



नगर विकास एवं आवास विभाग
URBAN DEVELOPMENT & HOUSING DEPARTMENT
Government of Bihar

INTERNAL AUDIT REPORT

FOR

F. Y. 2019-20

GROUP 1

DAUDNAGAR NAGAR PARISHAD

BY

A. P. SANZGIRI & CO. CHARTERED ACCOUNTANTS

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A. P. SANZGIRI & CO.

CHARTERED ACCOUNTANTS

Document History

Internal Audit

Project Title	Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar (Tender No. IA-140ULBs/2017-18/2018-19/2019-20) Group - 1 covering 19 ULBs"
Report Title	Internal Audit for FY 2019-20 of Daudnagar Nagar Parishad
Reporting Entity	A P SANZGIRI & Co., Chartered Accountants
Reporting for	Daudnagar Nagar Parishad
Report Prepared by	Internal Audit Team of A P SANZGIRI & Co., Chartered Accountants
Date of Submission	9th April, 2021



Abbreviation and Acronyms

Abbreviation	Description
UD&HD	Urban Development & Housing Department
BMAM	Bihar Municipal Accounting Manual
NMAM	National Municipal Accounting Manual
ULBs	Urban Local Bodies
FAR	Fixed Assets Register
OBS	Opening Balance Sheet
ToR	Terms of Reference
MIS	Management Information System
DEAS	Double entry accounting system
MOUD	Ministry of Urban Development
GOI	Government of India
GOB	Government of Bihar
CWIP	Capital Works in Progress
CAG	Comptroller & Auditor General of India
MAS	Municipal Audit Specialist
MAA	Municipal Audit Assistant
SS	Support Staff
NTP	Notice to Proceed
RFP	Reference for Proposal

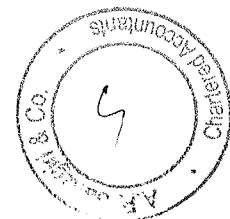


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A. P. SANZGIRI & CO.
CHARTERED ACCOUNTANTS

Date: 9th April, 2021

To

The Secretary

Urban Development & Housing Department,
Patna-Bihar

Sub: Submission of Internal Audit Report of Nagar Parishad DaudNagar for the Financial Year 2019-20

Ref No.: Letter No. 7/I. AK. 23/2018 – 82 **Dated:** 16.01.2019

Respected Sir,

With reference to above subject matter, We **A P Sanzgiri & Co., Chartered Accountants** has been appointed as **Internal Auditor** for the project named as "**Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar (Tender No. IA-140 ULBs /2017-18/2018-19/2019-20) Group – 1 covering 19 ULBs.**

We have undertaken our audit as per various standards on internal audit issued by the ICAI and as per scope of work and methodology presented. The audit procedures have been performed on the basis of accounting records and other information and explanation provided by the management and other authorised official. We have totally relied upon the data and information furnished by the ULB. It is the sole and exclusive responsibility of the ULB to ensure that data furnished is complete, consistent and accurate in all respect.

Our report is in nature of internal audit report only and prepared as per scope of work and methodology submitted earlier. Since the above procedures were not any statutory audit in accordance with generally accepted standards in India, we do not express any assurance on financial statement and also on the completeness of aforesaid factual findings.

Content of the report and matter might have varied if we had performed a statutory audit of the financial statement in accordance with generally accepted accounting/ auditing standards in India.

This report is restricted for the use of ULB who has agreed to the procedures and should not be used for any other purposed including disclosure to/ discussion with any other parties. We have no responsibility to update this report for the events and circumstances occurring after the date of this report.

Thanking You,

Yours faithfully,

A P Sanzgiri & Co,
Chartered Accountants

Satish Gupta

CA Satish Gupta

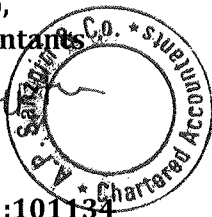
Partner

Membership No. :101134

FRN: 116293W

UDIN: 21101134AAAAJZ9632

Date:16-09-2021



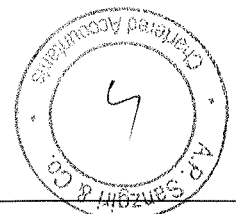
EXECUTIVE SUMMARY

1. INTRODUCTION:

Name of the Municipality	-	Daudnagar Nagar Parishad
Period covered under Current Audit	-	01 st April 2019 to 31 th March 2020
Name of Mayor	-	Smt. Soni Devi
Name of E.O	-	Md. Jamal Akhtar Ansari

2. OBSERVATIONS AND FINDINGS:

Strengths	<ol style="list-style-type: none">1. In the existing system as prevailing in the ULB, day to day working is in progressive manner in respect of collection of revenue and execution of the projects.2. There is sufficient co-operation from the management during the course of our audit.3. General Cash book is properly up-to-dated.
Weaknesses	<ol style="list-style-type: none">1. No physical verification of store is exercised by ULB.2. No Physical verification of cash is exercised by ULB.3. Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.4. Fixed assets register is not maintained by ULB5. Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection for FY 2016-17. Hence, we are unable to comment on the same.6. Statutory compliance of the ULB is not deposited timely and hence it incurs penalty and other charges.7. Certain Statutory Registers and Books are not maintained.8. Bank Reconciliation Statement has not been prepared of all accounts.9. Non Levy of Taxes:<ul style="list-style-type: none">• Water Tax• Fire Tax.• Tax on advertisements, other than advertisements published in newspapers• Surcharge on electricity consumption within the municipal area• Tax on congregations.• Tax on pilgrims and tourists.• User Charges for Solid Waste Management• User Charges for Parking Facility• User Charges for Garbage Clearance



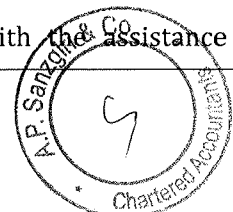
	<ul style="list-style-type: none"> • Collection of fees for sanction of building plans and issue of completion certificates, • Collection of Development Charges <p>10. During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax on average around 01 to 108 days.</p> <p>11. ULB is not prepared monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.</p> <p>12. ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter</p> <p>13. Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.</p> <p>14. Non Compliance of Rule 130 of BMAR in some of the cases.</p> <p>15. ULB is not maintaining the accounts as well as not preparing the financial statements.</p> <p>16. ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.</p>
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3. OPINION:

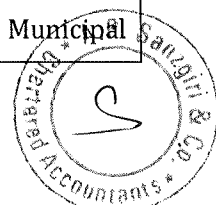
The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel and other matters incidental thereto for overall improvement of the ULB.

4. AUDIT RECOMMENDATION:

Observed Weaknesses	Audit Recommendations
No physical verification of store is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of the stock and process.
No Physical verification of cash is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of cash.
Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.	Internal Audit wing should be created by employing the Municipal Internal Auditor on the Board.
Fixed assets register is not maintained by ULB	Fixed assets register should be maintained and updated properly with the assistance of DEAS



	team.
Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection for FY 2016-17. Hence, we are unable to comment on the same.	Compliance report should be prepared as soon as the report is received by ULB and steps to be taken for recovery of the amount for financial irregularities.
Statutory compliance of the ULB is not deposited timely and hence it incurs penalty and other charges.	As ULB is not proper in statutory compliances, that cause financial implication on ULB in mode of interest and penalty. So, ULB should ensure statutory compliance on time.
Certain Statutory Registers and Books are not maintained.	Statutory register and books of accounts should be maintained as per guidelines and BMAR.
Bank Reconciliation Statement has not been prepared of all accounts.	ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.
Non Levy of Taxes: <ul style="list-style-type: none"> • Water Tax • Fire Tax. • Tax on advertisements, other than advertisements published in newspapers • Surcharge on electricity consumption within the municipal area • Tax on congregations. • Tax on pilgrims and tourists. • User Charges for Solid Waste Management • User Charges for Parking Facility • User Charges for Garbage Clearance • Collection of fees for sanction of building plans and issue of completion certificates, • Collection of Development Charges 	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. ULB should take steps to implement required taxes to boost their revenue
During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 01-108 days.	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.
ULB is not prepared monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	As per BMAR Rule No. - 121, ULB should prepare of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal



	Officer.
ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	Currently ULB is sending on yearly basis and the same need to be complied on quarterly basis.
Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.	As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB. 1. Municipal General Fund 2. Basic service for urban poor 3. Water supply & sewerage fund 4. Solid Waste Management Fund 5. Road Development & Maintenance 6. Enterprise Fund
Non Compliance of Rule 130 of BMAR in some of the cases.	ULB should ensure compliance related to Rule 130 of BMAR on regular basis.
ULB is not maintaining the accounts as well as not preparing the financial statements.	ULB is require to maintain the accounts as well as prepare the financial statements at the end of the year.
ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.	ULB should prepare financial statements for each year and get it approved from municipal account committee. As per BMAR, audited financial statements are required to submit to auditor for audit.

5. COMMENTS FROM MANAGEMENT

We have conducted audit of the ULB and our report with observation was discussed with ULB officials and their comments are given in discussion note. **(Kindly refer Discussion Note attached with the Report).**

6. ACKNOWLEDGEMENT

We are thankful to management and staff for their cooperation during the course of the audit conducted by us.

On Behalf of

A P Sanzgiri & Co,

Chartered Accountants

Satish Gupta

CA Satish Gupta

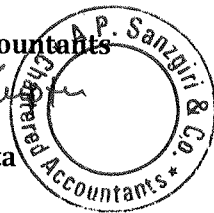
Partner

Membership No. 101134

FRN: 116293W

UDIN: 21101134AAAAAT29632

Date: 16-09-2021



DETAILED AUDIT REPORT

1. INTRODUCTION:

Name Of ULB	Period-covered		Audit Team
	From	To	
Daudnagar Municipal Council	01.04.2019	31.03.2020	1. Team Leader : Satish Gupta 2. Name of CA : Ronak Agarwal 3. Name of Auditor-1 : : Raja Ansari

2. ADMINISTRATION:

Sl. No.	Particulars	Details
1	The present body of the ULB has taken charge on	June 2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Smt. Soni Devi
2.1.1	Period of Service:	From: 2018 To: Till date
2.2	Name of Commissioner/Executive Officer:	Md. Jamal Akhtar Ansari
2.2.1	Period of Service:	From: 21 st Jan, 2019 To: Till Date

3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. Status of Audit Observations is as under:

Particulars of audit and date of report	Total No. of audit paras	Total No. of audit paras where necessary improvement/corrective measures 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 O/s para where no action has been taken	No. & date of compliance report
Audit report submitted by AG for the F.Y. 2016-17	18	18	8	Nil	-	18	Not Prepared (Refer Discussion Note)
Internal Audit paras FY 2017-18 & 2018-19							Not Complied. (Refer Discussion Note)

3.2. DETAILS OF TOTAL NUMBER OF AUDIT PARAS:

Period of AG Audit Report : 2016-17

Compliance Report Date & Number : Not Prepared

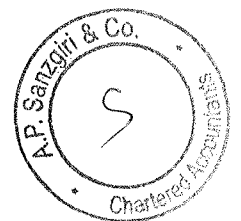


Audit Para Number	Heading of the Audit Para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
1	Solar Light	18.16 Lakh	18.16 Lakh	NO	NO
2	Cleaning Goods (under 13 th F.C.)	31.94 Lakh	-	-	NO
3	Cleaning Goods (under 13 th F.C.)	17.00 Lakh	-	-	NO
4	Self Cheque – Withdrawal	31.59 Lakh	-	-	NO
5	Advance Payment (Power supply)	4.81 Lakh	-	-	NO
6	Shop Rent – Non recovery of Service tax	0.91 Lakh	0.91 Lakh	NO	NO
7	Shop Rent – Outstanding	3.01 Lakh	3.01 Lakh	NO	NO
8	Mobile tower tax- outstanding	6.12 Lakh	6.12 Lakh	NO	NO
9	Holding Tax- outstanding	16.44 Lakh	16.44 Lakh	NO	NO
10	Trade licence	6.76 Lakh	-	-	NO
11	Market rent – outstanding	0.94 Lakh	0.94 Lakh	NO	NO
12	See note-				NO
13	Daily Wages-	7.92 Lakh	-	-	NO
14	Not presented Abhiswan	36.95 Lakh	-	-	NO
15	Misc. Receipt	0.85 Lakh	0.85 Lakh	NO	NO
16	Bank Statement	NA	-	-	NO
17	See note below	0.32 Lakh	0.32 Lakh	NO	NO
18	Advance Register	19.00 Lakh	-	-	NO

Note-1: ULB did not provide AG report thereafter have taken from UD & HD website. Para-12 of Part-II(B) and Para 1-7 of Part-III of downloaded report is not readable.

Note-2: Further Compliance Report has not been prepared by managements.

Management Comment: We are preparing Compliance Report for above said period of AG Report, Once it is completed thereafter said Report will be provided. (Refer Discussion Note-1)



4. FINANCE

I. BUDGETARY PROVISIONS AND EXPENDITURE FOR THE LAST THREE YEARS

Year	Year- 2017-18	Year- 2018-19	Year- 2019-20
Final/Revised Budget Data	499,313,942.00	567,681,100.00	635,852,000.00
Actual Expenditure Data	98,074,673.00	69,292,965.00	67,762,898.00
Savings(+)/Excess(-)	401,239,269.00	498,388,135.00	568,089,100.00

Auditor's Comment:

The cash book prepared by ULB in such way that we could not bifurcated or separated data as required in above mentioned format .The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification.

Kindly refer discussion note

II. VOLUME OF TRANSACTIONS

Period	Budgeted for F.Y. 2019-20	Actual for the F.Y. 2018-19	Actual for the F.Y. 2017-18	Actual for the F.Y. 2019-20	Cumulative for the current period
Opening balance	166,966,483.00	19,40,09,755.00	190,266,803.00	167,066,483.00	167,066,483.00
Receipts	468,885,549.00	4,23,49,693.00	10,18,17,625.00	89,523,875.00	89,523,875.00
Total	635,852,032.00	23,63,59,448.00	29,20,84,428.00	25,65,90,358.00	25,65,90,358.00
Net expenditure	635,852,000.00	6,92,92,965.00	9,80,74,673.00	67,762,898.00	67,762,898.00
Closing balance	32.00	16,70,66,483.00	19,40,09,755.00	18,88,27,460.00	18,88,27,460.00

Auditor's Comment:

The cash book prepared by ULB in such way that we could not bifurcated or separated data as required in above mentioned format .The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification.

III. BANK RECONCILIATION POSITION AS ON REPORTING DATE

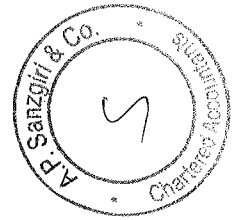
BANK RECONCILIATION POSITION AS ON 31.03.20



S.N	Name of Bank	Bank A/C No.	Purpose of Bank Account	Balance as per Cash Book	Balance as per Bank Statement	Differences	Reconciled (Yes/No)
1	State Bank of India	11436537040	Internal Resource	66,05,752.81	80,94,495.50	14,88,742.69	No
2	PNB	386100210006942	SBM	529671.94	4,89,760.25	39,911.69	No
3	PNB	3861002100004250	AWASHIYE YOJNA	19,64,557.21	Not updated	N/A	No
4	Treasury		Treasury	24,81,50,097.00	24,81,50,097.00	-	Yes
6	MGB	71012100000268	Dindayal Antoday	8,71,725.10	Not updated	N/A	No

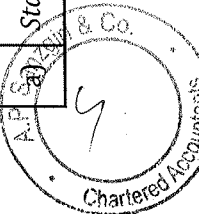
Auditor's Comment:

1. Some Bank Accounts are not reconciled.
2. There is difference in accounts mentioned above.
3. BRS of Treasury Accounts has not been prepared.



