

Internal Audit Report

of

ULB: Sitamarhi Nagar Parishad

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

Internal Audit Conducted by:

GKSureka & Co.
Chartered Accountants

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

M: 9811077186, 9999232791

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

From 04-11-2019 to 18-11-2019

Report Issued on: 29-11-2019

Executive Summary

1. Introduction

Name of the Municipality	Nagar Parishad Sitamarhi
Period Covered under Current Audit	01.04.2018 to 31.03.2019
Name of the Chief Municipal Officer for the period under Audit	Executive Officer Mr. Deepak Jha

2. Results and Findings

<p>Strength observed during the audit engagement</p>	<ul style="list-style-type: none"> ➤ Subsidiary Cash Book has been written but General cash book has been written till 01.02.2019 for the financial year 2018-19. ➤ Staff Co-operation during the Audit period was good. ➤ All municipal transactions shall be identified with funds in accordance with rule 5, and separate accounting records have been maintained for each fund. ➤ Office infrastructure is sufficient for operation. ➤ Files are maintained. ➤ Expense records are maintained by Nagar Parishad. ➤ Quarterly TDS Return has been filed on timely basis. ➤ TDS on Permanent staffs salary has been deducted.
<p>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</p> <p><i>The comments under these two categories should summarize each significant Audit observation in the order of materiality. The summary should be as brief as possible and draw on the observations under the Para on Consequence/Effect/ impact of each Audit observation. It should also include a summation of outstanding statutory and internal audit observations.</i></p>	<ul style="list-style-type: none"> ➤ General cash book has been written but not maintained up to F.Y. 31st March 2019. ➤ Municipality has not been maintaining its books of accounts using double accounting system of book keeping following accrual system of accounting principles guided by the Bihar Municipal Accounting Manual. ➤ Statement of outstanding liabilities for expense in BMAR Form-55 is not maintaining by the municipality. ➤ The property tax register has not been provided to us to ascertain the Total Demand and Arrear at the end of audit period. ➤ There is lack of internal control on deduction and deposit of various taxes, such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes. ➤ Taxes and other revenue collections from internal sources are not deposited in bank on same day. ➤ Nagar Parishadis not maintaining the demand register for various types of Taxes and Rent to be collected from the revenue resources i.e. Holding Tax, Tower Tax, etc.



- Assessment of Property Tax, Rent and other resources revenue has not been conducting on regular intervals.
- Labor Cess collection Rs.555489.00/- not deposited till 31st March 2019.
- Nagar parishad has not been maintaining an unique number on vouchers which was passed for payment.
- Accountants cash book has not been verified by concerned officer.
- Advance register has not been maintained.
- Bank Reconciliation Statement has not been maintained on monthly basis.
- Monthly receipt and payment & Trial Balance has not been prepared.
- Fixed Asset Register and other various register has not been prepared by Nagar Parishad.
- Utilisation certificate has not been submitted to department on timely basis and Utilisation Details has not been updated on regular basis.
- Inventory/Store Register was not updated.
- Nagar Parishad has not collected licensing fees for Hotel, Factory, Clinic, Professional such as Surveyors, Restaurant, Cinema, etc.
- In one instance, we observed that there was no proper advertisement given in media to invite quotation for Professional service. (Ch. No.-388877 dated- 19.06.2018).
- **Nagar parishad is not in practice to maintain voucher number on cash book.**
- In one instance, we observed that a totaling difference in treasury cash book by Rs. 30.00.

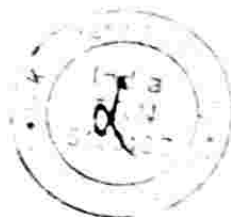


3. Opinion

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

The recommendations of Audit team on the observed weakness	We recommend the followings: <ul style="list-style-type: none">➤ Books of Accounts need to be maintained on double entry accounting system.➤ All the prescribed books of accounts and Registers should be prepared on real time basis.➤ Cashier Cash Book should be written on daily basis.➤ Collection by tax collector should be deposited on daily basis.➤ Assessment of property should be conducted on regular intervals.➤ Grant Register should be prepared.➤ All the statutory dues should be deposited on timely basis and returns prescribed under the statute should also be deposited on timely basis.➤ Demand Collection Register of all the wards should be prepared.➤ Property tax register should be prepared as per new assessment.➤ Collection from own sources should be improved.➤ Procurements register should be maintained.➤ Advance register should be maintained.➤ Action should be taken for recovery of tower tax.
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5. Comments from Management

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

We thank Mr. Deepak Jha (Executive Officer) and Mr. Vinay Kumar Gupta (Head Clerk cum accountant) for their support during the period of our audit. We are also thankful to Tax Daroga (Kalika Nandan Prasad) and supporting staffs of the municipality for their cooperation extended to us during the period of our audit.

Place : Patna
Date:

For G.K.Sureka & Co.

Chartered Accountants
FRN.-513018C

CA. Gokul Kumar Sureka
Partner
M.N.-091380

UDIN: 20091380AAAADN9141

Date: 24-06-2020



Detailed Audit Report

1. Introduction

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

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

2. Administration

The present body of the ULB has taken charge on 01st June 2017. The incumbency in the key administrative and executive position was as under:

- i.** Chairman : Smt. Vibha Devi from 01.06.2017 to till date,
- ii.** Vice- Chairman : Mr. Deepak Mishra from 01.06.2017 to till date.
- iii.** Executive officer : Mr. Deepak Jha, from 22.01.2019 to till date.



