

Books and Accounts of the Nagar Panchayathas not been maintained as per Municipal Accounting Manual and not placed to auditor appointed by UDHD. However the Nagar Panchayat is maintaining only cash book and their subsidiary books.

Chapter-XIII: Municipal Property

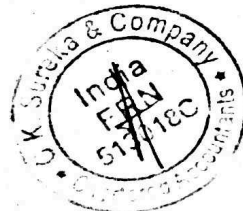
Fixed assets register is not maintained by Nagar Panchayat We were not provided with the Fixed Assets Register for the FY 2018-19 for verification.

Chapter-XIV: Borrowings

No borrowings availed by Nagar Panchayat.

Chapter-XV: Municipal Revenue

Revenue collection process is not satisfactory; in case of



	<p>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.</p> <p>Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available.</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 Panchayat.</p>
<p>b. Auditor should Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At 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;</p>	<p>List of Top 20 high value property has reported above in point no.- C of Part A (I).</p>
<p>c. Auditor should Report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR</p> <p>a) Rule 22: All moneys to be brought to account</p> <p>b) Rule: 27: Collections to be deposited into Bank on the same day</p> <p>c) Rule 69: Grant Related Compliance</p> <p>d) Rule 120-121: Monthly Receipt &</p>	<p>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.</p> <p>Till date Double Entry Accounting System is not operational in the Nagar Panchayat.</p> <p>Internal control for collections of revenue from internal sources is not adequate such as :</p> <p>Demand register is not maintained.</p>



<p>Payment Account and Trial Balance Rule 130: Audit to be completed & reported within 6 month</p>	<p>All the collections are not deposited in bank account on same day.</p> <p>Monthly Receipt & Payment Account and Trial Balance has not been prepared.</p> <p>Audit of accounts is not completed and report has not been submitted within 6 month.</p>
<p>d. Report on compliance of financial guidelines of schemes of MOHUA and UD & HD, GOV.</p>	<p>Separate details of schemes of MOHUA (Ministry of Housing and Urban Affair) and UD&HD (Urban Development and Housing Department) not provided to us for Report on compliance of financial guidelines.</p>
<p>e. Auditor should 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;</p>	<p>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.</p> <p>Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available.</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 Panchayat.</p>
<p>f. Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs.10,000 and above.</p>	<p>In the audit period, we observed that nagar panchayat hired a vehicle (vehicle no.- DL8CAL1753) on monthly basis. Standing committee was taken decision to hire a vehicle for office purpose.</p> <p>Payment details are as follows: Vehicle owner name: Rajesh kumar Vehicle used by NP from 13.02.2019 to 27.03.2019. Total Rs. 36059.00 paid to Rajesh kumar through ch. No.- 048257 dated- 28.03.2019. Irregularities found are as follows-</p> <ol style="list-style-type: none"> 3.No quotation invited by ULB to hire vehicle. 4. It was not clear that on what basis the monthly rate was fixed. 3.No any agreement signed between ULB and Rajesh kumar 4.No work order issued to Rajesh kumar. 5. Log book of hired vehicle not provided to us to ascertain the accuracy of bill amount. <p>No TDS deducted from the paid amount.</p>
<p>g. Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions , if any and</p>	<p>Procurement register has not been maintained by ULB.</p>



whether a register is kept for all Procurements with value above Rs. 15,000/-

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

S No	Date	Sanction Letter no.	Fund Name	Sanction Amount (inRs.)	UC Submitted (in Rs.)	U.C No./ date
1	25.05.2018	07/22.5.18	E.O SALARY	7,00,000.00	0	N.A
2	07.06.2018	09/30.05.2018	NALI-GALI	21,91,058.00	2191058	478/193.2019
3	07.06.2018	09/30.05.2018	NALI-GALI	20,18,733.00	2018733	478/193.2019
4	07.06.2018	09/30.05.2018	NALI-GALI	1,28,018.00	128018	478/193.2019
5	07.06.2018	08/24.05.2018	CITY MANAGER SALARY	1,97,220.00	0	N.A
6	08.08.2018	15/03.07.2018	5TH FINANCE	26,58,809.00	0	N.A
7	08.08.2018	15/03.07.2018	5TH FINANCE	26,58,809.00	0	N.A
8	08.08.2018	21/10.07.2018	5TH FINANCE	27,19,153.00	0	N.A
9	08.08.2018	21/10.07.2018	5TH FINANCE	27,19,154.00	0	N.A
10	08.08.2018	187/14.05.2018	STAMP DUTY	5,20,020.00	0	N.A



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

11	11.12 .2018	77/24.1 0.2018	PRO FESSI ONAL TAX	6,79,372. 00	0	N.A
				1,71,90,3 46.00	43,37,8 09.00	

Instances of losses, failures or inefficiencies

In case of property tax internal control is not adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the day after tomorrow but it is being deposited after a week/month.