IV. REVENUE & CAPITAL RECEIPTS INFORMATION:

SN	Details	2017-18		2018-19		2019-20	
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (Actual)	2019-20 (Actual)	2018-19 (Actual)
	Total Receipts (A+B)	101817625	136,361,431.00	42349693	101817625	89,523,875.00	42349693
A	Revenue Receipts (1+2+3)	5747552	3,256,296.00	2494306	5747552	31,744,319.00	2494306
1	<i>Own Revenue Receipts (a+b)</i>	5407643	3,170,137.00	2494306	5407643	2,558,913.00	2494306
a)	<i>Tax Revenue (Collected by ULB)</i>	4089973	3,055,457.00	2377696	4089973	1,581,168.00	2377696
i)	<i>Property Tax</i>	1023992	647,933.00	1084597	1023992	1,458,119.00	1084597
ii)	<i>Other tax (Collected by ULB)</i>	3065981	2,407,524.00	1293099	3065981	123,049.00	1293099
b)	<i>Non-tax revenue (Collected by ULB)</i>	1317670	114,680.00	116610	1317670	977,744.00	116610
i)	<i>Fees & Fines</i>	191455	-	44220	191455	585,034.00	44220
ii)	<i>User Charges</i>	0	-	0	0	141,280.00	0
iii)	<i>Other non-tax revenue</i>	1126215	114,680.00	72390	1126215	251,430.00	72390
2	Other Revenue Receipts	339909	41,744.00	0	339909	781,696.00	0
a)	<i>Income from interest/investments</i>	309909	-	0	309909	-	0
b)	<i>Other Revenue income</i>	30000	41,744.00	0	30000	781,696.00	0
3	Transfers/Grants/Assigned Revenues	0	44,415.00	0	0	28,403,709.00	0
	<i>State Assigned Revenue</i>	0	-	0	0	28,403,709.00	0



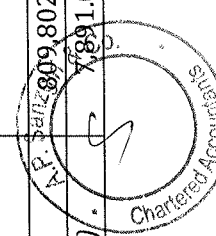
b)	State Finance Commission (SFC) Grants			44,415.00	0					
c)	Octroi compensation			-	0					
d)	Other State Government Transfers			-	0					
e)	Central Finance Commission (CFC) Grant			-	0					
f)	Other Central Government Transfers			-	0					
B	Capital Receipts	96070073	133,105,135.00		39855387	96070073	57,779,556.00	39,855,387.00		
1	Sale of Municipal Land	0	-	-	0	-	-	-	-	-
2	Loans (from State Govt. of Banks etc.)	0	-	-	0	-	-	-	-	-
3	State Capital Account Grant	96070073	133,105,135.00		39855387	96070073	26,561,810.00	39,855,387.00		
4	Central Capital Account Grant	0	-	-	0	-	31,217,746.00	-	-	-
5	Other Capital Receipts	0	-	-	0	-	-	-	-	-

Auditor's Comment:

The cash book prepared by ULB in such way that we could not bifurcated or separated data as required in above mentioned format. The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification. Kindly refer discussion note

V. REVENUE AND CAPITAL EXPENDITURE INFORMATION.

S.N. Details		EXPENDITURE DETAILS (Amounts in Rupees)											
		2017-18		2016-17		2018-19		2019-20					
		2017-18	2017-18	2016-17	2016-17	2018-19	2018-19	2019-20	2019-20				
	Total Expenditure (1+2)	98,074,673.00	98,074,673.00	78,635,578.00	78,635,578.00	69,292,965.00	69,292,965.00	98,074,673.00	98,074,673.00	67,762,898.00	67,762,898.00	69,292,965.00	69,292,965.00
1	Revenue Expenditure	42,407,372.00	42,407,372.00	33,951,648.00	33,951,648.00	28,935,328.00	28,935,328.00	42,407,372.00	42,407,372.00	18,193,673.00	18,193,673.00	28,935,328.00	28,935,328.00
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and contract)	23,865,387.00	23,865,387.00	13,587,226.00	13,587,226.00	11,412,492.00	11,412,492.00	23,865,387.00	23,865,387.00	8,327,909.00	8,327,909.00	11,412,492.00	11,412,492.00
1.2	Operation and Maintenance	809,802.00	809,802.00	4,254,268.00	4,254,268.00	7,146,331.00	7,146,331.00	809,802.00	809,802.00	8,334,541.00	8,334,541.00	7,146,331.00	7,146,331.00
1.3	Loan repayment (Interest payments)	7891.00	7891.00	-	-	1,523.00	1,523.00	7,891.00	7,891.00	1,278.00	1,278.00	1,523.00	1,523.00



1.4	Others(any other revenue expenditure)	17,724,292.00	16,110,154.00	10,374,982.00	17,724,292.00	1,529,945.00	10,374,982.00
2	Capital Expenditure	55,667,301.00	44,683,930.00	40,357,637.00	55,667,301.00	49,569,225.00	40,357,637.00
2.1	All developmental works under Central/ State schemes	55,667,301.00	44,683,930.00	40,357,637.00	55,667,301.00	48,633,510.00	40,357,637.00
2.2	Loan Repayments(Principal Amount)	-	-	-	-	-	-
2.3	Other Capital expenditure	-	-	-	-	935,715.00	-

Auditor's Comment:

The cash book prepared by ULB in such way that we could not bifurcated or separated data as required in above mentioned format .The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification.

Kindly refer discussion note

VI. STATUS OF IMPLEMENTATION OF DOUBLE ENTRY ACCOUNTING SYSTEM:

Currently there is no agency working for implementation of double entry accounting system. **(Refer Discussion Note)**

Name of agency	DEAS (implemented till date)	Remark
M/s Sahani Bansal & Associates	Till F.Y 2015-16	There is no back up data available with ULB.
M/s Sarkar Gurumurthy & Associates	Not implemented after 2015-16	Till now no work has been started.

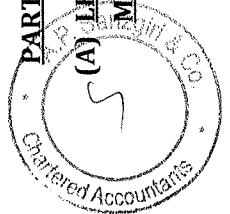
VII. STATUS OF MEETING OF MUNICIPAL ACCOUNTS COMMITTEE:

Municipal Accounts Committee has not been formed till date, however management replied it will be formed very soon. **(Refer Discussion Note)**

5. AUDIT OBSERVATION:

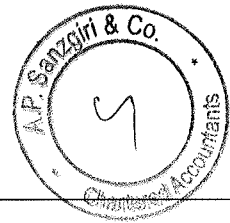
PART-A: ALL AUDIT OBJECTIONS/IRREGULARITIES WHICH HAS MONETARY IMPLICATIONS

(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.



OBSERVATION-1 : TAXES/CHARGES WHICH ARE NOT IMPLEMENTED BY ULB ACCORDING TO THE BIHAR MUNICIPAL ACT,2007

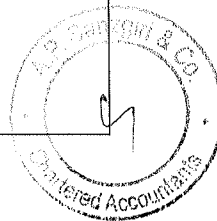
S.N.	Head	Comments																																	
1	Objective	The main objective of audit of taxes is to check whether all taxes which are covered under Bihar Municipal Act, 2007, is levied and collected by the ULB. Further to check whether taxes are levied and collected according to applicable provisions and rules.																																	
2	Criteria	We have checked list of all the taxes which to be levied and collected by the ULB as per Act. Further we have checked Syah Register, Receipt book, cashier cash book and accountant cash book etc.																																	
3	Condition	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. In case of Nagar Parishad Daudnagar , The following mentioned tax/charges are not implemented that leads to loss of revenue to corporation:																																	
		<table border="1"> <thead> <tr> <th>S.N</th> <th>Particulars</th> <th>Implemented by ULB or Not</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Property tax on lands and buildings.</td> <td>YES</td> </tr> <tr> <td>2</td> <td>Surcharge on transfer of lands and buildings</td> <td>YES</td> </tr> <tr> <td>3</td> <td>Fire tax.</td> <td>NO</td> </tr> <tr> <td>4</td> <td>Tax on advertisements, other than advertisements published in newspapers</td> <td>NO</td> </tr> <tr> <td>5</td> <td>Surcharge on electricity consumption within the municipal area</td> <td>NO</td> </tr> <tr> <td>6</td> <td>Tax on congregations.</td> <td>NO</td> </tr> <tr> <td>7</td> <td>Tax on pilgrims and tourists.</td> <td>NO</td> </tr> <tr> <td>8</td> <td>Tax on profession.</td> <td>NO</td> </tr> <tr> <td>9</td> <td>Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, passenger motor vehicles.</td> <td>NO</td> </tr> <tr> <td>10</td> <td>User Charges for provision of water-supply, drainage and sewerage</td> <td>YES</td> </tr> </tbody> </table>	S.N	Particulars	Implemented by ULB or Not	1	Property tax on lands and buildings.	YES	2	Surcharge on transfer of lands and buildings	YES	3	Fire tax.	NO	4	Tax on advertisements, other than advertisements published in newspapers	NO	5	Surcharge on electricity consumption within the municipal area	NO	6	Tax on congregations.	NO	7	Tax on pilgrims and tourists.	NO	8	Tax on profession.	NO	9	Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, passenger motor vehicles.	NO	10	User Charges for provision of water-supply, drainage and sewerage	YES
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9	Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, passenger motor vehicles.	NO																																	
10	User Charges for provision of water-supply, drainage and sewerage	YES																																	



			11	User Charges for Solid Waste Management	NO
			12	User Charges for Parking Facility	NO
			13	User Charges for Garbage Clearance	NO
			14	Collection of fees for sanction of building plans and issue of completion certificates,	NO
			15	Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,	YES
			16	Collection of Fees for issue of birth and death certificates.	YES
			17	Collection of Development Charges	No
4	Consequences/Effect		No levy of taxes will be resulted in to revenue loss to ULB.		
5	Cause		There is lack of standard policies and instructions from department. In some cases policies are prepared by it is not followed by the ULBs.		
6	Corrective Action/ Recommendation		It is recommended that department should prepare uniform policies for levy and collection of taxes in proper manner and on due time. Further capacity building programmes should be held for ULBs staff and awareness about these taxes should be done.		
7	Management Comments		Kindly refer discussion note attached with the report.		

OBSERVATION-2 : DELAY IN DEPOSIT OF PROPERTY TAX COLLECTED BY ULB STAFF

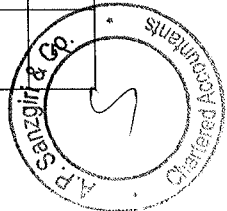
S.N.	Head	Comments
1	Objective	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 the amount of tax collected by the Tax collector is required to be handed over to cashier and deposited into bank on the same day on which collection is made. To check compliance of these provisions, we have carried audit of such type of cases.



2	Criteria	We have checked respective books in order to carry the audit and some cases were checked on random basis.
3	Condition	During verification of receipts book and deposit slips, we have noticed that there is gap period in collection of tax and deposit of tax around 01 to 108 days. Details of such cases are given in Annexure-1 .
4	Consequences/Effect	In respect of above in most of the cases property tax has not been deposited on same day of collection which resulted in interest loss to ULB.
5	Cause	It is explained by concern person that due to non- availability of human resources the same issues arises.
6	Corrective Action/ Recommendation	It is recommended that tax collector/cashier should deposit the collected money into bank on same day itself and if he fails to do the same, necessary action should be taken by the ULB management in such cases.
7	Management Comments	Kindly refer discussion note attached with the report.

OBSERVATION-3: NON COLLECTION OF NOTICE FEE

S.N.	Head	Comments
1	Objective	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore.
2	Condition	ULB is not charging and collecting notice fees.
3	Consequences/Effect	It is non-compliance of Bihar Municipal Act, 2007 which resulted in loss of revenue to the ULB.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice fees should be collected as per applicable provisions and rules.
	Management Comments	Kindly refer discussion note attached with the report.



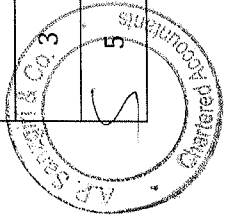
OBSERVATION-4: RECOVERY OF OUTSTANDING TAXES/RENTAL INCOME

1. RECOVERY OF OUTSTANDING PROPERTY TAX

S.N.	Head	Comments
1	Objective	ULB is authorized to collect holding tax from households situated in the municipal area and Property tax have major role in the internal revenue of ULB.
2	Criteria	It is checked from progress report prepared by ULB
3	Condition	ULB find out closing balance of property tax and holding tax at 31 st March every Year, but till now it is not calculated. No detailed data or records are maintained.
4	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.

2. RECOVERY OF ADVERTISEMENT TAX

SN	Head	Comments
1	Objective	ULB authorized to charge advertisement tax/fee in municipal are as per act/rule.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	There is no such record maintained by ULB from where we can find out closing balance of Advertisement tax as on 31/03/2020.
	Consequences/Effect	Delay in collection or outstanding dues results in revenue loss to ULB.
5	Cause	No proper explanation in this regard given by ULB.



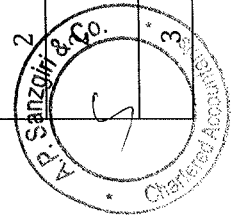
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.

3. RENT INCOME

S.N.	Head	Comments
1	Objective	ULB authorized to charge rent from municipal properties.
2	Criteria	It is checked from progress report prepared by ULB
3	Condition	There is no such record maintained by ULB from where we can find out closing balance of rent income as on 31/03/2020.
4	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.

4. MOBILE TOWER TAX

S.N.	Head	Comments
1	Objective	ULB is authorized to collect tax from telecom companies for mobile towers installed in the municipal area.
2	Criteria	It is checked from progress report prepared by ULB
3	Condition	There is no such record maintained by ULB from where we can find out closing balance of Mobile Tower Tax as on 31/03/2020.
	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.

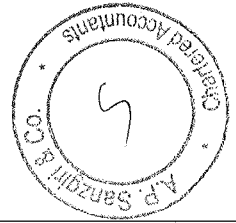


5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.

(B) EXCESS PAYMENT AGAINST BILL, LACK OF PRUDENCE IN PAYMENT AGAINST VOUCHER, INEFFICIENCY IN CONTROLS RESULTING LOSS TO ULBS.

During the audit we have checked below mentioned payments on random basis and audit observation are as follows:

SN	Head	Comments																																																																						
1	Objective	Checking of payment made by ULBs to find out irregularities made during payment																																																																						
2	Criteria	Payment were checked on random basis																																																																						
3	Condition	<p>1. Penalty Levied By Electricity Department: We have carried out Audit for payment made by ULB- Daudnagar in respect of which Penalty arise on non-payment of bill on due date, we have observe following penalty levied by electricity department</p> <table border="1"> <thead> <tr> <th>S.N</th> <th>Name of Utility</th> <th>Bill Amount</th> <th>Due date for Payment</th> <th>Actual date for payment</th> <th>Penalty/Late Fees Charged</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>SBPDCL(100398394)</td> <td>18396</td> <td>12.04.2019</td> <td></td> <td>15933.65</td> </tr> <tr> <td>2</td> <td>SBPDCL(100398395)</td> <td>484532</td> <td>25.02.2019</td> <td>Not paid.</td> <td>285288.58</td> </tr> <tr> <td>3</td> <td>SBPDCL(100398396)</td> <td>43453</td> <td>12.04.2019</td> <td></td> <td>3201.01</td> </tr> <tr> <td>4</td> <td>SBPDCL(100398394)</td> <td>18396</td> <td>12.04.2019</td> <td>24.09.2019</td> <td>15933.65</td> </tr> <tr> <td>5</td> <td>SBPDCL(100398395)</td> <td>484532</td> <td>25.02.2019</td> <td>24.09.2019</td> <td>285288.58</td> </tr> <tr> <td>6</td> <td>SBPDCL(100398396)</td> <td>43453</td> <td>12.04.2019</td> <td>24.09.2019</td> <td>3201.01</td> </tr> </tbody> </table> <p>2. We have checked following payment during audit period:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Name of Party</th> <th>Scheme/ Voucher No</th> <th>Bill</th> <th>Amount Payment</th> <th>of</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>Aug'19</td> <td>Ghanshyam Kumar</td> <td>MMNGY</td> <td></td> <td>1,40,400.00</td> <td></td> <td></td> </tr> <tr> <td>Aug'19</td> <td>Ram Parvesh</td> <td>MMNGY</td> <td></td> <td>1,13,700.00</td> <td></td> <td>No irregularity found.</td> </tr> <tr> <td>Aug'19</td> <td>Kr. Narender Dev</td> <td>MMNGY</td> <td></td> <td>6,01,700.00</td> <td></td> <td></td> </tr> </tbody> </table>	S.N	Name of Utility	Bill Amount	Due date for Payment	Actual date for payment	Penalty/Late Fees Charged	1	SBPDCL(100398394)	18396	12.04.2019		15933.65	2	SBPDCL(100398395)	484532	25.02.2019	Not paid.	285288.58	3	SBPDCL(100398396)	43453	12.04.2019		3201.01	4	SBPDCL(100398394)	18396	12.04.2019	24.09.2019	15933.65	5	SBPDCL(100398395)	484532	25.02.2019	24.09.2019	285288.58	6	SBPDCL(100398396)	43453	12.04.2019	24.09.2019	3201.01	Date	Name of Party	Scheme/ Voucher No	Bill	Amount Payment	of	Remarks	Aug'19	Ghanshyam Kumar	MMNGY		1,40,400.00			Aug'19	Ram Parvesh	MMNGY		1,13,700.00		No irregularity found.	Aug'19	Kr. Narender Dev	MMNGY		6,01,700.00		
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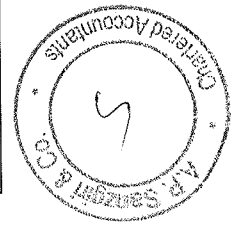


7	Management Comments	NA
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(C) REPORT ON SURVEY ON 20 HIGH VALUE PROPERTIES

During the audit we have selected 20 properties on random basis for survey and our comments are as follows:

SN	Head	Comments
1	Objective	Field survey and report of 20 high value properties of ULB and report on the basis of area of building, rate of property tax etc of the same. Comparison with the data of same property provided by the ULB and report on variance between them if available.
2	Criteria	Survey was done for 20 High value properties.
3	Condition	We have checked twenty high value assessed property and found variances related to during audit. Details of such cases are given in Annexure-2
4	Consequences/Effect	Irregularities in this area may cause short recovery of revenue receipt and it will result in loss to the ULB.
5	Cause	There are some cases found in which variance arise due to assessment of area of property on lower side.
6	Corrective Action/Recommendation	Management need to carry survey of properties on regular interval.
7	Management Comments	Kindly refer discussion note attached with the report.