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

Sl.N	Particulars of Audit and date of report	Total No. of Audit Paras.	Total No. of audit paras where necessary improvement/ corrective measure is required	Total No. of audit paras where recovery of cash is proposed	Total No. of audit paras where recovery has been made	Total amount of Recovery	Total No. of outstanding paras where no action has been taken	No. & date of Compliance report
1.	AG Audit Report No:672 FY 2017-18 Dated: 05-04-2018	16	16					Letter No.363 Dated: 01-06-2019

The Major observations of AG audit report are as under:

Para No.	AG Audit Observations	Status of Compliance
1.	No deduction of LabourCess Rs.18.30 Lakh	Compliance report submitted vide lette no.363 Dated:01-06-2019, pending for closure.
2.	No deduction of labour surcharge Rs.3.23 Lakh	
3.	Loss of revenue Rs.3.50 Lakh due to non-collection of development permit fees on map approval.	
4.	Payment of salary to employees Rs.10 Lakh without approval of strong standing committee.	
5.	Excess payment without deduction of TDS Rs.3.30 Lakh.	
6.	Non deposit of registration fees and stamp fees in related accounts Rs.1.89 Lakh	
7.	Non deduction of VAT on purchase of Laptop and Tablet Rs.1.32 Lakh	
8.	Loss of revenue of Rs.0.61 Lakh on non-renewal of trade license.	
9.	Works has not been completed after taking of advances Rs. 17.50 Lakh.	
10.	Non maintenance of advance register and non-recording of advance given to chairman Rs.0.25 Lakh.	
11.	Outstanding balance of Mobile tower Tax Rs.16 Lakh.	
12.	Outstanding Shop Rent Rs.15.10 Lakh.	
13.	Non collection of service tax Rs.0.36 Lakh	
14.	Outstanding Land Rent of Rs.8.68 Lakh.	
15.	Irregularities in payment of travelling allowance to elected candidates Rs.3.78 Lakh.	
16.	Short deposit/non-deposit of Rs.9.18 lakh and amount deposited during audit Rs.24.82 Lakh.	



4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2016-17	2017-18	2018-19
Final/ Revised Budget	N.A	62,20,65,539	57,42,58,250
Actual Expenditure	N.A	15,09,75,161	16,61,79,227
Savings (+)/ Excess (-)	N.A	47,10,90,378	40,80,79,023

II. Volume of transactions

Period	Budgeted 2018-19	Previous year (For One year) 2017-18	Corresponding period of previous year 2016-17	Current Period (2018-2019)	Cumulative for the current period 2018-19
Opening Balance	24,79,75,669	26,48,04,502	N.A	27,92,11,958	27,92,11,958
Receipts	35,18,64,000	16,53,82,617	N.A	15,00,73,203	15,00,73,203
TOTAL	59,98,39,669	43,01,87,119	N.A	42,92,85,161	42,92,85,161
Net Expenditure	57,42,58,250	15,09,75,161	N.A	16,61,79,227	16,61,79,227
Closing Balance	2,55,81,419	27,92,11,958	N.A	26,31,05,934	26,31,05,934



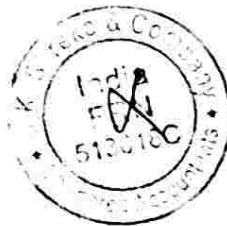
III. Bank Reconciliation

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

Bank Balance as on 31.03.2019

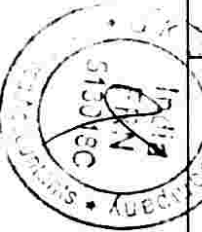
SL. No.	Bank Name	Account Number	Balance as per Pass Book as on 31.03.2019	Balance as per Cash Book as on 31.03.2019	Name of scheme
1.	S.B.I.	32697618197	2,56,842.00	General cash book has not updated till 31 st March 2019.	HOLDING TAX
2.	B.O.I.	467710110019614	Not updated		14TH FINANCE
3.	S.B.I.	30389214519	10,17,575.00		B.R.G.F
4.	BANDHAN BANK	50160010968365	1,09,91,404.00		NULM
5.	IDBI	719104000125642	54,95,660.00		NALI GALI YOJNA
6.	PNB	4992000100076783	58,078.00		13TH FINANCE
7.	PNB	4992000100076774	27,569.00		4TH FINANCE
8.	PNB	4992000100076765	21,349.94		STATE PLAN
9.	UBGB	1000141130003194	Not updated		JANGANANA MAD
10.	BOB	12110100023881	Not updated		HFA
11.	ICICI	133701000592	19,510.00		KABIR ANTYESHTI YOJNA
12.	ICICI	133701000579	2,73,70,064.00		SBM
13.	CENTRAL CO-OPRETIVE BANK	134001007721	4,71,233.11		BUS STAND
14.	BOI	4677101100196615			SBM
15.	CBI	3361737587	50,58,420.65		SLUM AREA
16.	CBI	1686868220	Not updated		SJSRY & NSDP
17.	SBI	30230218365	Not updated		SWARN JAYANTI
18.	SBI	33594157596	176.57		NULM
19.	Treasury	PLA	19,70,20,659.85		
TOTAL			24,78,08,542.12	26,31,05,934.24	
Difference			-15297392.12		

Note: We observed there is a difference of Rs.1,52,97,392.12 as per cash book and bank pass book. Subsidiary cash books has not been updated as and when transactions initiated. We recommend to update and reconcile all the cash books to present the fair view of fund utilized and outstanding balance.



Income Details (Amounts to be provided in Rupees)

S. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Receipts (A+B)	16,53,82,617.00	Not Available	15,00,73,203	16,53,82,617	Not Applicable	15,00,73,203
A	Revenue Receipts (1+2+3)	2,93,11,287.00	--do--	3,09,78,353	2,93,11,287	--do--	3,09,78,353
1	Own Revenue Receipts (a+b)	1,92,24,079.00	--do--	1,28,45,546	1,92,24,079	--do--	1,28,45,546
a)	Tax Revenue (levied and collected by municipal body)	14389386.16	--do--	1,16,52,926	1,43,89,386	--do--	1,16,52,926
i)	Property Tax	12659677.02	--do--	1,16,52,926	1,26,59,677	--do--	1,16,52,926
ii)	Other Tax (levied and collected by municipal body)	1729709.14	--do--	-	17,29,709	--do--	-
b)	Non-Tax Revenue (levied and collected by municipal body)	4834692.84	--do--	11,92,620	48,34,693	--do--	11,92,620
i)	Fees & Fines	473564.84	--do--	-	4,73,565	--do--	-
ii)	User Charges	-	--do--	-	-	--do--	-
iii)	Other non-tax revenue (levied and collected by municipal body)	4361128.00	--do--	11,92,620	43,61,128	--do--	11,92,620
2	Other Revenue Receipts	52,624.00	--do--	43,79,427	52,624	--do--	43,79,427
a)	Income from interest/investments	35,840.00	--do--	24,48,580	35,840	--do--	24,48,580
b)	Other Revenue Income	16,784.00	--do--	19,30,847	16,784	--do--	19,30,847
3	Transfers/ Grants/ Assigned Revenues	10034584.00	--do--	1,37,53,380	1,00,34,584	--do--	1,37,53,380
a)	State Assigned Revenue (STAMP DUTY)	6080700.00	--do--	1,23,69,380	60,80,700	--do--	1,23,69,380
b)	State Finance Commission (SFC) Grants/Devolution	-	--do--	-	-	--do--	-
c)	Octroi Compensation	-	--do--	-	-	--do--	-
d)	Other State Government Transfers	-	--do--	-	-	--do--	-
e)	Central Finance Commission (CFC) Grant	-	--do--	-	-	--do--	-
f)	Other Central Government Transfers	-	--do--	-	-	--do--	-
g)	Others	39,53,884.00	--do--	13,84,000	39,53,884.00	--do--	13,84,000
B	Capital Receipts	136071330.00	--do--	11,90,94,850	13,60,71,330	--do--	11,90,94,850
1	Sale of Municipal Land	-	--do--	-	-	--do--	-
2	Loans (from State Govt. or Banks etc.)	-	--do--	-	-	--do--	-
3	State Capital Account Grant (under Central Schemes etc.)	107598165.00	--do--	5,91,88,376	10,75,98,165	--do--	5,91,88,376



