

Internal Audit, Review & Monitoring  
Department, Government of Bihar

# INTERNAL AUDIT REPORT

**Of Nagar Parishad Danapur Nizamat,**

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

**Internal Audit conducted by**

**GK Sureka & Co.**  
**Chartered Accountants**

Flat No:104, Baidyanath Palace, Jagdeo Path More,

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**From 20-07-2022 to 30-07-2022**

**Report Issued on 31-07.2022**

# Audit Report :

## Content of Audit Report:

1. Executive Summary  
Scope of Audit
2. Auditee Profile
3. Summary Audit Observations
4. Detailed Audit Observations
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## **1. Executive Summary**

### **1. Introduction**

|  |   |
|--|---|
| Name of the Municipality                                   | Nagar Parishad Danapur                          |
| Period covered under current audit                         | 01-04-2020 to 31-03-2021                        |
| Name of the Chairman of the ULB for the period under Audit | Dr. Annukumari, from 21-06-2017 to till date,   |
| Name of Chief Municipal Officer for the period under Audit | Mr. Sanjiv Kumar, from 22-06-2018 to till date. |

### **2. Results and Findings**

|   |  |
|---|--|
| <b>Strength observed during the audit engagement</b>  | <ul style="list-style-type: none"><li>➤ General Cash Book, Inventory and stock register is maintained.</li><li>➤ Staff Co-operation during the Audit period was very good.</li><li>➤ All municipal transactions shall be identified with funds in accordance with rule 5, and separate accounting records have been maintained for each fund.</li><li>➤ Office infrastructure is sufficient for operation.</li></ul> |
| <b>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</b><br><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</i> | <ul style="list-style-type: none"><li>➤ Municipality has not been maintaining its books of accounts using double accounting system of book keeping following accrual system of accounting principles guided by the Bihar Municipal Accounting Manual, while UDHD has appointed Vinod Singhal &amp; Co Chartered accountant vide letter no 07/16/2018,849.</li></ul>  |



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.

- Statement of outstanding liabilities for expense in BMAR Form-55 is not maintaining by the municipality.
- Taxes and other revenue collections from internal sources are not deposited in bank on same day.
- Assessment of Property Tax, Rent and other resources has not been conducting on regular intervals.

### 3. Opinion

**Overall opinion of the Audit team about the functioning of the Municipality**

The functioning of the Municipality is weak due to following reasons:

- Most of the prescribed Books of accounts are not maintained
- Internal Control w.r.t. collection of taxes, monitoring of grant, monitoring of advances, monitoring of schemes etc. is very poor.
- Collection from own sources is very poor.
- Grant received for various purposes are not utilized on timely basis.

### 4. Audit Recommendations

**The recommendations of Audit team on the observed weakness**

**We recommend the followings:**

- Books of Accounts need to be maintained on double entry accounting system.
- All the prescribed books of accounts and Registers should be prepared on real time basis.
- Cashier Cash Book should be written on daily basis.
- Collection by tax collector should be deposited on daily basis.
- Assessment of property should be conducted on regular intervals.
- Demand Collection Register of all the wards should be prepared.
- Property tax register should be prepared as per new assessment.
- Collection from own sources should be improved.

The recommendations of Audit Team on the observed weaknesses, be presented in a box of highlighted print.



## 5. Comments from Management

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

*This should also include local management's action plan for resolution of the issues and compliance to the internal auditor's recommendations and suggestions on the areas of process and control weakness/ deficiency.*

## 6. Acknowledgement

7. We thank Mr. Sanjiv kumar (Executive Officer) and Mr. Shiv Pujan Rai (Accountant) for their support during the period of our audit. We are also thankful to Tax Daroga Mr. Shayam Babu Prasad and support staffs of the municipality for their cooperation extended to us during the period of our audit.