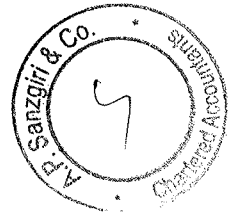


PART-B: ALL AUDIT OBJECTIONS/IRREGULARITIES WHICH HAS MONETARY IMPLICATION, BUTSIGNIFICANT VIOLATION OF ACT, RULES & DIRECTIVES OF UD & HD.MENTION THE REFERENCE TO ACT & RULESWHEREIN REMEDIAL MEASURE IS REQUIRED:

(a) NON MAINTENANCE OF BOOKS OF ACCOUNTS,SUBSIDIARY REGISTERS:

The Municipality has not maintained/provide for verification the following prescribed registers.

S.N.	Name of Register	Maintained/ Not Maintained	Last date of Update
1	Cash Book-Cashier	Maintained	31.03.2020
2	Cash Book-Accountant	Maintained	31.03.2020
3	Collection Register	Maintained	31.03.2020
4	Cheque issue Register	Maintained	31.03.2020
5	Register of Advance	Not Maintained	
6	Register of Permanent Advance	Not Maintained	
7	Deposit received register	Not Maintained	
8	Summary statement of deposit adjusted	Not Maintained	
9	Demand Register	Not maintained	
10	Summary Statement of Bills Raised	Not maintained	
11	Register of Notice Fees, Warrant Fees, Other Fees	Not maintained	
12	Summary Statement of Notice Fees, Warrant Fees, Other Fees	Not maintained	
13	Register of Refunds, Remissions and Write off	Not maintained	
14	Summary statement of Refunds and Remissions	Not maintained	
15	Summary Statement of Write-offs	Not maintained	
16	Statement of outstanding Liability for Expenses	Not maintained	
17	Document Control Register/Stock Account Receipts/Cheque Book	Maintained	31.03.2020
18	Fixed Assets Register	Not Maintained	
19	Summary Statement of Demand Raised on assessment	Not Maintained	
20	Summary Statement of Head wise Collection of Other Income	Maintained in DCR	31.03.2020
21	Summary Statement of Refunds	YES maintained in Yojna Panji	31.03.2020
22	Summary Statement of Write off	Not Maintained	
19	Summary Statement of Demand Raised on assessment	Not Maintained	
20	Summary Statement of Head wise Collection of Other Income	Maintained in DCR	31.03.2020
21	Summary Statement of Refunds	YES maintained in Yojna Panji	
22	Summary Statement of Write off	Not maintained	
23	Grant Register	Maintained	31.03.2020
24	Summary Statement of status of Capital Work in Progress	Not Maintained	
25	Work Sheet	Not Maintained	

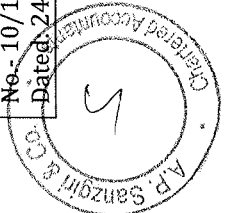


26	Deposit Works Register	Not Maintained	
27	Material Receipt Note	Maintained	31.03.2020
28	Store Ledger	Maintained	31.03.2020
29	Statement of Closing Stock	Not Maintained	
30	Statement of Material Issued	Maintained	31.03.2020
31	BRS of all bank accounts (including dormant accounts)	Maintained	31.03.2020
32	Final Accounts for the F.Y. 2012-13 to 2017-18	Not maintained	
33	Audited Balance Sheet	Not maintained	
34	Audited Income & Expenditure Account	Not maintained	
35	Audited Receipts & Payment Account	Not maintained	

b.) IRREGULARITY IN PROCUREMENT PROCESS:

1. COMPLIANCE REGARDING TENDER ISSUED BY THE ULBS:

Tender Date Number	Issue & Mode of Tender (Quotation/Open Tender/ Selective Tender/ Limited Tender)	Is Minimum Party applied for tender	Is comparative rate chart attached in tender file.	Is EMD/PG/Security deposit submitted by participants as per requirement of tender	Original security deposit earned deposited in the bank immediately.	Whether all the security deposit and money in tender/agreement process have been deposited in the bank immediately.	Similarly refunds of these security deposit and money deposit have been made on time.	Is work order issued to selected party on time?	Is Financial Bid of all participants attached
No.- 03/19-20 Dated: 18.06.19	E- Tendering	YES	YES	YES	YES	YES	Not Matured	YES	YES
No.- 02/19-20 Dated: 01.06.19	E- Tendering	YES	YES	YES	YES	YES	Not Matured	YES	YES
No.- 09/19-20 Dated: 11.09.19	E- Tendering	YES	YES	YES	YES	YES	Not Matured	YES	YES
No.- 05/19-20 Dated: 01.07.19	E- Tendering	YES	YES	YES	YES	YES	Not Matured	YES	YES
No.- 10/19-20 Dated: 24.12.19	E- Tendering	YES	YES	YES	YES	YES	Not Matured	YES	YES
No.- 09/19-20 Dated: 11.01.20	E- Tendering	YES	YES	YES	YES	YES	Not Matured	YES	YES
No.- 10/19-20 Dated: 24.1.20	E- Tendering	YES	YES	YES	YES	YES	Not Matured	YES	YES

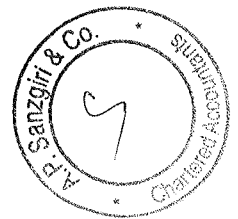


2. Details of Log Book Maintained: All machinery and other assets, **Except Scorpio for EO**, in respect of which log book can be maintained given on hire to Tariquee NGO, with whom contract has been entered for cleaning within municipality area, and hire charges has been deducted from bill amount charges by Tariquee NGO.

S.N	Name of Vehicle	Whether vehicle log book is maintained or not	Whether log book is properly updated or not	Whether vehicle is insured or not	Whether Rate of Diesel/Petrol properly mention in log book
1	Scorpio	YES	YES	YES	NO

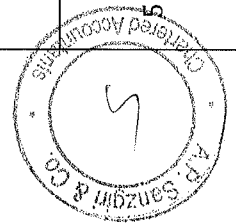
c.) NON-COMPLIANCE OF DIRECTIVES BY UD&HD. GOB:

S.N	Directions Issued by UDHD	Particulars of Circulars/Orders/Notices	Complied or Not
1	Patrank Number : 1888 Dated : 03.04.2019	Regarding Compliances of Provision of Employees Provident Fund Act, 1952;	Complied
2	Gyapank Number : 2120 Dated : 24.04.2019	Shortage of Drinking water within municipality area - Kind of steps taken by ULB to prevent this shortage.	Complied
3	Gyapank Number : 2412 Dated : 14.05.2019	Regarding Deposit of PF amount	Complied
4	Gyapank Number : 1353 Dated : 28.05.2019	Direction regarding processing and disposal of "Solid waste management"	Complied
5	Patrank Number : 2960 Dated : 13.06.2019	Regarding Repair and Maintenance of Hand-pump	Complied
6	Gyapank Number : 1551 Dated : 24.06.2019	HFA	Complied
7	Gyapank No.- 1497; Dated- 30.10.2019	Survey of "use of Ply ash and Bricks" and compliance of direction given in this regard. And availability of copy for compliance of direction for decision taken in the Meeting held in this behalf as on 26.09.2018.	Complied

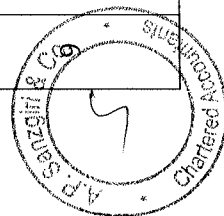


d.) NON-COMPLIANCE OF ACT & RULES:

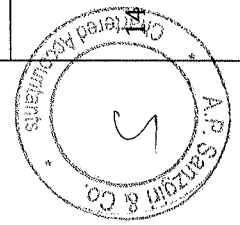
Sl. No.	Requirement	Criteria	Auditors Comment	Management Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made	BMAR Rule No.- 22	Refer point: Part-A (a) (2) As per verification of receipt book it is noted that there was average delay of 1 to 108 days in collection and deposit of tax into bank	Refer Discussion Note
2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	BMAR Rule No.- 27	Yes, Every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	
3	Whether the collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	BMAR Rule No.- 27	Yes, Collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	
4	Whether bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated staff of the Municipality	BMAR Rule No.- 27	Yes, Daily Collection Register is verified by designated Officer of Council;	
5	Whether every bill collector invariably remit his collections (in cash and/or cheques) to Cashier daily before 4.30 PM and take the cashier's acknowledgment in	BMAR Rule No.- 27	Refer point: Part-A (a) (2) As per verification of receipt book it is noted that there was average delay of 1 to 108 days in collection and deposit of tax into bank	Refer Discussion Note



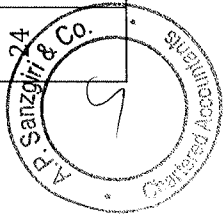
	the collection register.			
6	Whether Grant Register as prescribed in BMAR Form 28 was maintained by the Municipality to record receipts and utilization of grants sanctioned by the Government.	BMAR Rule No.- 69	Yes	
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the responsibility of the Chief Municipal Officer that the conditions attached to the grant are complied with without exception.	BMAR Rule No.- 69	Refer point: Part-B (h) UC is prepared with the help of internal auditor.	Refer Discussion Note
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No irregularities in this regard was observed.	
	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form	BMAR Rule No.- 69	Refer PART-B (h) UC is prepared with the help of internal auditor.	Refer Discussion Note;



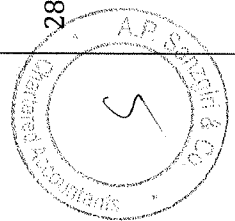
No 29.				
10	Whether Municipality has returned unutilized grant for more than three years from date of receipt to the source from where such grant was received	BMAR Rule No.- 69	As information provided , there is no such unutilised grant remained.	
11	Whether The Chief Municipal Officer prepare a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.	BMAR Rule No.- 120	UC is prepared with the help of internal auditor.	Refer Discussion Note;
12	Whether ULB prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	BMAR Rule No.- 121	No, ULB was not preparing monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	ULB not in a practice to prepared Trail Balance, Income and Expenditure and Balance Sheet. It will be prepare after implementation of double entry Accounting System.
13	Whether ULB sent the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy at the end of month following each quarter	BMAR Rule No.- 121	The ULB was not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter.	Refer Discussion Note;
	The Chief Municipal Officer shall, Within three months after the end of each financial year be prepared financial statements for the preceding year in respect of the accounts of the Municipality. The Financial	BMAR Rule No.- 122	BMAR Rule No. - 122 was not followed by ULB during the F.Y. 2019-20	ULB not in a practice to prepare Trial Balance, Income and Expenditure and Balance Sheet. It will be prepare after implementation of double entry



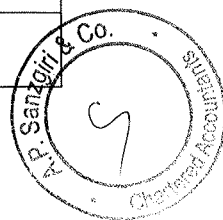
20	Whether the ULB is maintaining proper records showing full particulars, including quantitate details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	BMAR Rule No.- 130	ULB was not maintaining fixed assets register for the financial year 2019-20 Further no, fixed assets physically verified report was made available to comment upon.	Refer Discussion Note
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	BMAR Rule No.- 130	Yes, rent in respect of leasehold property has been collected but collection procedure is very slow.	Necessary action will be taken to realised outstanding amount. (Refer Discussion Note);
22	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	BMAR Rule No.- 130	Yes Procedure have been followed;	
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality' s accounts; If so, the details thereof;	BMAR Rule No.- 130	We have not observed such type of transaction during audit.	
24	Whether the Bank Reconciliation statements have been property prepared for all the bank accounts of the ULB and the remedial actions including all correcting	BMAR Rule No.- 130	Refer Point-04 (III) Yes BRS of all existing bank a/cs, except some bank a/c which is mentioned in this report, have been prepared. Remedial action,	Refer Discussion Note



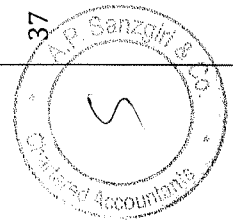
	entries have been taken on timely basis;			rectification of entries have been made in proper order. reconciliation statement have been prepared in cash book itself except bank A/c which is mentioned in this report;	
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.- 130		Yes	
26	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget whether made originally or subsequently and are in all cases such as are authorized by Act;	BMAR Rule No.- 130		Yes.	
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR Rule No.- 130		Refer-PART-A (a)(4) Yes, ULB now accountant revenue properly. Collection and recovery of taxes was in slow pace that's why there was arrear of taxes in ULB.	
28	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act;	BMAR Rule No.- 130		Refer-PART-A (a)(2) No, all sums due to and received by the ULB have not been brought to account within the prescribed time limits and are in all cases such as are authorized by Act. Except; In case of deposit of daily tax collection, that is deposited on average 1-108 days delay of collection.	Refer Discussion Note



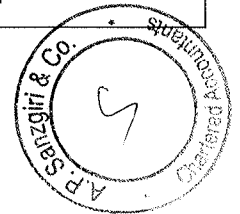
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR Rule No.- 130	Yes, the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order	Refer Discussion Note
30	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as It appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.- 130	Refer-PART-B (a) No, Some required books of accounts as per BMAM/BMAR has not been maintained.	Refer Discussion Note
31	Whether physical verification has been conducted by the ULB at reasonable intervals In respect of stores;	BMAR Rule No.- 130	No store verification report was made available during the reporting period to comment upon.	It will be followed by F.Y. 2019-20.(Refer Discussion Note);
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.- 130	No procedures of physical verification of stores followed by the ULB has been provided to comment upon.	It will be consider and follow as per rule;
33	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and If so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to Identify any unserviceable or damaged stores and whether provision for the loss In this respect, If any, has been made In the accounts;	BMAR Rule No.- 130	No physical verification is carried out;	Refer Discussion Note



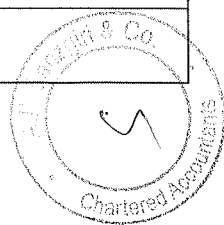
34	Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR Rule No.- 130	No physical verification is carried out;	Refer Discussion Note
35	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR Rule No.- 130	No loan given during of F.Y.2019-20	ULB does not gives loan and advances. Refer Discussion Note
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.- 130	No loan given during of F.Y.2019-20	ULB does not gives advances to its employees. Refer Discussion Note
37	Bihar Municipal Accounting Manual, 2014, every year budget should be prepared for receipts and expenditure in Performa 75, 77 and 80 Preparing Budgets as per the Rules framed under Bihar Municipal Accounts Rule 2014. Rule 132 regarding Public Participation in Preparation Of Budget. Moreover, as	BMAR Rule No.- 132	Yes ,budget is prepared.	