5	Other Capital Receipts	34,47,510.00	--do--	-	34,47,510	--do--	-
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V. Revenue and Capital Expenditure Information

Expenditure Details (Amounts to Be provided in Rupees)

S. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Expenditure (A+B)	15,09,75,161.00	Not Available	16,61,79,227	15,09,75,161	Not Applicable	16,61,79,227
1	Revenue Expenditure	7,00,11,006.00	--do--	7,67,67,796	7,00,11,006	--do--	7,67,67,796
1.1	Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	5,07,26,192.00	--do--	3,95,52,539	5,07,26,192	--do--	3,95,52,539
1.2	Operation and Maintenance (O&M)	86,45,568.00	--do--	35,91,430	86,45,568	--do--	35,91,430
1.3	Loan Repayment (Interest payments)	-	--do--	-	-	--do--	-
1.4	Others (any other revenue expenditure which is not salaries O&M or Interest Payment)	95,28,107.00	--do--	3,36,23,827	95,28,107	--do--	3,36,23,827
1.5	Advances to other/ Agency	11,11,139.00	--do--	-	11,11,139	--do--	-
2	Capital Expenditure	8,09,64,155.00	--do--	8,94,11,431	8,09,64,155	--do--	8,94,11,431
2.1	All developmental works under Central/ State specific schemes	6,25,06,936.00	--do--	8,52,62,011	6,25,06,936	--do--	8,52,62,011
2.2	Loan Repayment (Principal Amount)	-	--do--	-	-	--do--	-
2.3	Other Capital Expenditure	1,53,76,857.00	--do--	41,49,420	1,53,76,857	--do--	41,49,420
2.4	Grant refund / Transferto treasury	30,80,362.00	--do--	-	30,80,362	--do--	-



VI. Status of Implementation of Double Entry Accounting System

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

➤ Nagar Parishad has not maintained its books of account on accrual basis.

➤ Status of Double Entry Accounting System:

- 1) Name of Agency Implementing DEAS: Vinod Singhal & Co.
- 2) Period: 2012 - 2021
- 3) Status of Report : Inspection report submitted.
- 4) Preparation of Fixed Asset Register : In Process
- 5) Preparation of Opening Balance Sheet: Not yet prepared
- 6) Preparation of Financial Statement : Not yet prepared
- 7) Preparation of Property Tax Register : In Process
- 8) Details of Tally Installation: Tally Installed
- 9) Details of Tally Serial Id. And Email Id. :

Serial Id: 756803592,

Mail Id: Sitamarhi.ulb@gmail.com

VII. Status of Municipal Accounts Committee; if meeting held

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



5. Audit Observations

I. PART- A

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

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

Audit Objective:

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

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

Criteria:

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

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

Condition:

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

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

Consequence/Effect/Impact:

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

Cause:

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



Corrective Action/ Recommendation:

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

2. Irregularities in Mobile Tower Collection

Criteria:

Registration Fees per tower @ Rs. 40,000/- and annual renewal fees @ Rs.10,000/- per annum to be collected. If more than 1 antenna is placed on the tower then an extra registration and renewal fees @ 60% per annum will be collected. Moreover a late fine at 1.5% would be imposed in case of delay in collection after first month of the financial year. Further after every 5 years renewal fees has to be increased by 25%.

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

Condition-2

As per Records of Tower Tax demand, collection and deposits details, we observed that there is no collection of Tower tax during 2018-19. Further total outstanding balance of tower tax as on 31.03.2019 was Rs. 22,50,000/- (copy of details enclosed)

SL NO.	WARD NO.	LOCATION	INSTALLATION DATE	NAME OF TOWER COMPANIES	ADDITIONAL ANTENNA	ARREAR OF REGISTRATION FEES	ARREAR OF RENEWAL FEES INCLUDING ANTENNA	PENALTY ON AREA R DUES	COLLECTION	TOTAL DUES
1		Arvind Kumar Tara Market	2005	Reliance Telecom		40,000.00	130,000.00	-	-	170,000.00
2		Sri Naval Kishor Prasad, Mela Road	2007	Reliance Telecom		40,000.00	110,000.00			150,000.00
3		Sanjay Kumar Court Bazar	2008	Idea		40,000.00	100,000.00			140,000.00
4		Laxman Chaudhary	2008	Idea		40,000.00	100,000.00			140,000.00
5		Indu Devi Court Bazar	2008	Idea		40,000.00	100,000.00			140,000.00
6		Ramchanrda Rai, Pratap Nagar	2008	Idea		40,000.00	100,000.00			140,000.00
7		Sri Nand Kishor Prasad, Loha Patti	2008	Tower Vision		40,000.00	100,000.00			140,000.00
8		Sri Mrinal Kumar, Koat Bazar	2009	BSNL			90,000.00			90,000.00
9		Brajnandan Mishra, Adarsh Nagar	2009	Idea		40,000.00	90,000.00			130,000.00