Place: Patna

Date:

**For G.K.Sureka & Co.**

Chartered Accountants

FRN. -513018C



CA. Khurram

Partner

M.No. - 539535

UDIN: - 92539535ARTGUA3472

Date - 12/09/22

*This section could acknowledge in brief the cooperation, acceptance of the criteria/ findings and recommendations by the Municipality (or otherwise). The observations should be stated in a factual and not in the form of an opinion (praise / accusation).*

## 8. Management Discussion with RiskAssessment

**RiskRating**

High

Medium

M

Low

H

L

| S. No. | Observations<br>(sort the observations from high risk to low)  | Risk Rating | Design Gap | System Gap           | Operational Gap                                      | Management (CMO)Comments | Reference Page   |
|--------|--|-------------|------------|----------------------|--|--------------------------|--|
| 01     | Loss of Revenue due to under assessment/ wrong generation of demand                                      | H           | --         | Demand not Generated | Demand Registers not maintained                      | Noted for compliance     | Demand registers should be prepared and updated to implement the designed system and to reduce the losses. |
| 02     | Non-updating various register like General Cash book, hand book, DCB register, Assessment register, etc. | M           | --         | --                   | Registers has not been updated on regular intervals. |                          |  |
|        |  |             |            |                      |  |                          |  |

**G. K. Surendra & Co.**  
 Chartered Accountants  
  
**CA Khanna**  
 Partner

**Executive Officer**  
 (signature with ULB's stamp)

**Nagar Parishad DanapurNizammat**

**Date:**  
**Place:**

**Date:**  
**Place:**

### **Scope of Audit:**

To improve and strengthen the financial Management at ULB, it has been decided, inter alias, to initiate Internal Audit of all significant financial transaction on an on- going basis.

Scope of Audit has been defined in Terms of Reference (TOR) of Internal Audit, Which include the following transaction:

- I. Internal Audit should undertake risk-based review and evaluation of the internal control as discussed in Bihar Internal Control Manual. Internal Audit should devote particular attention to any aspects of the internal control environment affected by significant changes to the ULB's riskenvironment.
- II. Internal Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD. In its report there must be a separate section for non-compliance of rules/directives of UD&HD,GoB;
- III. Report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules ofBMAR
  - Rule 22: All moneys to be brought toaccount
  - Rule: 27: Collections to be deposited into Bank on the sameday
  - Rule 69: Grant RelatedCompliance
  - Rule 120-121: Monthly Receipt & Payment Account and TrialBalance
  - Rule 130: Audit to be completed & reported within 6month
- IV. Report on Compliance of financial guidelines of schemes ofMOHUA & UD&HD,GoB.
- V. Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairatetc;
- VI. Check on audit trail of all collection of Taxes and Non-Taxes either through staff or outsourced agency and report of any lapses in



- if any and also advise recommendations to strengthen the prevailing processes;
- VII. Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;
  - VIII. Vouch on all payments above Rs. 10,000 and report on adequacy and appropriateness of its documentation, approvals, compliance of procedures etc.
  - IX. Report on Procurement made including through E-Tendering and E-Auction indicating exceptions , if any and whether a register is kept for all Procurements with value above Rs.15,000/-
  - X. Auditor should report on presence or absence of a system of issuance of UC for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD & HD website If no system for UCs in the ULB Internal Auditor has to prepare UCs for the reporting period for which audit has been conducted.
  - XI. Commissioner / Executive Officer of the ULBs if they want, they can take help of the internal Auditor to ensure all the payment related to contracted works, purchase bills, advances refund of all kind of work related deposits, all kinds of consultancy fees and contingent bill of ULB according to the rules and regulation as per Municipality Act 2007,
    - Municipal Accounts manual & Rules;
  - XII. Report on Procurement procedure and payment of all works, goods and services.
  - XIII. Internal Auditor shall also, provide recommendations to help the ULB management improve the ULB's internal control environment;
  - XIV. Internal Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be



- taken to avoid their recurrence infuture.
- XV. Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law andpolicies.
  - XVI. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestationperiod.
  - XVII. Internal Auditor will report on that all the expenditure i.e. Construction work, Material Procurement, Electric Bill, Telephone Bill, Diesel, Petrol, Greece, Vehicle Bill, House Rent etc. are as per the terms and condition of the contracts.
  - XVIII. Internal Auditor will report on, whether all the security deposit and earnest money deposited in tender/agreement process have been deposited in the bank immediately. Similarly refunds of these security deposit and earnest money deposit have been made ontime.
  - XIX. Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement ofloss.
  - XX. Auditor will report on all kind of tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.
  - XXI. Internal Auditor will ensure that all the C&AG audit& Internal audit paras has been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliancereport.



## 2. Auditee Profile

### 1) Introduction

The Internal audit of (Nagar Parishad Danapur) covering the period from 01-04-2020 to 31-03-2021 was conducted by following persons under guidance of CA. Khurram Javed Partner, M/s G.K. Sureka & Co., (Chartered Accountants).