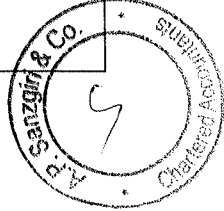
	required under provisions of Rule 139, mid-year review of Budget.				
38	Municipal Fund: Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	No, ULB is using single entry accounting system, so there was no fund was accounting followed.	Refer Discussion Note	
39	Payment not to be made out of Municipal Fund unless covered by budget grant: Whether any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007: Chapter X	No payment made out of Municipal Fund that is not covered by budget grant.		
40	Procedure when money not covered by budget grant is paid. Whether the case is put up with Empowered Standing Committee, in case any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007: Chapter X	No such case observe during the period of Audit.		
41	Investment of surplus money. Whether municipality has invested surplus fund as per the requirement of the chapter-X of BMA-2007. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	BMA,2007: Chapter X	As per ULB, We did not follow practice of investment .If it will approved in meeting , the same will be done.	ULB does not follow the practices of investing its surplus amount;	



	Check whether comparative interest rate is invited from parties before investing surplus funds:				
42	Preparation of budget estimate of Municipality. Whether The budget estimate stated the rates at which various taxes, surcharges, cesses and fees shall be levied by the Municipality in the year next following.	BMA,2007: Chapter XI	Yes		
43	Maintenance of accounts. Whether the Commissioner/ Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in such form, and in such manner, as may be prescribed.	BMA,2007: Chapter XII	As ULB was following single entry accounting system. So receipts and payments details were being maintained in form of cash book. Audited receipts & payments account as per BMAM was not prepared by ULB.	Refer Discussion Note	
44	Financial Statement. Whether The Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality.	BMA,2007: Chapter XII	No, ULB was not preparing a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality.	Refer Discussion Note	



45	<p>Submission of financial statement and balance sheet to auditor.</p> <p>The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.</p>	BMA,2007: Chapter XII	No, Financial Statements were not provided for audit by ULB.	Refer Discussion Note
46	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act,2007 various tax are applicable on ULBs</p> <p>Section 145,146 and 147 of the Bihar Municipal Act 2007 chapter XVII provides for Advertisement tax on Advertisement in Urban Areas. Chapter XVII of the Bihar municipal Act, 2007 required license of Advertisement of any holding, etc. As per act Every person who erects, exhibited, fixes or retain upon or over any land, building ,wall, boarding, frame, post, kiosk, structure, vehicle, neon-sign or sky sign any advertisement, or display any</p>	BMA,2007: Chapter XV	Refer-PART-A (a) (1) for status of taxes not collecting by ULB.	



	advertisement to public view in any manner whatsoever (including any advertisement exhibited by means of cinematograph), visible from a public street a public place in any location in a municipal area including airport or a port or a railway station, shall pay or every advertisement, which is so erected, exhibited, fixed or retained or so displayed to public view, a tax calculated at such rate as may be determined regulations. it requires payment of certain fee for advertisement.			
47	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007,) Municipality shall, by regulations, provide for issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore,	BMA,2007: Chapter XIX	Refer-PART-A(a)(3) No, ULB is not issuing notice fees to defaulter and collecting notice fees.	Refer Discussion Note
48	As per section 342 of Bihar Municipal Act, 2007 Trade license fee is to be collected from different types of Trader, who are trading in Concerned Municipal area.	BMA,2007: Chapter XXXVII	NO detailed records maintained for FY 2019-20. Trade licence have been collected earlier, but collection rate is very slow and 98% of total demand remains outstanding as per record of 2018-19.	Refer Discussion Note



e.) **LACK OF INTERNAL CONTROL MEASURES:** We have observed the following areas where internal control measures are required by ULBs-

- a. Tax should be collected & deposited on timely basis as per BMAR Rules.
- b. Store procurement should be followed proper rules as per BMAR Rules & Provisions.
- c. ULB should follow Books of Account, Trial Balance, FAR, FS, and other records as per BMAR.
- d. Demand Register should be prepared & maintained.
- e. ULB should prepare & Maintain monthly BRS.
- f. Stock Register is not updated properly.
- g. No MIS was prepared for tracking of payments
- h. Statutory compliance reconciliation was not maintained

f.) **NON-COMPLIANCE OF TDS, VAT AND OTHER RELEVANT STATUTE**

1. **DETAILS OF DELAY IN DEPOSIT OF TDS ARE MENTIONED BELOW:**

Month	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/Challan Number
August'2019	33286.00	07.09.2019	27.07.2020	710394
September'2019	53,614.00	07.10.2019		
October'2019	71,410.28	07.11.2019		
November'2019	43,388.00	07.12.2019		
December'2019	50,290.00	07.01.2020		
Jan'2020	55,657.28	07.02.2020		
Feb'2020	58,131.00	07.03.2020		
March'2020	90,380.00	07.04.2020		

Note: No payment was made to any party during the first quarter of 2019-20, hence there is no liability for TDS for this quarter

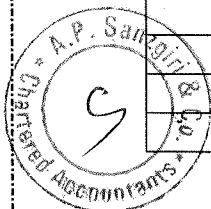
2. **DETAILS OF DEPOSIT OF ROYALTY ARE MENTIONED BELOW:**

Month	Amount of deduction	Actual Date of deposit	Cheque/Challan Number
August'2019	28037.00	27.07.2020	710395
September'2019	43,148.00		
November'2019	44,732.00		
December'2019	50,961.00		
Jan'2020	46,415.00		
Feb'2020	55,668.00		
March'2020	58,959.00		

Note: No payment was made to any party during the first quarter of 2019-20, hence there is no liability for Royalty for this quarter.

3. **Details of deposit of labour cess are mentioned below:**

Month	Amount of deduction	Actual Date of deposit	Cheque/Challan Number
August'2019	26,418.00	27.07.2020	710396
September'2019	42,697.00		
October'2019	12,852.09		
November'2019	21,209.09		
December'2019	27,604.00		
Jan'2020	12,852.09		



Feb'2020	24,674.00		
March'2020	32,865.00		

Note: No payment was made to any party during the first quarter of 2019-20, hence there is no liability for Labour cess for this quarter.

4. Details of deposit of TDS on GST are mentioned below:

Month	Amount of deduction	Actual Date of deposit	Cheque/Challan Number
August'2019	49,938.00	27.07.2020	710398
September'2019	71,498.00		
October'2019	90,562.00		
November'2019	57,330.00		
December'2019	66,536.00		
Jan'2020	58,996.00		
Feb'2020	53,299.00		
March'2020	70,826.00		

Note: No payment was made to any party during the first quarter of 2019-20, hence there is no liability for TDS on GST for this quarter.

5. DETAILS OF TDS RETURNS FILLED ARE MENTIONED BELOW:

Sl. No.	Quarter	Due date of Return	Actual date of Return filled	Remark
1	Q-1 for FY 2019-20	31.07.19	Not filed till date	No Liability
2	Q-2 for FY 2019-20	31.10.19	Not filed till date	It must be filed on due date.
3	Q-3 for FY 2019-20	31.01.20	Not filed till date	It must be filed on due date.
4	Q-4 for FY 2019-20	31.04.20	filed	It must be filed on due date.

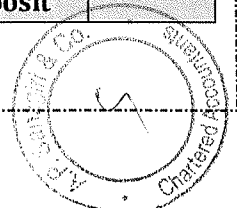
g.) DEFICIENCY IN PAYROLL SYSTEM:

Sl. No.	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/ Daily Wages/ Contract Worker)	Maintained
2	Non availability of Salary payment voucher	Available
3	Matching of voucher number with cash book	No voucher issued, hence question of matching does not arise.
4	Salary register contains all elements of salary	Maintained
5	Maintenance of Salary Deduction register	Maintained
6	Whether deduction of PF/ESI made from contract employee	Not deducted
7	Whether biometric devices and payroll software is implemented in ULB. If Yes, then is it integrated with accounting software	Not implemented

DETAILS OF DELAY OF DEPOSIT OF EPF:

Permanent Employee: During audit of ULB we have observed that amount of PF has been deposited to EPFO A/C during the financial year 2019-2020 mentioned below.

Month of Deduction	Amount Deduction	Due date of deposit	Amount Deposit	Actual Date of deposit	Delay in days



July'2019	26,187.00	15.08.2019	26,187.00	17.08.2020	368
August'2019	26,187.00	15.09.2019	26,187.00	26.08.2020	345
September'2019	26,187.00	15.10.2019	26,187.00	26.08.2020	315
October'2019	26,187.00	15.11.2019	26,187.00	26.08.2020	285
November'2019	26,187.00	15.12.2019	26,187.00	26.08.2020	258
December'2019	26,187.00	15.01.2019	26,187.00	26.08.2020	237
Jan'2020	26,187.00	15.02.2020	26,187.00	27.08.2020	194
Feb'2020	26,187.00	15.03.2020	26,187.00	27.08.2020	165
March'2020	26,187.00	15.04.2020	26,187.00	27.08.2020	134

Contractual Employee: During audit of ULB we have observed that no amount of PF has been deposited to EPFO A/C during the financial year Q1 of 2019-2020.

h.) UTILISATION OF GRANT AND REPORT ON MISSING UTILISATION CERTIFICATES:

SN	Head	Details
1	STATUS OF UTILIZATION CERTIFICATE:	UC is prepared.
2	STATUS OF USE OF GRANT AS PER DEFAULT ALLOCATION	Specifically grant allocation details has not been maintained, however it is maintained in grant register. <i>(Refer Discussion Note)</i>

(i) **PHYSICAL VERIFICATION OF INVENTORY/STORES** ULB did not follow the practice of physical verification of stock.
(Refer Discussion Note)

(j) **ADVANCES, THEIR ADJUSTMENT & RECOVERY** ULB did not give loan/ advance, hence there are no case of adjustment and recovery.
(Refer Discussion Note)

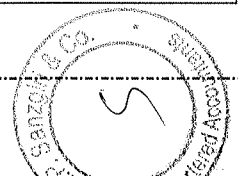
(k) **Any other matters as may be prescribed in due course:** As all relevant matters has been covered in above mentioned points.

III. PART-C

Sl. No.	Particulars	Complied or Not
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	Complied Refer-PART-B(1)



	rules and regulations as well as related directives by UD&HD.	
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;	Complied Refer-PART-A(c)
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 :	Complied Refer-PART-B(d)
	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	
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Complied Refer-PART-B(c)
E	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;	Complied Refer-PART-A(a)
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.	Complied Refer-PART-B(b)
G	Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Complied Refer-PART-B(b)
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.	Complied Refer-PART-B(h)
I	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied Refer-Audit Recommendation



J	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Complied Refer-PART-B(b)
K	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies	Complied Refer-PART-B(b)
L	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.	Complied Refer-PART-B(d)
M	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	Complied Refer-PART-A(a)
N	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.	Complied Refer-PART-B(f)
O	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.	Complied Point-03 of Detailed Audit Report



4. DETAIL AUDIT OBSERVATIONS (F.Y. 2019-20)

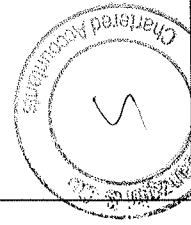
RISK ASSESSMENT

Name of the ULB: NAGAR PARISHAD DAUDNAGAR

SN	Observations	Risk Rating	Design Gap	System Gap	Operating Gap	Management Comment	Auditor Recommendations
DEMAND GENERATION							
1	Loss of Revenue due to under assessment/ wrong generation of demand	Medium	NA	NA	✓	We will rectify it.	Assessment of property should be done on regular basis. Levy of holding and property tax is based upon measurement of area and assessee declared tax on self assessment form by declaring area voluntarily, hence it should be regularly review by Nagar Parishad.
2	Collusion with citizen regarding assessment	NA	NO	NO	NO		
3	Non-updating various register like hand book, DCB register, Assessment register, etc.	M	NO	NO	YES	Instructions given to the staff for updation of books of accounts on time.	Books of accounts should be updated on real time basis and ULB management should check it on regular interval.
4	Others	NA	NA	NA	NA		

RECEIPT AND BANKING

1	Error in collections, loss of receipts and perpetrated frauds					It will be rectify very soon in near future	It is recommended that <ul style="list-style-type: none"> ➤ Collection must be in timely manner ; ➤ Amount collected must be deposited without making any delay; ➤ And Regular check by competent authority to mitigate any type of fraud in this regard.
2	Non-updating various register like hand book, DCB register, cash book, etc.	M	NO	YES	NO	We have shortage of skilled employees and due to this we are facing problem like this.	The various register like DCB, hand book Cash Book etc. should be maintained on real time basis.
3	Collusion with the citizen and the ULBs staff to make wrong	NA	NO	NO	NO		



2	Loss of supporting documents	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	Loss of authentication/ Procedural Error	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	Collusion with Employee	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	Perpetrated Fraud (Like Payment more than one time on same bill)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Non-updating various register likes store register, issue register, bill register with payment fig, advance register, etc.	M	NA	YES	NA	NA	NA	NA	It will be maintained.	It is recommended to maintain the same and it should be cross checked on regular interval by competent authority to mitigate fraud.	NA	NA
7	Others	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
GRANT AND LOANS AND UTILIZATION THEREOF												
1	Not utilization of grant or grant unspent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	Not furnishing of UC	H			YES				It will be submitted.	UC must be furnished on time as per specified guidelines and format.	NA	NA
3	Non fulfillment of condition part thereto	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	Perpetrated fraud (Like payment more than one time same contractor)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	Non-updating various register like grant register, work register, bill register with payment fig, advance register etc.	H			YES				Will be updated very soon by deploying skilled staff.	Grant register, work register, bill register with payment fig, advance Register etc. must maintain.	NA	NA
6	Others	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
FIXED DEPOSIT AND INVESTMENT												
1	Not deposited at appropriate time (loss of revenue)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	Loss of investment certificate	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	Non fulfillment of condition part thereto	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	Collusion with bank officials to invest at lower rate	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	Deposit into Current account	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Non-updating various register like investment register, Bank book, cash book, etc.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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



LIST OF IMPORTANT REGISTERS

NAGAR PARISHAD DAUDNAGAR

HIGH

NOT SUBMITTED

1 NAME OF THE ULB

2 RISK RATING:

3 CAG OBSERVATIONS STATUS

SN Particulars

Audit Observation

Associates Risk

Management Comment

Status (Resolved or not)

1 Cash Book

Maintained

NA

NA

NA

2 Ledger

Not Maintained

HIGH

Will be maintained from upcoming year.

Not Resolved

3 Journal

Not Maintained

HIGH

Will be maintained from upcoming year.

Not Resolved

4 Register Journal/Magazines/Newspapers for

Not Maintained

HIGH

Will be maintained from upcoming year.

Not Resolved

5 Register for Temporary Advances

Not Maintained

HIGH

Will be maintained from upcoming year.

Not Resolved

6 Register of Money Orders/Bank Draft Received

Maintained

NA

NA

NA

7 Cheque Issue Register

Maintained

NA

NA

NA

8 Register of Remittances made into bank

Not Maintained

HIGH

Will be maintained from upcoming year.

Not Resolved

9 Bank Passbook

Maintained

NA

NA

NA

10 Register of Bank drafts dispatched

Not Maintained

HIGH

Will be maintained from upcoming year.

Not Resolved

11 Bill Register

Maintained

NA

NA

NA

12 Establishment Register

Not Maintained

HIGH

Will be maintained from upcoming year.