10	Santosh Kumar Thakur, Raghunathpuri	2009	Quippo Telecom		40,000.00	90,000.00			130,000.00
11	Neeta Pandey, Janki Sthan	2013	Reliance Jio		40,000.00	50,000.00			90,000.00
12	Ramchandra Rai, Mahisaul chowk	2013	Reliance Jio		40,000.00	50,000.00			90,000.00
13	Rahul Kumar Singh, Hospital road	2013	Bharti Infratal Ltd.		40,000.00	50,000.00			90,000.00
14	Gauri Shankar Singh, Goinka College	2013	Bharti Infratal Ltd.		40,000.00	50,000.00			90,000.00
15	Mithilesh Kumar Thakur, Hihaynd Hotel Ditayan	2013	Bharti Infratal Ltd.		40,000.00	50,000.00			90,000.00
16	Sri Ram Narayan Ray, Gaushal Chowk	2014	Ascend Telecom		40,000.00	40,000.00			80,000.00
17	Umesh Kumar Gupta, Mahanth Sah Chowk	2014	Ascend Telecom		40,000.00	40,000.00			80,000.00
18	Geeta Devi Laxman Nagar	2014	Ascend Telecom		40,000.00	40,000.00			80,000.00
19	Gayatri Devi, Gosala Road	2015	Bharti Infratal Ltd.		40,000.00	30,000.00			70,000.00
20	Rana Randhir Singh, Raghunathpuri	2016	Bharti Infratal Ltd.		40,000.00	20,000.00			60,000.00
21	Ramdev Singh, Lakhandeyi, Rajopatti	2016	Chennai Network		40,000.00	20,000.00			60,000.00
									-
TOTAL					800,000.00	1,450,000.00	-	-	22,50,000.00

Consequence/Effect/Impact:

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

Cause:

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

Corrective Action/ Recommendation:

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



3. Non Collection of Advertisement Tax:

Criteria:

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

Condition

Nagar Parishad is not collecting any advertisement tax.

Consequence / Effect / Impact:

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

Cause:

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

Corrective Action / Recommendation:

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

4. Irregularities in Shop Rent Collection:

Criteria:

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

Condition:

As per shop rent records, Details of collection are as follows:

Summary of Outstanding Shop Rent of Nagar Parishad Sitamarhi up to 31.03.2019

SL. NO.	NAME OF SHOP RENTER	SHOP NO.	DEMAND		COLLECTIO N	DUES
			OPENING O/S DEMAND UP TO 01.04.2018	CURRENT YEAR DEMAND 2018-19	TOTAL COLLECTIO N	TOTAL DUES AS ON 31.03.19
1.	SHREE MAHENDRA KUMAR PATEL	1	13,338	8,892	10,374	11,856
2.	SHREE RAVINDRA KUMAR PATEL	2	13,338	8,892	10,374	11,856
3.	SUNIL KUMAR	3	4,446	8,892	6,669	6,669
4.	SHREE LAXMAN PARSAD	5	3,840	9,216	-	13,056
5.	SHREE YOGENDRA SAH	6	28,244	8,208	-	36,452
6.	SHREE JALESHWAR SAH	7	4,788	9,576	7,182	7,182
7.	SHREE RAMA SHANKAR PARSAD	8	9,576	9,576	-	19,152



8.	SHREE BHOLA PARSAD	9	19,656	9,828	-	29,484
9.	SHREE SIYA RAM SAH	10	58,012	8,784	23,000	43,796
10.	SHREE VASUDEV SAH	11	3,036	9,108	6,072	6,072
11.	SHREE SHANKAR PARSAD	12	732	8,784	-	9,516
12.	SHREE RAJENDRA SAH	13	2,340	7,020	4,680	4,680
13.	MD HAKIM/ MD TASLIM	14	1,04,987	9,108	-	1,14,095
14.	ANSUYA PATEL	15	13,662	9,108	10,626	12,144
15.	SHREE RAAJKUMAR PATEL	16	13,662	9,108	10,626	12,144
16.	SHREE RAMSHARAN GUPTA	17	49,800	6,600	-	56,400
17.	RAM ASHIS SAH	18	6,600	6,600	-	13,200
18.	SHREE SAMADHAR SAH	19	1,100	6,600	-	7,700
19.	LAVKUSH SAH	20	1,04,800	6,600	-	1,11,400
20.	BADRI SAH	21	59,800	6,600	-	66,400
21.	SHREE VISHAVNATH PARSAD	22	6,600	6,600	6,600	6,600
22.	SHREE NANAD LAL SAH	23	3,300	6,600	4,950	4,950
23.	SHREE RAJA RAM PARSAD	24	7,296	7,296	7,296	7,296
24.	SHREE AMAR NATH JASWAL	25	55,398	4,296	28,594	31,100
25.	SHREE NANAD LAL SAH	26	12,888	4,296	8,592	8,592
26.	SHREE RADHA KRISHNA SAH	27	1,288	3,864	2,254	2,898
27.	SHREE SHIV SHANKAR PARSAD	28	322	3,864	-	4,186
28.	SHREE GANESH SAH	29	41,052	3,864	-	44,916
29.	SHREE GANESH SAH	30	41,052	3,864	-	44,916
30.	SHREE VIJAY KUMAR SAH	31	3,168	6,336	4,752	4,752
31.	RAM CHANDRA SAH	32	3,168	6,336	4,752	4,752
32.	SHREE RAM NANDAN SAH	33	62,548	6,336	33,000	35,884
33.	SHREE SHYAM KUMAR GUPTA	34	3,168	6,336	4,752	4,752
34.	SHREE VISHAVNATH SAH	35	29,548	6,336	-	35,884
35.	SHREE SIYA RAM SAH	36	25,344	6,336	-	31,680
36.	SHREE BHAWARI LAL MAHARAJ	37	3,544	5,316	4,430	4,430
37.	SHREE ARUN KUMAR	37(A)	2,658	5,316	3,987	3,987
38.	SHREE RAMVIRIKCHH SAH	38	26,961	7,524	-	34,485
39.	SHREE BAIDHNATH PARSAD	39	1,37,539	8,148	72,839	72,848
40.	SHREE RAMA SHANKAR PARSAD	40	2,716	8,148	-	10,864
41.	SHREE GANESH SAH	41	2,508	7,524	-	10,032
42.	SHREE RAM PARSAD SAH	42	3,080	9,240	-	12,320
43.	SHREE RAM PARSAD SAH	43	3,388	10,164	-	13,552
44.	SHREE SURENDRA PARSAD	44	792	9,504	-	10,296
45.	SHREE RAMCHANDRA SAH	45	34,488	5,748	17,244	22,992
46.	SHREE PARKASH KUMAR	45(A)	2,88,738	11,388	1,44,369	1,55,757
47.	SHREE ASHOK KUMAR GUPTA	46	72,016	8,712	36,008	44,720
48.	SHREE PAWAN KUMAR	47	2,420	7,260	-	9,680
49.	PASPATI DEVI	48	35,627	7,260	-	42,887
50.	MD USMAN	49	6,540	6,540	-	13,080
51.	SHREE CHULAYI SAH	50	3,120	6,240	-	9,360
52.	SHREE SHIV SHANKAR SAH	51	24,336	6,084	-	30,420
53.	SHREE SHIV SANKAR SAH	52	27,360	6,840	-	34,200
54.	SHREE RAMESH KUMAR	53	38,016	5,184	-	43,200
55.	SHREE BAIDHNATH PARSAD	55	4,268	12,804	8,536	8,536
56.	SHREE KEDAR PARSAD	59	625	6,300	-	6,925
57.	SHREE SATISH KUMAR	60	2,700	6,480	-	9,180
58.	DEEPAK KUMAR	61	80,480	6,360	-	86,840
59.	SHREE AJIT LAL	62	12,880	7,728	10,304	10,304
50.	SHREE GAJENDRA SAH	4	2,880	2,880	-	5,760
51.	SHREE RAM SAWARUP SAH	5	8,640	2,880	5,760	5,760
52.	SHREE MOHAN PANDAY	6	9,600	2,880	-	12,480
53.	SHREE RAGHUNATH TIWARI	7	9,600	2,880	-	12,480
54.	SHREE SHYAM NARAYAN JAISWAL	9	2,880	2,880	-	5,760
55.	SHREE RADHHE SHYAM PARSAD	10	11,600	2,880	-	14,480
56.	SHREE MAHESH SAH	8	4,900	2,880	-	7,780
57.	SHREE MINA DEVI	3	20,140	2,880	-	23,020