- i. CA Santosh Sah
- ii. Mr. Upendar Kumar

### 2) Administration

The present body of the ULB has taken charge on 21-06-2017. The incumbency in the key administrative and executive positions was as under:

1. Chairman : Dr. Annukumari, from 21-06-2017 to till date,
2. Vice-Chairman : Mr Deepak kumar, from 20-08-2019 to till date.
3. Executive officer : Mr. Shushil Kumar,



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

| S.NO | Particulars of audit and date of report        | Total No. of Audit Paras | Total No. of Paras where necessary improvement/corrective measure is required | Total No of Audit Paras where recovery of cash is proposed | Total No. of Audit Paras where recovery has been made | Total Amount of Recovery | Total No. of outstanding para where no action has been taken | No. & date of compliance report |
|------|--|--------------------------|---|--|---|--------------------------|--|---------------------------------|
| 1.   | AG Audit Report No.274/16-17 Dated: 24-10-2016 | 11                       | 11  | 8  | 2   | 3.88 Lakhs               | Nil  | 11 Dated: 03-02-2018            |

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

**The Major observations of AG audit report are as under:**

| Para No. | AG Audit Observations   | Amount Recovered | Compliance Status |
|----------|---|------------------|-------------------|
| 1.       | Non collection of labourcess of Rs.268.72 Lakh on approval of MAP's.  | -                | Complied          |
| 2.       | Irregular payment of Rs.167.65 Lakh on carriage and freight.  | -                | -do-              |
| 3.       | Non Deposit of cash collections Rs.1.16 Lakh and delayed deposited during audit.  | 1.16             | -do-              |
| 4.       | Non deduction of penalty amount on delayed completion of work.  | -                | -do-              |
| 5.       | Un-authorized payment of Rs.223.18 Lakh on daily wages.   | -                | -do-              |
| 6.       | Non collection of development permits fees Rs.8.96 Lakhs on approval of maps.   | -                | -do-              |
| 7.       | Observations shifted to Para-8  | -                | -do-              |
| 8.       | Purchase of equipment's on single tender application.   | -                | -do-              |
| 9.       | Irregular payment of Rs.24.54 Lakh to contractual staffs appointed without approval of UDHD, Patna.                         | -                | -do-              |
| 10.      | Unauthorized installation of mobile towers and outstanding balance due of Rs.105.81 Lakh for registration and renewal fees. | -                | -do-              |
| 11.      | Non-collection of shop rent Rs.2.72 Lakh.   | 2.72             | -do-              |

> We have been provided with the AG Audit Report and its compliances. Nagar Parishad has already send compliance report to Chief Secretary, UD&HD, Bihar and Chief Audit Officer, Auditor General, Bihar via Letter No.172 dated 05-02-2018 and 170 dated 03-02-2018 respectively.



1) Finance

**I. Budgetary provisions and expenditure for the last three years**

|                      | FY 2018-19     | FY 2019-20     | FY 2020-21       |
|----------------------|----------------|----------------|------------------|
| Final/Revised Budget | 1,65,31,76,500 | 1,81,36,71,000 | 2,001,010,750    |
| Actual Expenditure   | 40,51,49,226   | 45,15,94,825   | 703,365,083.77   |
| Savings(+)/Excess(-) | 1,24,80,27,274 | 1,362,076,175  | 1,297,645,666.23 |

**II. Volume of transactions**

| Period                        | Budgeted FY 2020-21 | Previous Year (For one year) FY 2019-20 | Corresponding Period of Previous Year of FY 2018-19 | Current Period of FY 2020-21 | Cumulative for the current period FY 2020-21 |
|-------------------------------|---------------------|---|---|------------------------------|--|
| Opening balance               |                     | 1,30,21,01,928                          | 48,75,94,684  | 1,47,83,71,322.              | 1,47,83,71,322.                              |
| Adjustment in Opening Balance |                     | 5,48,201                                | --  |                              |  |
| Receipts                      | 2,005,273,,950      | 627,316,018                             | 1,21,96,56,470                                      | 692,251,963.59               | 692,251,963.59                               |
| Total                         | 2,005,273,,950      | 1,929,966,147                           | 1,70,72,51,154                                      | 2,170,623,285.65             | 2,170,623,285.65                             |
| Net expenditure               | 2,001,010,750       | 45,15,94,825                            | 40,51,49,226  | 703,365,083.77               | 703,365,083.77                               |
| Closing balance               | 4,263,200           | 1,478,371,322                           | 1,30,21,01,928                                      | 1,467,258,201.88             | 1,467,258,201.88                             |