Not Resolved

13 Stock Register

Maintained

NA

NA

NA

14 Capital Goods/ Consumable articles, non-consumable articles

Not Maintained

HIGH

Will be maintained from upcoming year

Not Resolved

15 Statutory Deduction Register

Not Maintained

HIGH

Will be maintained from upcoming year

Not Resolved

16 Fixed Assets Register

Not Maintained

HIGH

Will be maintained from upcoming year

Not Resolved

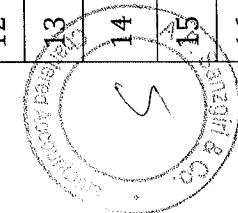
17 Grant Register

Not Maintained

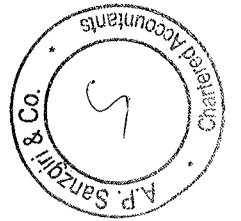
HIGH

Will be maintained from upcoming year

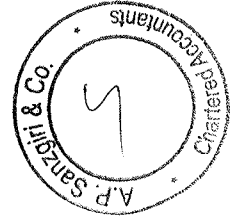
Not Resolved



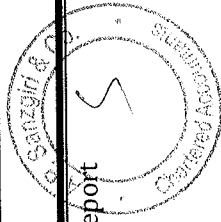
18	Scheme Register	Not Maintained	HIGH	Will be maintained from upcoming year	Not Resolved
19	Monthly accounts of Receipts/ Payments	Not Maintained	HIGH	Will be maintained from upcoming year	Not Resolved
20	Temporary Advances Register for Staff, Customers/ supplier/VEC and TA/DA Advance	Not Maintained	HIGH	Will be maintained from upcoming year	Not Resolved
21	Dispatch Register	Maintained	NA	NA	NA
22	File Register	Maintained	NA	NA	NA
23	Any other (Name of the register)	NA	NA	NA	NA



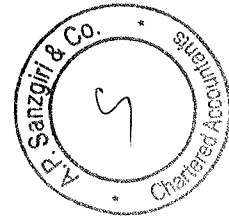
7	Check whether no any fraud payment or payment to other person has been made,	No such case found payments selected for audit	NA	NA	NA	NA
8	Whether bank statement for all account have been promptly received from bank.	YES	NA	NA	NA	NA
9	Number of Bank accounts maintained	12 bank accounts are maintained.	NA	Medium	Will issue instructions to staff to collect monthly statements from bank	No
10	Original copy of cancelled receipt is attached with duplicate copy with "CANCELLED" marked on it.	Not Maintained	NA	High	It will be implemented now onwards	No
11	Liability for stale cheques account review is done and necessary reversal entries are passed	Done	NA	NA	NA	NA
12	Any other	NA	NA	NA	NA	NA



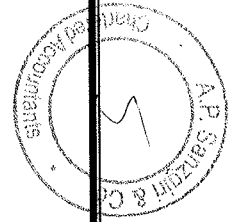
PUBLIC WORKS						
	NAGAR PARISHAD DAUDNAGAR					
	HIGH					
	NOT SUBMITTED					
S.N	Particulars	Audit Observation	Amt. Involved	Associates Risk	Management Comment	Status (Resolved /No)
1	Whether bill has been prepared as per actual measurement & page no. of the MB in which detailed measurement have been quoted has mentioned in first page of MB,	Yes, bill has been prepared on the basis of MB book.	NA	NA	NA	NA
2	Whether bill has been signed by proper in charge,	Yes	NA	NA	NA	NA
3	Whether the bill has been checked by the accountant with the MB (also compare the qty.), estimate, agreement, previous bill (in case of running agreement)	Yes	NA	NA	NA	NA
4	Verify whether any payment made for removing/dismantling materials which have scrap value must be indicated in the bill.	Yes	NA	NA	NA	NA
5	Whether measuring has done by the engineer concerned,	Measurement of work is done by J.E. of ULB.	NA	NA	NA	NA
6	Whether expenditure on construction of work was debited to WIP & verified with MB maintained	Manual books are maintained	NA	NA	NA	NA



7	Whether master roll(machine numbered & authorized) has been maintained for details of store, specifying:								
8	• Date of Issue					NA			
9	• Name of Subordinate					NA			
10	• Name of Work					NA			
11	• Number of Labour					NA			
12	• Period of Engagement					NA			
13	• Details of Payment (Date, amount, Cheque no etc.)					NA			
14	Whether the same has been periodically verified.					NA	High	Not Available at ULB Office at that time.	NA
15	Whether payment are as predefined approval level sanctioned u/s 75 of BMA, 2007,					NA	NA	NA	NA
16	Any Other					NA	NA	NA	NA



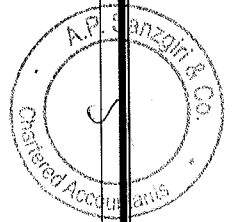
Cash Book						
NAGAR PARISHAD DAUDNAGAR						
RISK RATING: HIGH						
CAG OBSERVATIONS STATUS NOT SUBMITTED						
S.N	Particulars	Audit Observation	Amt. Involved	Associates Risk	Management Comment	Status (Resolved /Not)
1	Whether Opening Balance & Closing Balance was worked out or not,	Yes	NA	NA	NA	NA
2	Whether posting of receipt & payment side of cash book are properly maintained & it was matched with proper evidence like Receipt Voucher, Cheque issue Register, Bank Statement, etc.,	Yes	NA	NA	NA	NA
3	Whether posting in on daily basis.	Audit is done after March, 2020 hence we cannot comment on it.	NA	NA	NA	NA
4	Whether there is any clerical error (casting or/and posting error, etc) or not	No such instances found	NA	NA	NA	NA
5	Whether any delay in deposit of amount of collection by cashier,	Yes Kindly refer Annexure-1 Attached with report.	NA	HIGH	We will take steps for deposition of collection on very next day.	No
6	conduct physical verification of cash and report heavy cash balance if any	ULB did not physically verify Cash.	NA	LOW	We will put the matter before board and follow accordingly.	No
7	Any Other	NA	NA	NA	NA	NA



Collection						
NAGAR PARISHAD DAUDNAGAR						
NAME OF THE ULB						
RISK RATING:						
HIGH						
CAG OBSERVATIONS STATUS						
NOT SUBMITTED						
S.N	Particulars	Audit Observation	Amt. Involved	Associates Risk	Management Comment	Status (Resolved /Not)
1	Whether collection procedure are as per guidelines/direction of ULB,	No, Further collection is not deposited in to bank on same day.	Annex-1	High	We will follow the policy now onwards.	Not Resolved
2	Whether collections are made on the basis of Demand & Collection Register ,	No demand register produced before Auditor. Further as per information given by concern officer there is no demand register.	NA	High	We will consider the matter and solve accordingly.	Not Resolved
3	Whether collection are made in the same receipt Vouchers which has been issued/ authorized by ULB/ state government & it should be clearer mentioned of different head & not any alteration, & the carbon copy of receipt vouchers are properly vouched so that no any variation in posting the same.	In case of checking of property tax receipt, it is found that in some cases different heads are mentioned.	NA	Medium	We will look in to this matter.	No
4	Whether collections are bifurcated in different heads as required,	Collection are bifurcated in DCR , however Consolidated amount is mentioned in the cash book.	NA	Medium	We will look in to this matter.	No
5	Whether a separate bank account has been maintained for each circle, (for PMC only)	NA	NA	NA	NA	NA
6	Whether all collections are made in proper "Receipt Voucher Book" having same serial number which was actually issued to TC,	NA	NA	NA	NA	NA

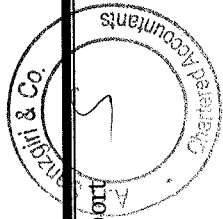
A.P. Saiz
 Internah Audit Report
 Chartered Accountants

7	Whether all collections made during the day are account for & banked on next working day or there is any teaming & lading,	Yes, collection are made by issuing proper receipt book but amounts collected are not deposited as per rule.	NA	High		No
8	Whether no any collection are directly expended without prior approval,	No such instances found during the audit.	NA	NA	NA	NA
9	Whether collections are made by all the holding fall under the same TC or Civics Centre	No such type of records is maintained at ULB Level.	NA	Medium	Due to shortage of human resources it is not possible in spite of this we will implement it from now.	No
10	Whether government share of collections (like Education Cess & Health Cess) are properly & timely deposited in its own account, (if applicable)	Education cess and Health cess are not deposited from Nagar Parishad side	-	High	The same is not deposited	NA
11	Whether there is any short/non collection or short deposit or not deposit	NA	NA		NA.	No
12	Whether penalty (@2% P.M/ 1.5%) has been duly charged on late payment.		NA	NA	NA	NA
13	Whether daily collections are entered into hand book, collection register maintained by TC & it should be properly entered in demand & collection register,	Yes	NA	NA	NA	NA
14	Whether collection by way of cheque are properly banked & credited into account,	Yes	NA	NA	NA	NA
15	Whether any refund/remission granted are admissible under the law and that have been duly sanctioned,	Yes, in case of taxes remission/discount is given to households but there is no mechanism to trace that this refund or remission was given after duly sanction or without sanction.	NA	NA	NA	NA



16	Whether any immediate steps has been taken or not for cheque dishonored received	No such cases found during audit	NA	NA	NA	NA
17	Whether reversal of payment has been made for any dishonored cheque	No such cases found during audit	NA	NA	NA	NA

DEMAND						
NAGAR PARISHAD DAUDNAGAR						
NAME OF THE ULB						
RISK RATING:						
NAME OF TAX COLLECTOR						
S.N	Particulars	Audit Observation	Amt. Involved	Associates Risk	Management Comment	Status (Resolved /Not)
		HIGH				
1	Ensure whether closing balance of previous year is accurately brought forward,	Yes, brought accurately from previous year to current year.	NA	NA	NA	NA
2	Whether determination of demand is on manual or computerized way, & it would be as per updated rules, regulation, guidelines & other required details for proper calculation,	Manual cum computerized. As per requirement.	NA	NA	NA	NA
3	Whether data for calculation is correct & properly verified by appropriate authority/ Internal Auditor by way of physical survey,	It is found that for calculation of property tax, area of property or use of property, is on the basis of physical survey.	See Annexure-2	High	We will look in to this matter	Not Resolve
4	Whether revision of valuation of holding properly made after specified period	ULB not revised its valuation method after specified period. As a results of this ULB suffering revenue loss for not revising method of valuation.	NA	High	We will look in to this matter.	No

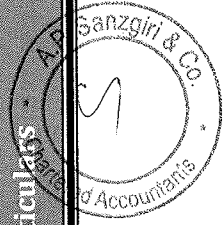


5	Whether any refund/remission granted are admissible under the law and that have been duly sanctioned,	Yes, in case of taxes remission/discount is given to households but there is no mechanism to trace that this refund or remission was given after duly sanction or without section.	NA	NA	NA	NA
6	Ensure whether there is any clerical error in calculation,	We have checked some cases on random and such instances not found.	NA	NA	NA	NA
7	Whether demand register in prescribed format is maintained or not,	Not Maintained	NA	Medium	NA	No
8	Whether persons involve incalculation/collection have knowledge of their responsibility.	Yes, but they do not have knowledge of BMAM and BMAR	NA	NA	NA	No
9	Whether there is proper distribution of responsibility for calculation, recovery & updating of register for demand, so that no single person have control on two or process at the same time,	These activities are done by one person at ULB.	NA	High	NA	No
10	Whether there is any under/no assessment,	No such case observed	NA	NA	NA	NA
11	Whether there is appropriate measures(As Per section 155 & 158 of BMA, 2007) are adopted for recovery of Government/bid dues,	No such evidence of recovery of Gov. dues provided by ULB	NA	Medium	NA	No
12	Whether notice for demand has been made in prescribed format (As Per BMAR) & as per rules & regulations,	We found ULB is not in a regular practice to send notice of demand to concerned property holder to recover dues from them.	NA	High	NA	No
13	Whether penalty (@2% P.M/ 1.5%) has been charged on late payment,	We have checked transactions on random basis and it is found that	NA	NA	NA	NA

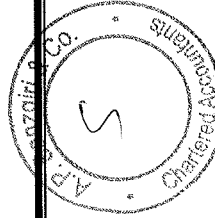


		penalty is charged.					
14	Whether Demand, Collection & Balance Register has been prepared on daily basis for all receipts or not, & it would be authorized by proper authority or not,	Demand, Collection and Balance register is not maintained by the ULB.	NA	High	Due to lack of staff, it is difficult to maintain on daily basis.	No	
15	Whether there are adequate safeguard on data has been operated or not,	Yes	NA	NA	NA	NA	
16	Whether self assessment property tax return for payment of property tax has been filed by the assesses in the prescribed format,	We have checked transactions on random basis and it is found that SAF is implemented.	NA	NA	NA	NA	
17	Whether there is any collusion with customer/holding w.r.t. assessment, payment, etc.	No such instances found	NA	NA	NA	NA	

ESTABLISHMENT						
	NAGAR PARISHAD DAUDNAGAR					
	NAME OF THE ULB					
	RISK RATING:					
	HIGH					
S.N	Particulars	Audit Observation	Amt. Involved	Associates	Management Comment	Status (Resolved /Not)



8	Whether undistributed amount of pay & allowance are not for more than 3 months as cash in hand,	No such instances found	NA	NA	NA	NA
9	Whether disbursement of pay & allowance are duly recorded in books & accepted by employee specifying separate head with date of receive (In case of arrear),	Yes	NA	NA	NA	NA
10	Whether the bill prepared according to sanctioned scale,	Yes	NA	NA	NA	NA
11	Whether no any payment is made to employee whose service retired in any Manner	No such instances found	NA	NA	NA	NA
12	Whether no any withdrawal is made unless supported by last pay-in-slip, except in case of new appointment,	No such instances found	NA	NA	NA	NA
13	Whether all statutory deduction or adjustment has been made before payment,	Yes	NA	NA	NA	NA
14	To check compliance of rules in regard to establishment matters viz., travel, daily allowance, leave, advances (House building and vehicle advance etc.) and settlement thereof.	Yes	NA	NA	NA	NA
15	To check salary bills.	No Salary bill is prepared by the ULB.	NA	Medium	It will be implemented in future.	No
16	Position of outstanding advances paid to Employees	NA	NA	NA	NA	NA
17	To check deduction of provident fund and ESI has been made as per rules	Yes, it is deducted.	NA	NA	NA	NA
18	Whether PF slips are issued to the employees on yearly basis and to see whether all the statutory returns for PF are submitted to the concerned authorities.	Neither PF slip provided to its employees nor return submitted	NA	NA	NA	NA

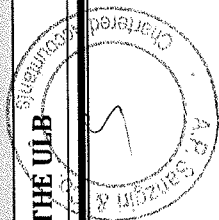


19	To check whether salary bill is prepared in such a manner that it gives breakup of the amount of bill and all adjustments such as deduction of PF, TDS and other advances and loans etc.	No salary bill prepared by ULB; however a register containing of all details of deduction and their adjustment has been maintained.	NA	Low	Salary Bill will be prepared from now.	No
20	Check Retirement benefit to employee	No such instances found	NA	NA	NA	NA
21	Personnel Appointments and to see whether all records are updated from time to time.	Yes	NA	NA	NA	NA
22	Dismissal and Resignation/ Termination	No Such case found.	NA	NA	NA	NA
23	Temporary workers	Yes	NA	NA	NA	NA
24	Overtime	No Such case found	NA	NA	NA	NA
25	Attendance Register To check number of persons mentioned in the attendance register tally with the sanctioned strength of a unit.	Checked and found ok	NA	NA	NA	NA
25	Personnel Files	Not produced before us during audit	NA	NA	NA	NA
27	Training of employees(including Skill development Levy)	No such practice at ULB	NA	Medium	Training for capacity building of employees will be implemented.	No
28	Leave Register - To check whether a leave register is maintained as per types of leave as medical Leave/CL/EL/maternity/paternity leave.	Only Attendance register is maintained	NA	Medium	Registers of medical Leave/CL/EL/maternity/paternity leave will be maintained.	No

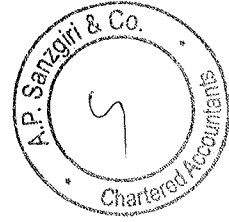
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NAME OF THE ULB

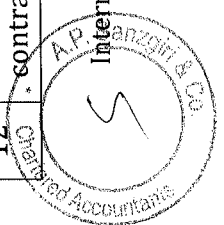
NAGAR PARISHAD DAUDNAGAR



RISK RATING:		HIGH					
S.N	Particulars	Audit Observation	Amt. Involved	Associates Risk	Management Comment	Status (Resolved /Not)	
1	Maintenance/Updating registers regarding detail of funds received and expenditure.	Grant register Notmaintained by ULB.		High	We will maintain it very soon.	Not resolve.	
2	Any diversion/re-appropriation of funds not covered under the provision of BMA, 2007 should be pointed out for remedial action.	No such case found	NA	NA	NA	NA	
3	To check whether utilization certificate is for actual utilization of funds received	UC submitted during this audit period but still some pending.	NA	Medium	We are working on it and will be submit after completion of it.	No	
4	It should also be checked that utilization certificate is issued as per prescribed time frame given in the Manual and issue of UCs is not delayed	UC submitted during this audit period but still some pending.	NA	Medium	We are working on it and will be submit after completion of it.	No	
5	Internal Auditor should also check whether expenditure incurred on each activity does not exceed the budget.	We have checked and found no expenditures exceeds to its budgets.	NA	NA	NA	NA	