68.	SHREE KASHI PARSAD	1	11,520	2,880	-	14,400
69.	VINOD PARSAD	2	6,240	2,880	4560	4,560
70.			17,16,697	4,60,272	5,03,182	16,73,787

Consequence/Effect/Impact:

Due to no collection of rent there is a huge revenue loss to the Nagar Parishad.

Cause:

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

Corrective Action/ Recommendation:

There should be proper collection and monitoring mechanism for shop rent.

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

Following are the cases which have been checked by us for excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs:

S.No.	Payment Date	Bill No.	Particular	Amount	Irregularities
1.	28/04/2017	N.A	Road construction	5,89,261	Labourcess not deducted
2.	01/04/2017	N.A	LED Light purchased	21,50,400	E-procurement process was not followed.
3.	09.03.2018	599	Laptop purchased	1,20,867	Quotation not invited.& not mention on stock register
4.	19/06/2018	N.A	Professional fees	30,000	TDS not deducted

We have found that Nagar Parishad has made payment of electricity bill after due date.

Details are as under :

Sl. No	Date of Payment	CA No.	Amount Due	Amount Paid after due date	Excess Payment	Irregularities
1.	29.12.2017	10035223466	365041	370385	5344	Bill Paid after due date

In Addition to this, Nagar Parishad may also avail rebate while making payment of electricity bill online as specified in bill, but the payment benefits had not been availed.



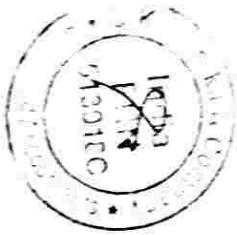
Field survey of 20 high value properties has been conducted by us and our report thereon is:

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

Sl. NO	NAME	FATHERS NAME/HUSBAND NAMES	WARD NO.	HOLDING NO	TYPE OF CONSTRUCTI ON	TYPE OF USES	CARPET AREA	ANNUAL VALUE	ANNUAL TAX
1.	ARUN KHEMKA	LATE VISHANU PARSAD KHEMKA	10	13/78		COM/RES	9500	44,375	
2.	SANJAY KUMAR	LATE SHREEMAN SINGH	23	16/217	others road	COM/RES	44500	209,275	10,613
3.	ABDUL RAHIM	ABDUL HAFIZ	27	26/102		COM/RES	2200	67,730	
4.	SHREE RAVINDRA PARSAD SINGH	LATE BAHADUR SINGH	28	25/189	Main road	COM/RES	11000	154,295	7,898
5.	SHREE MATI KAMLA DEVI	LATE HARI SHANKAR PARSAD/SANKAR TOIKIES	16	17/155	others road		19912	178,344	8,102
6.	SHREE NARAYAN SARAF	BAJRANG LAL SHARAF	26	27/200	Main road	N R	14080	208,858	3,626
7.	AJAY KUMAR GUPTA HOTEL RAJKUMAR	LATE RAM BHAJAN SAH	26	27/279	Main road	N R	9680	177,563	6,850
8.	SHREE RAM NANDAN SINGH	LATE RAM SAWRUP SINGH	26	27/199	Main road	N R	5720	194,193	5,335
9.	SHREE MATI CHANDRAWATI DEVI	LATE SAWAMI NATH GUPTA NUTAN TOIKIES	15	19/94	others road	COM/RES	17460	178,592	9,100
10.	SARIKA GUPTA	SANJAY KUMAR	16	17/212	others road	N R	4510	346,308	4,510
11.	RAM KRISHNA KUMUD	DR. KRISHNA NANDAN	17	20/421	OTHER ROAD	N R	2816	121,651	2,816
12.	MAGHURENDRA KUMAR SINGHI	LATE THAKUR YUCAL SINGHI	27	NA	Main road	COM/RES	2992	188,271	2,196
13.	NARAYAN PARSAD	LATE MISHARI SAH	23	18/149		COM/RES	1655	38,787	



15																			
16	ANCIANA KUMARI GUPTA	SUNIL KUMAR URF LAL BHAI	27	01/27	Main road	N R	9233	532,051	3,079										
17	RAKESH KUMAR	LATE NEDAR PARSAID	13	14	Main road	N R	5280	163,793	2,554										
18	VINOD MISHRA/VIJAY MISHRA	LATE MAHESH RAGHUNATHIN DAS	8	08/13	others road	N R	9500	273,600	9,500										
19	VINOD MISHRA/VIJAY MISHRA	LATE RAGHUNATHI DASH	2	NA	1 ST ROAD	N R	4720	203,904	4,720										
20	LAL MUNTI DEVI	HARI SANKAR PARSAID	17	20/264	Main road	N R	9680	437,616	6,900										



II. PART-B

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

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

S.No.	Particulars	Status
1.	Cheque issue register	Not Maintained
2.	Grant Register	Not Maintained
3.	Payroll Register	Maintained
4.	Log Book	Not Provided
5.	Holding Demand Register	Not Provided
6.	Advance Register	Not Maintained

Recommendation:

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

b. Non-compliance of directives by UD & HD , GOB

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

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

Recommendation:

We recommend to the Nagar Parishad to prepare and update the required books and registers.

c. Non Compliance of Act & Rules

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

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



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

New Assessment has not been done since long and holding tax is being collected at old rates.