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

Tax demand register has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. This could be a huge loss to Nagar Panchayat.

Recommendations and/or measures which can be taken to avoid their recurrence in future.

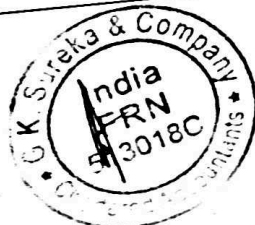
Proper monitoring of all transactions and implementation of Bihar Municipal Accounting Manual by authorised personals are recommended.

In the audit period, we observed that in Naligaliyojna, security money has been refunded to contractor only within one year. Details are as follows-

Sl. No	Name of contractor	Amount s	Ch. No.	Date
1	MATAUDDIN HAIDER	7600	A334836	16.01.2019
2	HEMANT KUMAR	22475	A334837	16.01.2019
3	RITA DEVI	23340	A334839	16.01.2019
4	RAJEEV KUMAR	44509	A334841	16.01.2019
5	SHYAM KUMAR SHASHI	25010	A334844	16.01.2019
6	DOLIP KUMAR	13651	A334845	16.01.2019
7	RAJEEV KUMAR	36756	A334842	16.01.2019

No such FD.s held by Nagar Panchayat.

Auditor will report on that the fixed deposit and other funds should



be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.

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

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.

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

S. No.	Particulars	Amount	Reason
1.	Property Tax a/c	70538.00	Not deposited into bank
2.	Tower Tax	5908400.00	Not collected
3.	Electricity bill	1233.00	Due to late payment
4.	Advertisement Tax Bank a/c	14200.00	Not deposited into N.P

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.

CAG audit report has been complied by ULB Dumra. Audit para No 01, 02, 03, 04, 05, 08, 10, & 11 has been fully complied by the ULB, while para no 6 was partially complied and audit para no. 07 & 09 was not complied by the ULB Dumra.

Reply of Internal audit report 2017-18 pending.



General Observations: Auditor should report the deficiencies noticed during their audit and recommend ULB Management to improve internal systems.

- Manpower of Nagar Panchayat is not adequate and equipped with required knowledge.
- Nagar panchayat should maintain voucher number.

Place :Patna
Date :

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



(CA G.K. Kumar Sureka)
Partner

M.N.-091380

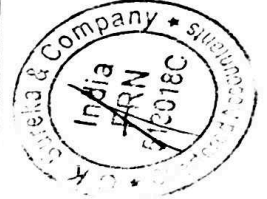
UDIN: 20091380AAAA DP3901

Date: 24-06-2020

Discussion Note for Internal Audit observation of FY 2018-19

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 2018-19 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.</u> <u>No</u>	<u>Audit Observations</u>	<u>Reply of Management</u>
1.	<p>Copy of Internal audit report of FY 2016-17 has not been available to us for verification and to know status of compliance of outstanding audit paras.</p> <p>Some observations of C&AG audit report is still pending for compliances, please provide status of the above.</p>	<p>Will be provided soon.</p> <p><i>The best possible way has been tried to find out to do the compliance in future. It will be taken care of.</i></p>
2.	<p>Bank Reconciliation statement has not been prepared on regular intervals. i.e. Monthly/Quarterly.</p> <p>Account and Scheme wise Bank reconciliation not prepared.</p>	<p>Preparation of Bank Reconciliation Statement is in progress. It will be provided as soon as possible.</p>
3.	<p>ULB has not maintained General cash book.</p> <p>We recommend to the ULB to maintain General cashbook.</p>	<p>Preparation of General book is in progress.</p>



G.K. Sureka & Co.
 Chartered Accountants
 10/10/2018

DEAS is in progress, and pending for approval.

We are working on the constitution of Municipal Accounts Committee.

5. Constitution of "Municipal Accounts Committee" is pending yet.

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

b. Tax demand register has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. This could be a huge loss to ULB.

c. Holding Tax Register and the summary of daily cash collected and deposited for the FY 2018-19 has not been prepared by Nagar Panchayat. However we found short deposit of Rs.70538/- against total collection of Rs.1949824/- and total Deposit in bank account Rs.1879286/-.

d. Property Tax should be deposited on daily basis otherwise a penalty up to Rs. 5000/- may be imposed for delayed deposit.