PAYMENT OF BILLS OF CONTRACTORS						
NAGAR PARISHAD DAUDNAGAR						
NAME OF THE ULB						
RISK RATING:						
HIGH						
S.N	Particulars	Audit Observation	Amt. Involved	Associates Risk	Management Comment	Status (Resolved /Not)
1	Original bill duly signed by contractors is submitted.	We have checked this on random basis and it is found ok.	NA	NA	NA	NA
2	Contractor has put his initials in all cuttings and corrections in the bill.		NA	NA	NA	NA
3	All Supporting documents are attached with the bills.		NA	NA	NA	NA
4	The rates, security deposit and deductions are as per terms and conditions specified in the agreement		NA	NA	NA	NA
5	The variations in quantities and completion period etc. have been authorized by the competent authority		NA	NA	NA	NA
6	Job completion certificate has been processed by the dealing assistant.		NA	NA	NA	NA
7	Bills passed for payment are as per rules & T & C of Tender.		NA	NA	NA	NA
8	All terms and conditions of the contract are fulfilled before passing the bills.		NA	NA	NA	NA
9	Every final bill is checked in detail with measurement books.		NA	NA	NA	NA
10	Cash/Bank Vouchers to be checked for authorization etc.		NA	NA	NA	NA
11	Overall review of the books of accounts.		NA	NA	NA	NA
12	Position of outstanding advances paid to suppliers/ contractors.		NA	NA	NA	NA

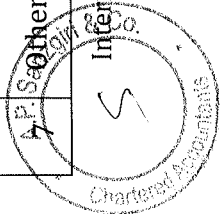


RECEIPT VOUCHER						
NAGAR PARISHAD DAUDNAGAR						
NAME OF THE ULB						
RISK RATING: HIGH						
S.N	Particulars	Audit Observation	Amt. Involved	Associates Risk	Management Comment	Status (Resolved /Not)
1	Whether "Receipt Vouchers" are in the prescribed format & having machined serial number & there is no any manuscript form, ➤ Check;	Yes	NA	NA	NA	NA
2			NA	NA	NA	NA
3	○ What is the date of printing,	Dates written manually	NA	NA	NA	NA
4	○ What quantity of serial number was printed out,	Not produced	NA	NA	NA	NA
5	○ What is the date of dispatched, quantity of receipt vouchers & their serial number;	Not produced	NA	NA	NA	NA
6	○ Log book/ Register maintained at printing press regarding printing of "Receipt Vouchers".	Not Maintained	NA	High	We will look this matter and follow and implement accordingly.	Not Resolve
7	Verify that "Receipt Vouchers" received & their storing, having same quantity & serial numbered which was actually dispatched & proper recording of the same along with issue,	No such records was maintained	NA	High	We will maintain it very soon	Not Resolve
8	Verify Log book/ Register maintained at every collection centre & cash counter with regard to receipt & return quantity & serial number,	Yes	NA	NA	NA	NA
9	Verify the log book/ Register of "Receipt Vouchers" & cross verified the allotments to TC (Log Book) with their date of issue, serial number, name of TC	Yes	NA	NA	NA	NA

Internal Audit Report

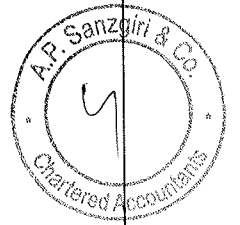
Page 44

	&their circle								
10	Check whether TC have same "Receipt Voucher" which was actually issued by store & it must be authorized by the appropriate authority,	Yes	NA	NA	NA	NA	NA	NA	NA
11	Check that there should be proper recording at each stage (where authority has been changed) of log book/ register for issue/receipt of "Receipt Vouchers",	Yes, the same has been maintained.	NA	NA	NA	NA	NA	NA	NA
12	Confirm that all unused "Receipt Vouchers" are under the custody of authorized person,	Yes, under the custody of store keeper.	NA	NA	NA	NA	NA	NA	NA
13	Verify that any cancelled vouchers have in both original & carbon copy,	Yes.	NA	NA	NA	NA	NA	NA	NA
14	Verify whether reversible carbon has been used during receipt.	Yes	NA	NA	NA	NA	NA	NA	NA
Other Revenue									
1	Advertisement Tax	No such record provided by ULB	NA	High	High	There is no demand register for it.	No		
2	Tower Tax	No such record provided by ULB	NA	High	High	There is no demand register for it..	No		
3	Professional Tax	NA	NA	NA	NA	NA	NA		
4	Assigned Revenue (As details annexed)	NA	NA	NA	NA	NA	NA		
5	Rental Charges (As details annexed)	No such record provided by ULB	NA	High	High	There is no demand register for it..	No		
6	Fee & uses Charges (As details annexed)	NA	NA	NA	NA	NA	NA		
7	Other Revenue Items	No such record provided by ULB				There is no demand register for it..			



			NA	High	register for it.	No
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REVENUE EXPENSES						
NAGAR PARISHAD DAUDNAGAR						
Medium						
S.N	Particulars	Audit Observation	Amt. Involved	Associates Risk	Management Comment	Status (Resolved /Not)
1	Whether payment is on the basis of sanction/work order letter & incurred by authorized person,	Yes.	NA	NA	NA	NA
2	Whether payment is made through prescribed voucher (As per BMAM),	No, ULB make payment on the basis of bill raised by contractor or supplier.	NA		We will follow the prescribed procedure from next time.	No
3	Whether payment is made without any undue delay or whether any cheque issued are promptly issued to the respective person,	No delay observed during audit period.	NA	NA	NA	NA
4	Whether there is bifurcation of responsibility towards person making payment & person preparing MB, receipt of goods, maintenance of Payment file, etc.,	Yes, the hierarchy is maintained toward contracts work assigned.	NA	NA	NA	NA
5	Whether updation of accounts/books are on proper & timely basis,	No	NA	Medium	Due to lack of human resources the same issues has been arise.	No



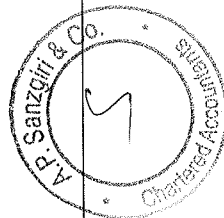
6	Whether authorized person verify & sign the document involve,	Yes	NA	NA	NA	NA
7	Whether data base for the same has been properly maintained & safeguard measures are taken,	Yes	NA	NA	NA	NA
8	Whether exact amount (no any over payment) are paid and verified by supporting document, & no any collusion with party,	No such type of case observed.	NA	NA	NA	NA
9	Whether register for settlement of service bill has been maintained and up to date,	No such type of case observed	NA	NA	NA	NA
10	Whether payment made to the same to whom it might be payable and no any second claim in this regard,	Yes	NA	NA	NA	NA
11	Whether payment has been made after deducting statutory dues or advances,	Yes	NA	NA	NA	NA
12	Whether the expenditure are made with a period & amount as sanctioned,	Yes	NA	NA	NA	NA
13	Whether there is undue rush of expenditure at the end of financial year,	No such type of case observed	NA	NA	NA	NA
14	Whether payment has to be made after confirmation from store,	No such type of practice followed.	NA	Medium	Will follow in future.	No
15	Whether payment for repairs, etc, has to be made on the basis of logbook maintained,	No such type of practice followed.	NA	Medium	We have make payment on the basis of bill raised by service provider	No
16	Whether payment are as per defined approval level sanctioned u/s 75 of BMA,2007,	No such case observed during Audit period.	NA	NA	NA	NA
17	Confirm whether goods/assets received/accepted on or before 31 st March, where the bill is received after	No	NA	NA	NA	NA



	that date have been accounted for (either on the basis of purchase order, tender rate or as per bill),						
18	Whether no any withdrawal is made unless supported by last pay-in-slip, except in case of new appointment,	No such type of cases observed during period of Audit.	NA	NA	NA	NA	NA
19	Whether all statutory deduction or adjustment has been made before payment,	Yes, payment has been made after deduction and adjustment.	NA	NA	NA	NA	NA
20	Whether entry of any event during service has been made in service book by authorized person.	No	NA	NA	NA	NA	NA

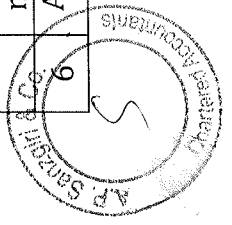
STATUTORY REQUIREMENT

NAGAR PARISHAD DAUDNAGAR							
HIGH							
S.N	Particulars	Audit Observation	Amt. Involved	Associates Risk	Management Comment	Status (Resolved /Not)	
1	Whether deduction of TDS on payment has been made as per law,	Yes	NA	NA	NA	NA	
2	Whether TDS deducted are timely deposited into bank with same amount,	No. Deducted amount of TDS is not deposited on timely basis as prescribed in Law.	NA	High	Ok, we will deposit on timely basis from next time.	No	
3	Whether regulatory requirement for submission of Return has been followed,	No. Return for TDS, GST and PF has not submit on or before due date.	NA	High	Ok, we will comply.	No	

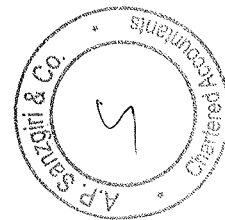


4	Whether any deduction is made in any act, must be deposited as per their respective act,	Yes, deposited but not on timely basis.	NA	High	Ok, we will comply.	No
5	Verify whether in case of "through rate" contract, there is no any payment for material, etc by the ULB	Yes no deviation found	NA	NA	NA	NA
6	Any demand is outstanding from regulatory authority for non compliance	No notice of demand found in ULB.	NA	NA	NA	NA

TENDER DETAILS						
NAGAR PARISHAD DAUDNAGAR						
NAME OF THE ULB						
RISK RATING:						
HIGH						
S.N	Particulars	Audit Observation	Amt. Involved	Associates Risk	Management Comment	Status (Resolved /Not)
1	To check whether the provisions contained in Tender Advertisement for procurement were followed in award of contracts.	Yes, there is no deviation found	NA	NA	NA	NA
2	To check that the time/date of receipt and opening of tenders was properly incorporated in the tender documents.	Yes	NA	NA	NA	NA
3	The important guidelines relating to earnest money, delivery schedule, payment terms, performance warranty/ guarantee, inspection, arbitration, liquidated damages/penalty for delayed supplies, purchase on risk and cost were incorporated in the tender documents for safeguarding the interest of corporation.	Yes	NA	NA	NA	NA
4	The purchase proposal was approved by the competent authority as per delegation of powers	Yes	NA	NA	NA	NA
5	Indent for purchase indicates the details of quantity required, last purchase rate, period for which stores are needed and name of consignee.	Yes	NA	NA	NA	NA
6	Approval of mode of procurement	Yes	NA	NA	NA	NA

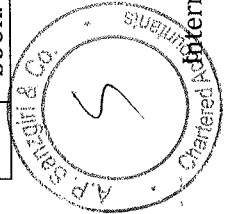


7	The tender documents are prepared properly and description of items to be procured, quantity and estimated value should be indicated.	Yes	NA	NA	NA	NA
8	To check whether the direction were followed for notification/advertising and opening of bids at notified date, time and place in the presence of bidders.	Yes, direction in this regard followed by ULB	NA	NA	NA	NA
9	Award of contract and its execution is as per procedure and guidelines issued by the Govt. of India in view of conditions agreed with the Development partners (DFID, World Bank, & European Union etc.)	NA	NA	NA	NA	NA
10	To check whether bids were evaluated in terms of the provisions of the bid documents and the evaluation report was available.	Yes	NA	NA	NA	NA
11	To check whether contract was awarded to the lowest evaluated responsive bidders, who fulfilled qualification requirements, specified in the tenders documents.	Yes, ULB awarded contract to lowest bidder.	NA	NA	NA	NA
12	In case of negotiations of prices, it should be checked whether the negotiation was made with L1 bidder and all the relevant records thereof were available.	NA	NA	NA	NA	NA
13	To check whether articles were received/work was completed in time as per delivery schedule.	Yes	NA	NA	NA	NA
14	The stores/goods are properly recorded in the Stock Registers /Asset Register.	Yes	NA	NA	NA	NA
15	Whether any complaint was received regarding procurement and payment and existence of mechanism for Redressal of Complaints	No such case observed	NA	NA	NA	NA

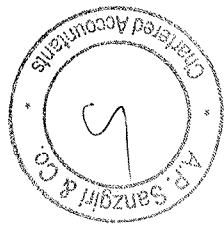


VEHICLE LOG BOOK

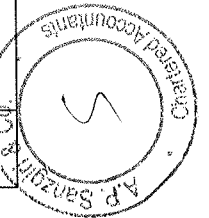
NAGAR PARISHAD DAUDNAGAR						
HIGH						
S.N	Particulars	Audit Observation	Amt. Involved	Associates Risk	Management Comment	Status (Resolved /Not)
1	Whether logbook has maintained or not & up to date with proper details like journeys, work undertaken, covering route, visited place, kilometer, etc.	Log book is not properly maintained and updated.	NA	High	We have given instruction to follow.	No
2	Whether logbook of journey is maintained in detail & signed by the officials using them,	No	NA	High	We have given instruction to follow.	No
3	Whether it should be used for official purpose, otherwise charges are recoverable.	Yes	NA	NA	NA	NA
4	Whether details of fuel for the same has been maintained in log book,	No	NA	High	We have given instruction to follow.	No
5	Whether full details of repairs has been maintained & it have been through authorized center	No	NA	High	We have given instruction to follow.	No
6	Whether authorized person have proper check over log book.	No	NA	NA	NA	NA



FIXED ASSETS						
NAME OF THE ULB		NAGAR PARISHAD DAUDNAGAR				
RISK RATING:		HIGH				
S.N	Particulars	Audit Observation	Amt. Involved	Associates Risk	Management Comment	Status (Resolved /Not)
1	Status on Maintenance of Fixed Assets Register	Not Maintained	NA	High	We will maintain from now.	No
2	Budget availability is confirmed before acquisition	Neither Fixed assets register nor Asset Replacement Register maintained for current reporting period.Physical verification of fixed assets is also not done.	NA	High	Will follow and maintain from now.	No
3	Fixed assets are recognized at cost of acquisition and if so, check whether the cost components are incidental to its acquisition		NA	High	Will follow and maintain from now.	No
4	all fixed assets are acquired only after obtaining approval of the concerned authority		NA	High	Will follow and maintain from now.	No
5	Physical verification of fixed assets is done and discrepancies are reconciled with Fixed Asset Register.		NA	High	Physical verification of Fixed Assets will be done.	No
6	Depreciation is provided on each class of fixed assets at the prescribed rates		NA	High	Will follow from now..	No
7	Asset Replacement Register is properly maintained asset class- wise		NA	High	Will follow and maintain from now.	No

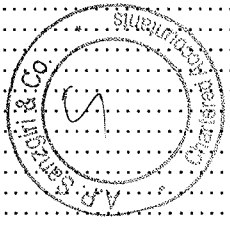


Others						
NAME OF THE ULB		NAGAR PARISHAD DAUDNAGAR				
RISK RATING:		HIGH				
S.N	Particulars	Audit Observation	Amt. Involved	Associates Risk	Management Comment	Status (Resolved /Not)
Register of Mutation						
1	All permanent changes made in the assessment of buildings and lands have been recorded in this register with reference to the monthly lists, Register of Revision Petitions, Register of Appeal Petitions, and Register of Writes-off	Yes , ULB charges for all such thing mentioned.	NA	NA	NA	NA
2	Demands of current year and previous year have been reconciled with reference to the above details	No such documents or files provided by ULB.	NA	High	We will provide during audit of next quarter.	No
Register of Suits						
1	All suits filed by the municipality for recovery of any sum due are entered	NA	NA	NA	NA	NA
2	All suits filed against the municipality are entered	NA	NA	NA	NA	NA
3	Sanction from the Council obtained for filing / defending the suit	NA	NA	NA	NA	NA
4	All details like the Assessment Number, amount involved, Name of Court and Suit Number etc. are clearly entered	NA	NA	NA	NA	NA
5	Execution Petitions are filed for recovery of sums, in cases the suits are disposed in favor of municipality	NA	NA	NA	NA	NA



H INADEQUATE MONITORING OF TAX DEDUCTED AT SOURCE AND AS DEPOSITED

Large empty rounded rectangular box for notes or signatures.



Implication/ Risk

HIGH

Recommendation

Deducted amount of TDS is not deposited on time.

Management Comments

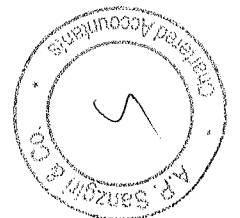
We will deposit on prescribed due date from next time.