Recommendation:

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

d. Lack of internal Control measures

- 1) There are lack of internal control w.r.t collection of taxes.
- 2) Demand collection Register has not been prepared hence it is not possible to ascertain total arrear of taxes.
- 3) Taxes collected by tax collector are not deposited on daily basis we observed that it is being deposited after significant interval which is not proper. As per Rule 27 of BMAR it should be deposited on daily basis otherwise a penalty up to Rs. 5000/- per day may be imposed for delayed deposit.
- 4) Reassessment of holding tax has not been done since long and holding tax is being collected at old rates.
- 5) Due collection of revenue on old rates there is significant loss the N.P. Quantification of loss is not possible at this point of time.
- 6) Advertisement Tax is not being levied by the N.P as a result there is a loss to the N.P of advertisement tax amount.
- 7) Tower tax dues are not collected on time basis.
- 8) There is lack of internal control on deduction and deposit of various taxes. On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.

Recommendation:

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



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

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

List of Taxes collected but not deposited on the due dates:

SUMMARY OF STATUTORY DEDUCTION FOR THE YEAR 2018-19

S. No.	Financial Year 2018-19	Amount Collected/Deducted		Balance Due on 31-03-2019
	For Schemes	Collection	Deposited	
1	Income Tax	4,51,474	4,51,474	-
2	VAT	11,27,502	11,27,502	-
3	Labour Cess	5,55,489	-	5,55,489
4	Royalty	7,35,395	7,35,395	-
5	GST	5,33,549	5,33,549	-
	Total:-	34,03,409	28,47,920	5,55,489

Recommendation:

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

f. Deficiency in Pay-roll System

The pay-roll system does not contain leave details of employee. PF contribution and pension fund contribution of employees are deducted but municipal contribution is not being paid. PF account has not been opened with PF department all the deductions of PF contribution and pension fund contribution are being deposited in a separate account opened by the municipality.

Recommendations:

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

g. Utilization of Grant and report on missing Utilization Certificates

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

Recommendations:

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



h. Physical verification of inventory/Stores

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

Recommendations:

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

i. Advances, their adjustment & recovery

Advance Payment

Criteria:

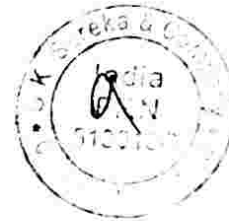
The employees of the Municipality to whom official advances are provided for incurring expenditure on behalf of the Municipality shall prepare a Payment Order for the expenditure incurred as soon as the purpose for which the advance was provided is accomplished.

Recommendations:

We recommend to the Nagar Parishad to prepare advance register to provide the data as to whom and when and of what amount advance has been given rather than just preparing Payment order after expenditure is incurred.

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

Staff strength of accounts department needs to be increased.



III. PART- C

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

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

Chapter-IX: Financial Management of Municipalities

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

Chapter-X: Application of Municipal Fund

Records for Power to incur expenditure within specified limits of the Municipality hasnot been provided to us.

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

Chapter-XI: Budget Estimates

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

Chapter XII: Accounts and Audit

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



Chapter-XIII: Municipal Property

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

Chapter-XIV: Borrowings

No borrowings availed by Nagar Parishad.

Chapter-XV: Municipal Revenue

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

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

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

Nagar Parishad is not collecting any advertisement tax.

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;

Refer to part-A of 3 this report above.

c. Auditor should Report on compliance of Bihar Municipal Accounting Manual, Bihar

➤ As suggested by the C&AG, the Ministry



Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR

- a) Rule 22: All moneys to be brought to account to
- b) Rule: 27: Collections to be deposited into Bank on the same day
- c) Rule 69: Grant Related Compliance
- d) Rule 120-121: Monthly Receipt & Payment Account and Trial Balance

Rule 130: Audit to be completed & reported within 6 month

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

- Till date Double Entry Accounting System is not operational in the Nagar Parishad.

- Internal control for collections of revenue from internal sources is not adequate such as :

- i. Demand register is not maintained.
- ii. All the collections are not deposited in bank account on same day.
- iii. Monthly Receipt & Payment Account and Trial Balance has not been prepared.

Audit of accounts is not completed and report has not been submitted within 6 month.

d. Report on compliance of financial guidelines of schemes of MOHUA and UD & HD, GOV.

Separate details of schemes of MOHUA (Ministry of Housing and Urban Affair) and UD&HD (Urban Development and Housing Department) not provided to us for Report on compliance of financial guidelines.

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

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

Reconciliation of property tax collection by



	<p>tax collector and amount deposited into bank is also not available.</p> <p>Tax demand register has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. This could be a huge loss to Nagar Parishad.</p> <p>Records of Tower Tax not provided for verification for the FY 2018-19. Nagar Parishadis in huge loss due to non-maintenance of updated records and non-recovery of Tower Tax.</p> <p>Nagar Parishadis not collecting any advertisement tax.</p>
<p>f. Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs.10,000 and above.</p>	<p>No irregularities observed on test check basis.</p>
<p>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/-</p>	<p>No irregularities observed on test check basis.</p>
<p>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.</p>	<p>➤ Grant received during the financial year 2018-19, Rs.99195776.00/- but utilisation details not provided to us.</p> <p>For Detail refer Annexure-1</p>
<p>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.</p>	<p><u>Instances of losses, failures or inefficiencies</u></p> <p>➤ In case of property tax internal control is not adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the</p>



day after tomorrow but it is being deposited after a week/month.

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

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

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

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.

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.