7. Record of Tower and its dues, collection from respective tower has not been provided to us, please provide above information.

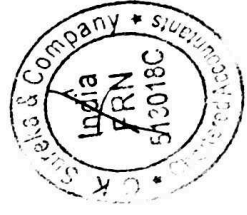
a) Noted for further compliance.

b) Noted for further compliance.

c) Noted for further compliance.

d) Noted for further compliance.

Will be provided soon.



[Handwritten signature]
Sarda & Company
Chartered Accountants

9. Non-maintenance of books of accounts, subsidiary registers

S.No.	Particulars	Status
1.	Ledger Book	Not Maintained
2.	Grant Register	Not Maintained
3.	Payroll Register	Not properly maintained
4.	Log Book	Not Provided
5.	Demand and Collection Register	Not Provided
6.	Assessment Register	Not Provided
7.	General cash book	Not Maintained

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

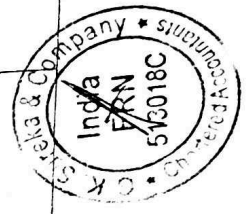
11. We observed that only above mentioned tax/Fee has been collected during the year other taxes have not been collected.

- i.e.
- Surcharge on transfer of lands and buildings,
 - Tax on deficit in parking spaces in any non-residential building,
 - Water tax,
 - Fire tax,

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

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

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



[Handwritten signature]

- newspapers,
- f. Surcharge on entertainment tax
 - g. Surcharge on electricity consumption within the municipal area,
 - h. Tax on congregations,
 - i. Tax on pilgrims and tourists, and
 - j. Toll -on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles, within the meaning of the Motor Vehicles Act, 1988, plying on a public street.
- New Assessment of property tax has not been done since long and holding tax is being collected at old rates.

12.	<p>The municipality is not regular in depositing statutory dues including tax deducted at source, service tax, VAT/GST, works contract tax, cess payable to the government etc. We observed that all such taxes deducted during the financial year 2018-19 partly has been deposited and partly has not been deposited.</p>	<p>It will be followed from next time. Short Deposit of taxes will be deposited soon.</p>
13.	<p>Deficiency in Pay-roll System</p> <ol style="list-style-type: none"> 1) The pay-roll system does not contain leave details of employee. 2) Contribution of permanent employees and employer towards ESI has not being made. 3) PF account has not been opened with PF department of all the permanent employees. 	<p>We are implementing recommendation which has given by Internal Auditor.</p>



Handwritten signature and date: 18.08.2019

Grant register was not prepared and submitted to the concerned department as soon as such grant utilized. Help of Internal Auditor will be taken, if required.

14.

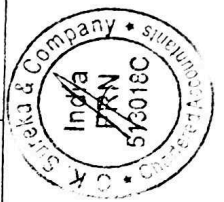
utilized grant at any particular time.

Grant received during the financial year 2018-19, Rs. 17190346/- but utilisation certificate prepared only of Rs. 4337809/- during the Financial Year 2018-19.

We recommend to the ULB to provide the grant register for assist in preparation of utilization certificate.

Utilization Certificate of respective grant will be prepared and submitted to the concerned department as soon as such grant utilized. Help of Internal Auditor will be taken, if required.

15.	Store Register has not been prepared and physical verification of inventory/stores has also not been done.	Store register is prepared but not maintained, we are working on it.
16.	Advance Register is not being prepared hence it is difficult to monitor for advances given and adjustment thereof. However, the list of employees who taken advances for expenditure and their outstanding balance on March 2018 has been provided.	It will be followed from next time.
17.	Staff strength of accounts department needs to be increased.	Yes, I will place this matter in meeting board/committee.
18.	Separate details of schemes of MOHUA (Ministry of Housing and Urban Affair) and UD&HD (Urban Development and Housing Department) not provided to us for Report on compliance of financial guidelines.	It will be provided from next time.



S.K. Sharma

19.	Internal control measure has not been consider by concerned ULB for its operation and transaction.	The are working on the recommendations made by the Internal Auditor.
20.	List of directive issued by UD&HD, GOB has not been provided to us for verification of same regarding compliances.	It will be provided from next time.

Date:
Place:

For Nagar Panchayat Dumra
(Executive Officer) Executive Officer
Nagar Panchayat Dumra
10.02.