Person Responsible:

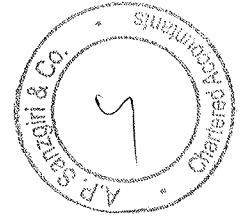
Timeless:

ANNEX-1 DELAY IN DEPOSIT OF COLLECTION
ULB – Daudnagar
Internal Audit Report- 2019-20 (Quarter -1)

S.N.	Serial Number		Amount of Tax	Date of Collection as per Receipts Booked	Amount Deposited with Cashier	Delay in deposit with cashier	Date of Deposit into Bank as per Deposit Slip	Delay in deposit with Bank
	From	To						
1	13951	13965	7641	01.04.2019 to 04.04.2019	7641	-	29.04.2019	25 days
2	13966	13980	10990	05.04.2019 to 29.04.2019	10990	-	29.04.2019	14 days
3	13981	13996	10610	29.04.2019 to 09.05.2019	10610	-	29.05.2019	25 days
4	13997	14000	2198	11.05.2019 to 16.05.2019	2198	-	29.05.2019	16 days
5	14201	14208	6032	16.05.2019 to 23.05.2019	6032	-	29.05.2019	9 days
6	14209	14224	14336	24.05.2019 to 03.06.2019	14336	-	29.06.2019	30 days
7	14225	14231	6231	03.06.2019 to 14.06.2019	6231	-	29.06.2019	20 days
8	14242	14252	14690	28.06.2019 to 01.07.2019	14690	-	15.07.2019	15 days
9	14010	14021	15537.00	30.03.2019 to 02.04.2019	15537	-	29.04.2019	42 days
10	14022	14035	13389.00	02.04.2019 to 04.04.2019	13389	-	29.04.2019	37 days
11	14036	14050	17683.00	03.04.2019 to 08.04.2019	17683	-	30.04.2019	31 days
12	14051	14060	11544.00	08.04.2019 to 15.04.2019	11544	-	30.04.2019	25 days
13	14061	14070	4426.00	16.04.2019 to 18.04.2019	4426	-	29.05.2019	21 days
14	14071	14090	6764.00	18.04.2019 to 27.04.2019	6764	-	29.05.2019	26 days
15	14091	14100	5077.00	27.04.2019 to 29.04.2019	5077	-	29.05.2019	8 days
16	14101	14115	10867.00	02.05.2019 to 06.05.2019	10867	-	29.05.2019	34 days
17	14116	14130	20372.00	06.05.2019 to 11.05.2019	20372	-	29.05.2019	32 days



18	14331	14140	11271.00	11.05.2019 to 16.05.2019	11271	-	29.05.2019	30 days
19	14141	14155	8405.00	21.05.2019 to 24.05.2019	8405	-	30.05.2019	28 days
20	14156	14170	12296.00	24.05.2019 to 27.05.2019	12296	-	29.06.2019	25 days
21	14171	14185	17501.00	27.05.2019 to 29.05.2019	17501	-	29.06.2019	22 days
22	14186	14200	7663.00	28.05.2019 to 31.05.2019	7663	-	29.06.2019	20 days
23	14301	14315	7912.00	31.05.2019 to 03.06.2019	7912	-	29.06.2019	18 days
24	14316	14330	5375.00	03.06.2019 to 06.06.2019	5375	-	29.06.2019	32 days
25	14331	14345	7159.00	06.06.2019 to 08.06.2019	7159	-	29.06.2019	26 days
26	14346	14360	11300.00	08.06.2019 to 10.06.2019	11300	-	29.06.2019	42 days
27	14361	14370	18914.00	10.06.2019 to 11.06.2019	18914	-	29.06.2019	37 days
28	14371	14385	6404.00	11.06.2019 to 15.06.2019	6404	-	15.07.2019	31 days
29	14386	14400	10207.00	15.06.2019 to 22.06.2019	10207	-	15.07.2019	25 days



ANNEX-1 DELAY IN DEPOSIT OF COLLECTION
ULB - Daudnagar
Internal Audit Report- 2019-20 (Quarter -2)

S.N.	Serial Number		Amount of Tax	Date of Collection as per Receipts Book	Amount Deposited with Cashier	Date of deposit with cashier	Delay in deposit with cashier	Date of Deposit into Bank as per Deposit Slip	Delay in deposit with Bank
	From	To							
1	14431	14460	21,315.00	01.07.2019 to 06.07.2019	21,315.00	30.07.2019	1-30	30.07.2019	-
2	14261	14268	18,668.00	04.07.2019 to 10.07.2019	18,668.00	15.07.2019	1-11	15.07.2019	-
3	14461	14520	58,459.00	06.07.2019 to 18.07.2019	58,459.00	28.08.2019	1-53	28.08.2019	-
4	14521	14580	66,142.00	20.07.2019 to 01.08.2019	66,142.00	28.08.2019	1-39	28.08.2019	-
5	14284	14643	48,661.00	12.07.2019 to 20.08.2019	48,661.00	28.08.2019	1-47	28.08.2019	-
6	14581	14780	81,280.00	05.08.2019 to 26.08.2019	81,280.00	24.09.2019	1-50	24.09.2019	-
7	14781	14833	35,282.00	22.08.2019 to 03.09.2019	35,282.00	30.09.2019	1-38	30.09.2019	-
8	14834	14921	1,13,485.00	05.09.2019 to 19.09.2019	1,13,485.00	31.10.2019	1-56	31.10.2019	-
9	14661	14690	19,741.00	17.09.2019 to 29.09.2019	19,741.00	24.09.2019	1-7	24.09.2019	-
10	14959	15044	65,166.00	19.09.2019 to 30.09.2019	65,166.00	28.11.2019	1-39	28.11.2019	-



ANNEX-1 DELAY IN DEPOSIT OF COLLECTION

ULB - Daudnagar

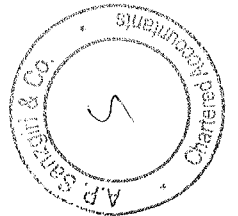
Internal Audit Report- 2019-20 (Quarter -3)

S.N.	Serial Number		Amount of Tax	Date of Collection as per Receipts Book	Amount Deposited with Cashier	Date of deposit with cashier	Delay in deposit with cashier	Date of Deposit into Bank as per Deposit Slip	Delay in deposit with Bank
	From	To							
1	15045	15211	31,895.00	09.10.2019 to 16.10.2019	31,895.00	28.11.2019	1-50	28.11.2019	-
2	15212	15300	59,890.00	16.10.2019 to 07.11.2019	59,890.00	28.11.2019	1-43	28.11.2019	
3	15154	15164	10,988.00	17.10.2019 to 24.10.2019	10,988.00	31.10.2019	1-14	31.10.2019	-
4	15165	15200	23,272.00	17.10.2019 to 06.11.2019	23,272.00	28.11.2019	1-42	28.11.2019	
5	15301	15388	65,030.00	07.11.2019 to 13.11.2019	65,030.00	28.11.2019	1-21	28.11.2019	-
6	15389	15600	55,034.00	13.11.2019 to 16.11.2019	55,034.00	12.12.2019	1-29	12.12.2019	-
7	15701	15772	75,117.00	16.11.2019 to 19.11.2019	75,117.00	26.12.2019	1-40	26.12.2019	-
8	16016	16027	7,993.00	04.12.2019 to 19.12.2019	7,993.00	09.01.2020	1-14	09.01.2020	-
9	16028	16043	9,187.00	19.12.2019 to 21.12.2019	9,187.00	17.01.2020	1-29	17.01.2020	-
10	14834	14921	78,650.00	08.11.2019 to 14.11.2019	78,650.00	28.11.2019	1-20	28.11.2019	-
11	15671	15900	85,804.00	15.11.2019 to 26.12.2019	85,804.00	26.12.2019	1-41	26.12.2019	-



ANNEX-1 DELAY IN DEPOSIT OF COLLECTION
ULB - Daudnagar
Internal Audit Report- 2019-20 (Quarter -4)

S.N.	Serial Number		Amount of Tax	Date of Collection as per Receipts Book	Amount Deposited with Cashier	Date of deposit with cashier	Delay in deposit with cashier	Date of Deposit into Bank as per Deposit Slip	Delay in deposit with Bank
	From	To							
1	16077	16090	4,449.00	13.01.2020 to 29.01.2020	4,449.00	12.03.2020	1-59	12.03.2020	-
2	16091	16100	1,438.00	23.01.2020 to 29.01.2020	1,438.00	12.03.2020	1-49	12.03.2020	
3	16301	16316	7,062.00	01.02.2020 to 14.02.2020	7,062.00	19.02.2020	1-18	19.02.2020	-
4	16317	16332	9,126.00	15.02.2020 to 25.02.2020	9,126.00	27.02.2020	1-12	27.02.2020	
5	16333	16345	6,225.00	25.02.2020 to 26.02.2020	6,225.00	27.02.2020	1-2	27.02.2020	-
6	16346	16375	12,365.00	26.02.2020 to 28.02.2020	12,365.00	12.03.2020	1-15	12.03.2020	-
7	16376	16400	29,656.00	29.02.2020 to 04.03.2020	29,656.00	19.03.2020	1-19	19.03.2020	-
8	16201	16215	14,815.00	27.12.2019 to 09.01.2020	14,815.00	06.02.2020	1-41	06.02.2020	-
9	16216	16229	9,496.00	09.01.2020 to 21.01.2020	9,496.00	06.02.2020	1-28	06.02.2020	-
10	16230	16277	60,890.00	28.01.2020 to 21.02.2020	60,890.00	12.03.2020	1-44	12.03.2020	-
11	16278	16294	6,995.00	02.03.2020 to 12.03.2020	6,995.00	18.06.2020	1-108	18.06.2020	-
12	16295	16300	11,903.00	07.03.2020 to 17.03.2020	11,903.00	18.06.2020	1-103	18.06.2020	



ANNEX-2 REPORT ON FINDINGS OF FIELD SURVEY OF PROPERTY TAX OF MINIMUM 20 HIGH VALUE PROPERTIES:

2019-20(Annually)

S.N	Holding Name	W.N	H.N.	Type of Use of Property		Area of Property			Tax Amount			Remarks
				As per tax Collector	As per Auditor	As per Tax Collector	As per Auditor	Difference	As per Tax Collector	As per Auditor	Difference	
1	ArvindYadav	20	327	Residential cum Commercial	Commercial	2400	3780	1380	2916	4593	1677	
2	ArvindYadav	20	328	Commercial	Commercial	2080	3276	1196	2880	4536	1656	-
3	Dr. Krishna Kumar	19	262	Commercial	Commercial	2070	7600	5530	2790	10244	7453	-
4	RajdevPandey	19	271	Commercial	Commercial	1900	3675	1775	2565	4961	2396	-
5	Rajendra Prasad	19	272	Commercial	Commercial	1784	3675	1891	2565	5283	2719	-
6	Sudhir Kumar	20	35	Commercial	Commercial	2640	2640	-	2358	2358	-	-
7	Vijay Kumar	20	13C	Commercial	Commercial	1650	1650	-	2565	2565	-	-
8	RavindarSharma	19	261	Commercial	Commercial	1440	1440	-	1944	1944	-	-
9	Kripal Prasad	20	130	Commercial	Commercial	1390	1390	-	1872	1872	-	-
10	Gangotri Devi	20	22	Residential cum Commercial	Commercial	2495	2495	-	1710	1710	-	-
11	Sonamati Devi	11	93	Residential cum Commercial	Commercial	1500	1500	-	1557	1557	-	-
12	ShivjatanPandey	19	270	Commercial	Commercial	1100	1840	740	1485	2484	999	-
13	Ravindar Sharma	20	326	Commercial	Commercial	984	1550	566	1332	2098	766	-
14	Smt. Rubi Devi	20	29	Commercial	Commercial	720	720	-	1260	1260	-	-
15	Smt. Kripal Prasad	20	4	Commercial	Commercial	510	510	-	1170	1170	-	-



16	Sri SangamSav	19	4	Commercial	Commercial	840	840	840	-	1134	1134	-	-
17	Ravi Kumar	19	70	Commercial	Commercial			900	-	900	900	-	-
18	Shila Devi	19	8	Commercial	Commercial	600	600	600	-	720	810	90	-
19	Manorma Devi	19	161	Commercial	Commercial	560	560	560	-	756	756	-	-
20	Laxman Prasad	19	17	Commercial	Commercial	507	792	792	285	684	1068	385	-



Daudnagar Parishad

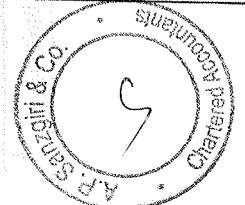
Discussion Note

Date: 12.12.2019
Daudnagar Council
with
AP Sangziri & Co.
(Chartered Accountants)

Subject: Regarding confirmation of documents not maintained and management comment in Internal Audit Report for Q-1 of F.Y. 2019-20.

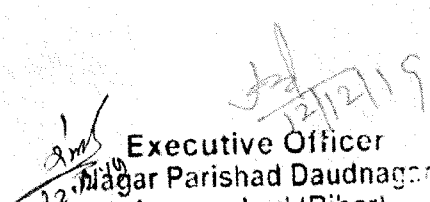
S.N.	Auditor observation	Management comment
1	Non implementation of Double entry system;	Currently there is no agency working for implementation of accrual based double entry accounting system;
2	AG Compliance Report;	It is under process and management will submit it as soon as possible;
3	Difference in opening balance of in budget for F.Y. 2015-16,16-17 and 2017-18;	Management is now making effort to find out error and will be rectify accordingly;
4	Non availability of Cash: a. Bank of Baroda	It is under custody of BRGF Audit team;
5	Non maintenance of Advance Register;	ULB did not follow practice of giving advance;
6	No Municipal Accounts committee established;	Under process, and matter will be put before board for constitution of "Municipal Accounts Committee";
7	Notice fee;	Currently not collecting, but it will be consider and collected accordingly;
8	TDS return acknowledgement;	It will be provided;
9	Non levy of Taxes in IAR Para " I Part-A a) (1);	Some of taxes is collected by other department of GoB like professional tax; And there is many taxes mentioned in this Para are not collected by ULB due to not providing services in this respect like fire tax and water taxes. For rest we will discussed in meeting of board and implement accordingly;
10	Late deposit of property Tax;	Show cause notice has been issued to tax collector in this respect and it will be collected as per Act. A copy of show caused attached
11	Statutory deduction ;	During Q-1 of 2019-20 Daudnagar Parishad did not paid any amount on which liability for statutory deduction arise;
12	Non deposit of EPF	It is under process to deposit;
13	Non preparation of Complete UC details	It is under process and will be submit in coming next month;

AP Sangziri & Co.
12/12/19
Executive Officer
Nagar Parishad Daudnagar
Aurangabad (Bihar)



Daudnagar Parishad

14	Non practice of Stock valuation;	It will be follow as per rule and management will decide about reasonable period of valuation i.e. frequency of time for valuation;																								
15	Non maintenance of log book, except Scorpio for EO.;	All running vehicle has been given on hire to Taraqqee NGO, a cleaning contractor appointed by ULB to keep city clean, and ULB collect hire charges in that respect. Hence log book not maintained due right to operate has been transfer.																								
16	Electricity DPS	Due to non furnishing of bill on due date the DPS on electricity arised. A letter will be given to SBPDCL to submit bill on due date and also gives reasons for DPS.																								
17	Maintenance of grant record with bifurcation like amount for Salary, water management, nail gali solid waste management and so on ;	It Will be provided.																								
18	Non maintenance of book refer to Para : II-PART B (a) ;	After reading this para we conclude the following comments 1. S.N. 5 to 8 - no transaction happened; 2. 10 to 11 - amount not collected in this respect; Rest will be maintained upon applicability of concern para.																								
19	Bank A/c which is closed	Following Bank A/c has been closed <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Bank Name</th> <th style="text-align: left;">A/c No.</th> <th style="text-align: left;">Purpose</th> </tr> </thead> <tbody> <tr> <td>1. Bank of Baroda-</td> <td>'00100200006901</td> <td>12th F.C.</td> </tr> <tr> <td>2. PNB</td> <td>3861000109373638</td> <td>BRGF</td> </tr> <tr> <td>3. Bank of Baroda</td> <td>00100100036332</td> <td>14th F.C</td> </tr> <tr> <td>4. PNB</td> <td>3861000109393632'</td> <td>SJSY</td> </tr> <tr> <td>5. PNB</td> <td>3861000109418630</td> <td>13th F.C</td> </tr> <tr> <td>6. Bank of Baroda</td> <td>8448001020001</td> <td>NRY</td> </tr> <tr> <td>7. Bank of Baroda</td> <td>00100100014590</td> <td>GBSY</td> </tr> </tbody> </table>	Bank Name	A/c No.	Purpose	1. Bank of Baroda-	'00100200006901	12 th F.C.	2. PNB	3861000109373638	BRGF	3. Bank of Baroda	00100100036332	14 th F.C	4. PNB	3861000109393632'	SJSY	5. PNB	3861000109418630	13 th F.C	6. Bank of Baroda	8448001020001	NRY	7. Bank of Baroda	00100100014590	GBSY
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20	Difference in Holding Tax Amount as per Physical Measurement: <ul style="list-style-type: none"> > Auditor found difference in area; as per self assessment form and actual measurement of property area there is difference for some cases selected on sample basis > Valuation method not Revised till 2011 	<ul style="list-style-type: none"> > We will take necessary action and imposed Holding Tax as per actual measurement taken. > The Entire process of valuation need to be changed and the concern matter will be put before Board very soon and after approval of UD & HD (will be send after approval of board) it will be implement accordingly; 																								
21	Non preparation of Receipt and Payment A/c, Trial Balance, Income and Expenditure A/C and Balance Sheet (Financial Statement)	Receipt and Payment A/c, Trial Balance, Income and Expenditure A/C and Balance Sheet will be prepare after implementation of Double Entry Accounting System.																								