Followings are the observations regarding payment terms & conditions of tenders :

1. **Departmental work :**

Scheme No.- N.A

Contractor Name :Alokkumar (J.E)

Work order no.- 1161 dated - 31.12.2016

Fund name : 14th Finance

Payment details :

M.B.A = 637942.00

Less, VAT=41892.00

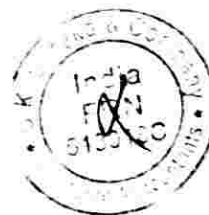
Royalty =6789.00

Net payment=589261.00 Ch. No.-A620831 dated- 28.04.2017

- Board proceeding copy in which scheme has been approved by Board was not attached in file.
- Labour cess(1%) was not deducted from



	<p>M.B Amount.</p> <ul style="list-style-type: none"> ➤ M & N Form has not been collected by ULB. ➤ First page of Measurement Book was not certified by concerned authority. ➤ Quality control Report not recorded in file. ➤ As per SOR, Estimated cost of local sand was Rs. 3003.00 but in actual costs Rs. 4600.00. <p>2. Further we observed that Executive officer has issued more than three work order at a single date to Junior engineer. This can be a big issue regarding quality of work.</p>
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.	No such FD.s held by Nagar Parishad.
m. Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	For Detail refer Annexure-2
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.	There is lack of internal control on deduction and deposit of various taxes. On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.
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.	<ul style="list-style-type: none"> ➤ Compliance of AG Audit Report has been submitted vide lette no.363 Dated:01-06-2019, pending for closure. ➤ Internal audit report of FY 2016-17 has not been provided to us.



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

- Manpower of Nagar Parishadis not adequate and equipped with required knowledge.
- ULB should maintain a unique number to each and every passed voucher and should be recorded in respected subsidiary and General cash book.

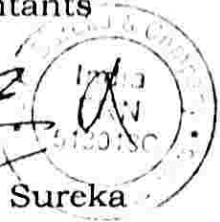
Place: Patna
Date:

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

CA. Gokul Kumar Sureka
Partner
M.No. 091380

UDIN:-20091380AAAA DN9141

Date:- 24-06-2020



Annexure-1

Details as below:-
STATEMENT SHOWING DETAILS OF UTILISATION CERTIFICATE
NAGAR PARISHAD SITAMARHI, SITAMARHI, BIHAR.
(FINANCIAL YEAR 2018-19)

Sl. No.	Fund	Bill No.	Date	Sanction letter no. /Date	Amounts	U.C
1	STAMP DURY	01/18-19	03.05.2018	456/05.02.2018	91,35,120	N.A
2	E.O SALARY	02/18-19	04.06.2018	07/22.05.2018	7,00,000	N.A
3	5TH FINANCE	03/18-19	20.07.2018	15/03.07.2018	1,43,12,923	N.A
4	5TH FINANCE	04/18-19	01.09.2018	15/03.07.2018	1,43,12,924	N.A
5	5TH FINANCE	05/18-19	01.09.2018	21/10.07.2018	1,46,37,765	N.A
6	5TH FINANCE	06/18-19	01.09.2018	21/10.07.2018	1,46,37,764	N.A
7	STAMP DURY	07/18-19	05.10.2018	267/23.07.2018	32,34,260	N.A
8	14TH FINANCE	08/18-19	29.03.2019	32/31.10.2018	69,09,415	N.A
9	14TH FINANCE	09/18-19	29.03.2019	32/31.10.2018	69,09,415	N.A
10	14TH FINANCE	10/18-19	29.03.2019	75/25.01.2019	68,61,095	N.A
11	14TH FINANCE	11/18-19	29.03.2019	75/25.01.2019	68,61,095	N.A
12	CM VC WC ALLOWANCE	12/18-19	30.03.2019	124/19.03.2019	6,84,000	N.A
	TOTAL				9,91,95,776	

Annexure -2

S. No.	Particulars	Amount	Reason
1.	Property Tax	Not ascertained	1. Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available. 2. Tax demand register has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer.
3.	Tower Tax	Not ascertained	Nagar Parishad is in huge loss due to non-maintenance of updated records and non-recovery of Tower Tax.
4.	Shop Rent	16,73,787	Non-Recovery/Delay in collection.
5.	Advertisement Tax	--	Nagar Parishad is not collecting any advertisement tax.
6.	Excess Payment of Electricity Bill	5,344	Paid after due date.



Discussion Note for Internal Audit observation of FY 2018-19

Discussion has been made with the audit manager of the internal audit Firm M/s G.K. Sureka & Co. on the Internal Audit observations of the financial year 2018-19 and we kept in mind and follow their recommendations and suggestions on the areas of process and control weakness in best manner. Some of the serious issues have been given below:

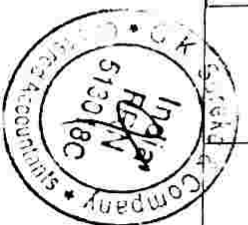
S. No	Audit Observations	Reply of Management
1.	Copy of Internal audit report of FY 2016-17 has not been available to us for verification and to know status of compliance of outstanding audit paras. Please provide us AG Audit report and its compliance after FY 2013-14 and onward.	Will be provided soon. <i>No audit for the year 2015-16 & 2016-17 has been done. Report will be shared over soon.</i>
2.	Bank Reconciliation statement has not been prepared on regular intervals. i.e. Monthly/Quarterly.	Preparation of Bank Reconciliation Statement is in progress. It will be provided as soon as possible.
3.	Implementation of DEAS at ULB for the FY 2018-19.	DEAS team has been appointed by the concerned department. Implementation of DEAS is in progress, and pending for approval.