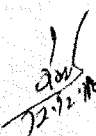

 Executive Officer
 Daudnagar Parishad Daudnagar
 Aurangabad (Bihar)

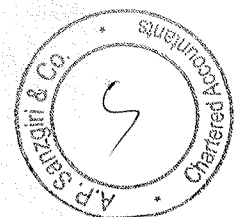


Daudnagar Parishad

22	Non creation Special Fund and Fund Mentioned in Chapter ix of BMA, 2007	The same will be created on applicability of relevant provision of said act;
23	Non Maintenance Fixed Assets register	It will be maintained
24	Outstanding Taxes	We will makes our best effort to realized it by establishing camp in ward;
25	Bank Reconciliation on Monthly Basis	It will be maintained;
26	Any Payment made out of Municipal Fund that is not covered by	Payment made out of budget provision. No such payment made that is not cover by budget;
27	Non implementation of Biometric Devices and Payroll Software	It is under process;
28	Directives / Circulars issued during Q-1 of 2019-20	No such directives or Circulars issued during said period.

Further we confirm/affirm the management comment given in Internal Audit report for Q-1 of 2019-20 is on behalf of Daudnagar Parishad.


 22/12/19
Executive Officer
Nagar Parishad Daudnagar
Aurangabad (Bihar)



DaudNagar Parishad

Discussion note

2019-20(Qtr-2)

Letter No.

Date: 13.10.2020

To

AP Sangziri & Co.

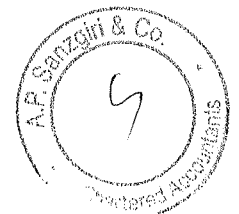
(Chartered Accountants)

Subject: Regarding confirmation of documents not maintained and management comment in Audit report for F.Y. 2019-20 (Qtr-2)

We, Nagar Parishad Daudnagar, confirm the following books of accounts/ documents/ file has not been maintained, hence we could not produce it:

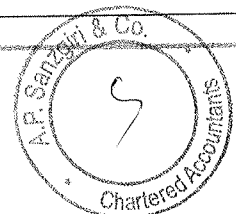
S.N	Audit observation	Management comments
1	Non-Levy of taxes in IAR I. PART-A (a)1	Taxes like profession tax, water tax etc. is not levied by ULB. Taxes levied by ULB like property tax, Hording tax and etc. is collected on time.
2	Late deposit of property tax	Property taxes deposited late due to lack of staff and over load work. Instructions given to tax collector in this respect and it will be deposited as per Act.
3	Notice fee Collection	This is currently not in practice, will be considered soon.
4	ULB did not prepare payment voucher as per BMAR , however payment made on the basis of bill raised by contractor followed by order passed in form of letter	ULB follow the procedure to pay from contractor MB, which has been prepared by JE.
5	Non-maintenance of books of accounts as per para ii-PART B (a)	The Practice will be followed very soon.
6	Implementation of biometric devices and payroll software.	It will be implemented.
7	Royalty late deposited	Practice is being followed now.
8	Labourcess late Deposited	Practice is being followed now.
9	Non-preparation of complete UC details.	Practice is being followed now.
10	Non practice of Stock valuation; Non-preparation of Stock Register.	The matter shall be put before board and implement accordingly.

1/1
05/12/20
EXECUTIVE OFFICER
Nagar Parishad Daudnagar
Aurangabad



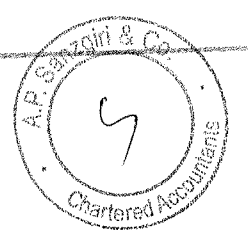
11	Physical verification of inventory/Stores	The matter shall be put before board and implement accordingly.
12	Vehicles are insured.	It is insured.
13	Non deposition of PF and ESI in case of contractual employee. Late deposition of PF and ESI in case of Permanent employee.	Due to Lack of staff and starting of CFMS it is not deposited or late deposited but now it will be deposited on or before due date.
14	Advances and their adjustment.	No Advances and loan given.
15	Municipal Account Committee	Under process, and matter will be put before board for constitution of "Municipal Accounts Committee".
16	I) Non preparation of receipt and payment A/C trial balance, income and expenditure A/C and balance sheet (financial statement). II) Implementation of DEAS.	I) It will be prepared by agency appointed for implementation of double entry accounting system. ii) Agency appointed but Currently there is no work is going on.
17	Non completion of survey of trade license	It will be done very soon.
18	Non-preparation of rent collections and demand registers as per rule	It will be prepared.
19	Outstanding Rent, Holding tax, Mobile tower tax, and other taxes.	No detailed data has been maintained. It will be maintained very soon. Notice will be issued to defaulters.
20	BRS Issues relating to non- production of Bank statement and non Updation of PLA related records. Non Preparation of BRS on time.	Bank Statement will be provided on time from now. BRS will be prepared on time.
21	Break-ups of outstanding amount of Rent on Municipal Properties, Property Tax, Mobile Tower Tax and Other Tax .	Detailed records has not been maintained but now we will maintain such type of records.
22	Advertisement tax charging	It is charged by tender.
23	Electricity DPS	Due to non-receiving of electricity bill on due date the DPS on electricity arise. A letter will be given to SBPDCL to submit bill on or before due date and also gives reason for DPS.
24	Non maintenance of fixed assets register	It will be maintained.

21/1/ EXECUTIVE OFFICER
 25/12/2014
 Aurangabad



25	Compliances of internal audit paras and AG audit paras.	It will be complied.
26	Whether expenditure on construction of work was debited to WIP & verified with MB maintained	ULB did not follow practice to debit WIP for expenditure incurred on Construction.
27	Any payment made out of Municipal Fund that is not covered by budget.	Payment made out of budget provision. No such payment made that is not cover by budget;
28	Delay in deposition of Tds and non filing of TDS Return .	Practice is being followed now.
29	ULB did not maintain logbook in proper format. Neither purpose of Journey mentioned nor kilometer .Details of repairs and maintenance has not been mentioned in log book.	All machinery and other assets, Except BOLERO for EO, in respect of which log book can be maintained given on hire to NGO, with whom contract has been entered for cleaning within municipality area, and hire charges has been deducted from bill amount charges by NGO.
30	Depreciation is not charged to Fixed Assets.	ULB not follow Double Entry Accounting System, hence depreciation is not accounted in our book.

25/12/2010
EXECUTIVE OFFICER
Vag. Signature of E.O. Dnaga
Aurangabad



DaudNagar Parishad

Discussion note

2019-20(Qtr-3)

Letter No.

Date: 13.10.2020

To

AP Sangziri & Co.

(Chartered Accountants)

Subject: Regarding confirmation of documents not maintained and management comment in Audit report for F.Y. 2019-20 (Qtr-3)

We, Nagar Parishad Daudnagar, confirm the following books of accounts/ documents/ file has not been maintained, hence we could not produce it:

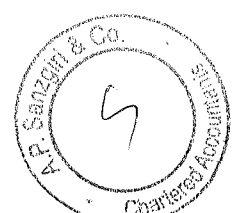
S.N	Audit observation	Management comments
1	Non-Levy of taxes in IAR I. PART-A (a)1	Taxes like profession tax, water tax etc. is not levied by ULB. Taxes levied by ULB like property tax, Hording tax and etc. is collected on time.
2	Late deposit of property tax	Property taxes deposited late due to lack of staff and over load work. Instructions given to tax collector in this respect and it will be deposited as per Act.
3	Notice fee Collection	This is currently not in practice, will be considered soon.
4	ULB did not prepare payment voucher as per BMAR , however payment made on the basis of bill raised by contractor followed by order passed in form of letter	ULB follow the procedure to pay from contractor MB, which has been prepared by JE.
5	Non-maintenance of books of accounts as per para ii-PART B (a)	The Practice will be followed very soon.
6	Implementation of biometric devices and payroll software.	It will be implemented.
7	Royalty late deposited	Practice is being followed now.
8	Labourcess late Deposited	Practice is being followed now.
9	Non-preparation of complete UC details.	Practice is being followed now.
10	Non practice of Stock valuation; Non-preparation of Stock Register.	The matter shall be put before board and implement accordingly.

11
EXECUTIVE OFFICER
Nagar Parishad Daudnagar
05/10/2020



11	Physical verification of inventory/Stores	The matter shall be put before board and implement accordingly.
12	Vehicles are insured.	It is insured.
13	Non deposition of PF and ESI in case of contractual employee. Late deposition of PF and ESI in case of Permanent employee.	Due to Lack of staff and starting of CFMS it is not deposited or late deposited but now it will be deposited on or before due date.
14	Advances and their adjustment.	No Advances and loan given.
15	Municipal Account Committee	Under process, and matter will be put before board for constitution of "Municipal Accounts Committee".
16	I) Non preparation of receipt and payment A/C trial balance, income and expenditure A/C and balance sheet (financial statement). II) Implementation of DEAS.	I) It will be prepared by agency appointed for implementation of double entry accounting system. ii) Agency appointed but Currently there is no work is going on.
17	Non completion of survey of trade license	It will be done very soon.
18	Non-preparation of rent collections and demand registers as per rule	It will be prepared.
19	Outstanding Rent,Holding tax, Mobile tower tax, and other taxes.	No detailed data has been maintained. It will be maintained very soon. Notice will be issued to defaulters.
20	BRS Issues relating to non- production of Bank statement and non Updation of PLA related records. Non Preparation of BRS on time.	Bank Statement will be provided on time from now. BRS will be prepared on time.
21	Break-ups of outstanding amount of Rent on Municipal Properties, Property Tax, Mobile Tower Tax and Other Tax .	Detailed records has not been maintained but now we will maintain such type of records.
22	Advertisement tax charging	It is charged by tender.
23	Electricity DPS	Due to non-receiving of electricity bill on due date the DPS on electricity arise. A letter will be given to SBPDCL to submit bill on or before due date and also gives reason for DPS.
24	Non maintenance of fixed assets register	It will be maintained.

21
 EXECUTIVE OFFICER
 Municipal Corporation
 25/12/2021



25	Compliances of internal audit paras and AG audit paras.	It will be complied.
26	Whether expenditure on construction of work was debited to WIP & verified with MB maintained	ULB did not follow practice to debit WIP for expenditure incurred on Construction.
27	Any payment made out of Municipal Fund that is not covered by budget.	Payment made out of budget provision. No such payment made that is not cover by budget;
28	Delay in deposition of Tds and non filing of TDS Return .	Practice is being followed now.
29	ULB did not maintain logbook in proper format. Neither purpose of Journey mentioned nor kilometer .Details of repairs and maintenance has not been mentioned in log book.	All machinery and other assets, Except BOLERO for EO, in respect of which log book can be maintained given on hire to NGO, with whom contract has been entered for cleaning within municipality area, and hire charges has been deducted from bill amount charges by NGO.
30	Depreciation is not charged to Fixed Assets.	ULB not follow Double Entry Accounting System, hence depreciation is not accounted in our book.

Signature of E.O. *05/12/2020*



DaudNagar Parishad

Discussion note

2019-20(Qtr-4)

Letter No.

Date: 13.10.2020

To

AP Sangziri & Co.

(Chartered Accountants)

Subject: Regarding confirmation of documents not maintained and management comment in Audit report for F.Y. 2019-20 (Qtr-4)

We, Nagar Parishad Daudnagar, confirm the following books of accounts/ documents/ file has not been maintained, hence we could not produce it:

S.N	Audit observation	Management comments
1	Non-Levy of taxes in IAR I. PART-A (a)1	Taxes like profession tax, water tax etc. is not levied by ULB. Taxes levied by ULB like property tax, Hording tax and etc. is collected on time.
2	Late deposit of property tax	Property taxes deposited late due to lack of staff and over load work. Instructions given to tax collector in this respect and it will be deposited as per Act.
3	Notice fee Collection	This is currently not in practice, will be considered soon.
4	ULB did not prepare payment voucher as per BMAR , however payment made on the basis of bill raised by contractor followed by order passed in form of letter	ULB follow the procedure to pay from contractor MB, which has been prepared by JE.
5	Non-maintenance of books of accounts as per para ii-PART B (a)	The Practice will be followed very soon.
6	Implementation of biometric devices and payroll software.	It will be implemented.
7	Royalty late deposited	Practice is being followed now.
8	Labourcess late Deposited	Practice is being followed now.
9	Non-preparation of complete UC details.	Practice is being followed now.
10	Non practice of Stock valuation; Non-preparation of Stock Register.	The matter shall be put before board and implement accordingly.

11

13/10/2020
EXECUTIVE OFFICER
Nagar Parishad Daudnagar
Daudnagar



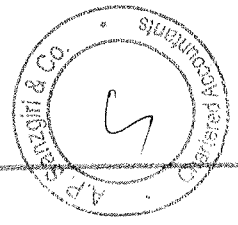
11	Physical verification of inventory/Stores	The matter shall be put before board and implement accordingly.
12	Vehicles are insured.	It is insured.
13	Non deposition of PF and ESI in case of contractual employee. Late deposition of PF and ESI in case of Permanent employee.	Due to Lack of staff and starting of CFMS it is not deposited or late deposited but now it will be deposited on or before due date.
14	Advances and their adjustment.	No Advances and loan given.
15	Municipal Account Committee	Under process, and matter will be put before board for constitution of "Municipal Accounts Committee".
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17	Non completion of survey of trade license	It will be done very soon.
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20	BRS Issues relating to non- production of Bank statement and non Updation of PLA related records. Non Preparation of BRS on time.	Bank Statement will be provided on time from now. BRS will be prepared on time.
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23	Electricity DPS	Due to non-receiving of electricity bill on due date the DPS on electricity arise. A letter will be given to SBPDCL to submit bill on or before due date and also gives reason for DPS.
24	Non maintenance of fixed assets register	It will be maintained.

21
 05/11/2020
 Sanjiv Kumar
 Sanjiv Kumar
 Sanjiv Kumar



25	Compliances of internal audit paras and AG audit paras.	It will be complied.
26	Whether expenditure on construction of work was debited to WIP & verified with MB maintained	ULB did not follow practice to debit WIP for expenditure incurred on Construction.
27	Any payment made out of Municipal Fund that is not covered by budget.	Payment made out of budget provision. No such payment made that is not cover by budget;
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30	Depreciation is not charged to Fixed Assets.	ULB not follow Double Entry Accounting System, hence depreciation is not accounted in our book.

6/5/12/2022
EXECUTIVE OFFICER
 Signature of E.O.
6/5/12/2022



31
6/5/12/2022

NAGAR PARISHAD DAUDNAGAR
STATUS OF UTILIZATION CERTIFICATION FOR FY 2019-20

S.No	Head	Approval order and date	Sanctioned Amount	Expenses Incurred	Balance Amount	UC Submitted against Expenses	UC Pending Against Expenses	% of UC Submitted against expenses	% of UC Pending against expenses	Letter Number & Date of Submission of UC
1	Honorarium of city manager	26/20.06.2019	1.20	-	1.20	-	-	NIL	NIL	Unutilised Amount
2	14th finance	127/27.11.19	156.09	-	156.09	-	-	NIL	NIL	Unutilised Amount
3	5th finance	56/13.08.19	261.05	-	261.05	-	-	NIL	NIL	Unutilised Amount
4	5th financ	54/13.08.2019	270.82	-	270.82	-	-	NIL	NIL	Unutilised Amount
5	City manager	78/13.09.2019	2.40	-	2.40	-	-	NIL	NIL	Unutilised Amount
6	14th Finance	38/11.07.2019	156.09	-	156.09	-	-	NIL	NIL	Unutilised Amount