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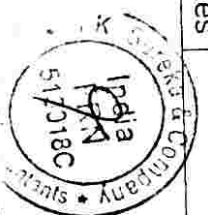
18/08/2018

4.	Constitution of "Municipal Accounts Committee" is pending yet.	We are working on the constitution of Municipal Accounts Committee.																		
5.	<p>a. Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available.</p> <p>b. Tax demand register has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. This could be a huge loss to ULB.</p> <p>c. Property Tax should be deposited on daily basis otherwise a penalty up to Rs. 5000/- may be imposed for delayed deposit.</p>	<p>a) Noted for further compliance.</p> <p>b) Noted for further compliance. <i>34 as matter of property</i></p> <p>c) Noted for further compliance.</p>																		
6.	Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs. 18,10,000/- is receivable from tower tax.	Notice will be issue to the concerned person, as and when stay order of High Court will be laps/remove.																		
7.	ULB is not collecting any advertisement tax.	We are working on it.																		
8.	<p>Non- maintenance of books of accounts , subsidiary registers</p> <table border="1" data-bbox="279 268 598 1131"> <thead> <tr> <th>S.No.</th> <th>Particulars</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Ledger Book</td> <td>Not Maintained</td> </tr> <tr> <td>2.</td> <td>Grant Register</td> <td>Not Maintained</td> </tr> <tr> <td>3.</td> <td>Payroll Register</td> <td>Not properly maintained</td> </tr> <tr> <td>4.</td> <td>Log Book</td> <td>Not Provided</td> </tr> <tr> <td>5.</td> <td>Demand and Collection Register</td> <td>Not Provided</td> </tr> </tbody> </table>	S.No.	Particulars	Status	1.	Ledger Book	Not Maintained	2.	Grant Register	Not Maintained	3.	Payroll Register	Not properly maintained	4.	Log Book	Not Provided	5.	Demand and Collection Register	Not Provided	<p>We are working on the preparation of Subsidiary books and Register, few of them is prepared.</p> <p>Details as below. <i>Log book</i></p>
S.No.	Particulars	Status																		
1.	Ledger Book	Not Maintained																		
2.	Grant Register	Not Maintained																		
3.	Payroll Register	Not properly maintained																		
4.	Log Book	Not Provided																		
5.	Demand and Collection Register	Not Provided																		



15/01

	6. Assessment Register	Not Provided	
9.	ULB is not preparing its books of accounts using the accrual system of accounting.	DEAS team has been appointed by the concerned department for this and they are working on this.	
10.	<p>We observed that only above mentioned tax/Fee has been collected during the year other taxes have not been collected.</p> <p>i.e.</p> <ul style="list-style-type: none"> a. Surcharge on transfer of lands and buildings, b. Tax on deficit in parking spaces in any non-residential building, c. Water tax, d. Fire tax, e. Tax on advertisements, other than advertisements published in newspapers, f. Surcharge on entertainment tax g. Surcharge on electricity consumption within the municipal area, h. Tax on congregations, i. Tax on pilgrims and tourists, and j. Toll -on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles, within the meaning of the Motor Vehicles Act, 1988, plying on a public street. <p>New Assessment of property tax has not been done since long and holding tax is being collected at old rates.</p>	We are working on it. Taxes and fines will be charged/ collected as soon as possible.	
11.	The municipality is not regular in depositing statutory dues including tax deducted at source, service tax, VAT/GST, works contract tax, cess payable to the government etc. We observed that all such taxes	It will be followed from next time. Short Deposit of taxes will be deposited soon.	



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and partly has not been deposited.

Detail as follows.

Tax Head	Deducted	Deposited	Short Deposit
TDS(Income Tax)	451474	451474	0
VAT	1127502	1127502	0
Royalty	735395	735395	0
Labour Cess	555489	0	555489
GST	533549	533549	0
Total			555489

12. Deficiency in Pay-roll System

- 1) The pay-roll system does not contain leave details of employee.
- 2) Contribution of permanent employees and employer towards ESI has not being made.
- 3) PF account has not been opened with PF department of all the permanent employees.


We are implementing recommendation which has given by Internal Auditor.



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10.02.2018

<p>13. Grant Register has not been prepared hence it is difficult to ascertain unutilized grant at any particular time. <i>We recommend to the ULB to provide the grant register for assist in preparation of utilization certificate.</i></p>	<p>Preparation of Grant Register is in progress Utilization Certificate of respective grant will be prepared and submitted to the concerned department as soon as such grant utilized. Help of Internal Auditor will be taken, if required.</p>
<p>14. Store Register has not been prepared and physical verification of inventory/stores has also not been done.</p>	<p>Store register is prepared but not maintained, we are working on it.</p>
<p>15. Advance Register is not being prepared hence it is difficult to monitor for advances given and adjustment thereof. However, the list of employees who taken advances for expenditure and their outstanding balance on March 2019 has been provided.</p>	<p>It will be followed from next time.</p>
<p>16. Staff strength of accounts department needs to be increased.</p>	<p>Yes, I will place this matter in meeting board/committee.</p>
<p>17. Separate details of schemes of MOHUA (Ministry of Housing and Urban Affair) and UD&HD (Urban Development and Housing Department) not provided to us for Report on compliance of financial guidelines.</p>	<p>It will be provided from next time.</p>




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	Internal control measure has not been consider by concerned ULB for its operation and transaction.	We are working on the recommendations made by the Internal Auditor.
19.	List of directive issued by UD&HD, GOB has not been provided to us for verification of same regarding compliances.	It will be provided from next time.
20.	Nagar parishad has not been maintaining an unique number on vouchers which was passed for payment. Accountants cash book has not been verified by concerned officer. Nagar parishad is not in practice to maintain voucher number on cash book.	Noted for further compliance. Noted for further compliance. Noted for further compliance.
21.	<u>Departmental work :</u> Scheme No. - N.A Contractor Name : Alok Kumar (J.E)	



(Handwritten signature and date)
12.12.2023

Work order no.- 1161 dated - 31.12.2016

Fund name : 14th Finance

Payment details :

M.B.A = 637942.00

Less, VAT=41892.00

Royalty = 6789.00

Net payment=589261.00 Ch. No.-A620831 dated-28.04.2017

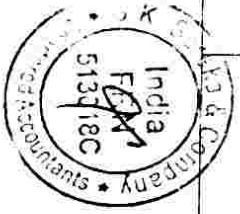
- Board proceeding copy in which scheme has been approved by Board was not attached in file.
- Labour cess(1%) was not deducted from M.B Amount.
- M & N Form has not been collected by ULB.
- First page of Measurement Book was not certified by concerned authority.
- Quality control Report not recorded in file.
- As per SOR, Estimated cost of local sand was Rs. 3003.00 but in actual costs Rs. 4600.00.

Further we observed that Executive officer has issued **more than three work order at a single date** to Junior engineer. This can be a big issue regarding quality of work.

From memo onwards it has been done do

It has been done. Will be done in future

It has been noted.



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नगर प्रमुख, मालापाड़ा

22.	We observed that in the f/y 2017-18 & 2018-19, Labour cess money (1%) in Departmental work has not been deducted from Bill amount.	It has been done from current year.
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Date:
Place:



[Signature]
 For Sita Ram & Company
 (Executive Chartered Accountant)
 10.12.2020