## I. Bank Reconciliation

Details of Bank Accounts and their reconciliation position are as under: 31/03/2021

| S N. | Scheme Name & Account No | Balance As Per Pass Book | Balance As Per Cash Book | Difference   |
|------|--------------------------|--------------------------|--------------------------|--------------|
| 1.   | NDN 7316                 | 7,375,918.25             | 7,549,609.25             | (173,691.00) |
| 2.   | 14th FC 5538             | 10,980.45                | 10,980.45                | -            |
| 3.   | E-GOV 5337               | 230,811.36               | 230,811.36               | -            |
| 4.   | Slum Dev 56429           | 200,923.50               | 200,923.50               | -            |
| 5.   | S.J.S.R.Y 56490          | 96,701.92                | 96,701.92                | -            |
| 6.   | HFA 987                  | 37,779,447.00            | 37,779,447.00            | -            |
| 7.   | AMRUT 271                | 996,771.50               | 996,771.50               | -            |
| 8.   | KabirAnteshthy 8409      | 1,853,955.00             | 1,853,955.00             | -            |
| 9.   | SBM 142311               | 19,484,561.00            | 19,484,561.00            | -            |
| 10.  | SS.Pension 2936          | 85,900.00                | 85,900.00                | -            |
| 11.  | Namami Gange 5290        | 1,854.00                 | 1,854.00                 | -            |
| 12.  | MMSNJY 43926             | 43,342,854.00            | 38,696,152.00            | 4,646,702.00 |
| 13.  | NDN 230                  | 32,467,159.00            | 32,467,159.00            | -            |
| 14.  | Tax & Non Tax 77873      | 1,016,792.04             | 1,016,792.04             | -            |
| 15.  | NULM 80628               | 54,752.80                | 54,752.80                | -            |
| 16.  | NULM 378                 | 4,229,389.69             | 4,193,874.69             | 35,515.00    |
| 17.  | SBM 11973                | 2,103,974.00             | 2,103,974.00             | -            |
| 18.  | NDN 220                  | 101,608.00               | 101,608.00               | -            |
| 19.  | NDN 093                  | 19,822,994.69            | 19,822,994.69            | -            |
| 20.  | gst And Tax0.001         | 11,334,387.00            | 11,334,387.00            | -            |
| 21.  | SBM 127                  | 3,403,282.00             | 3,403,282.00             | -            |
| 22.  | NDN 94395                | 8,877,922.68             | 8,877,922.68             | -            |
| 23.  | Pay & Pension 49131      | 300,896.00               | 300,896.00               | -            |
| 24.  | NDN 25479                | 785,100.00               | 785,100.00               | -            |
| 25.  | PLA 130                  | 1,275,807,792.00         | 1,275,807,792.00         | -            |
|      | Total                    | 1,471,766,727.88         | 1,467,258,201.88         | 4,508,526.00 |

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

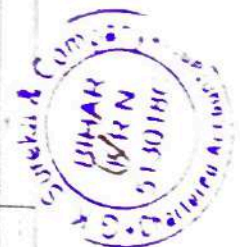
The closing balance of Main cash book is Rs.1,467,258,201.88 and the total balance of Bank dated 31-03-2021 is Rs1,471,766,727.88 the difference between Cash Book & Pass Book is 45,085,26.00

“Reconciled and balances tallied”



### III. Revenue & Capital Receipts

| S. No.   | Details  | Income Details (Amounts to be provided in Rupees) |                        |                         |                          |                         |                     |
|----------|--|---|------------------------|-------------------------|--------------------------|-------------------------|---------------------|
|          |  | Period of Audit 2018-19                           |                        | Period of Audit 2018-19 |                          | Period of Audit 2019-20 |                     |
|          |  | 2018-19   | 2017-18                | 2019-20                 | 2018-19                  | 2020-21                 | 2019-20             |
| <b>A</b> | <b>Total Receipts (A+B)</b>                                    | <b>1,21,96,56,470.00</b>                          | <b>31,19,46,218.00</b> | <b>62,73,16,018</b>     | <b>1,21,96,56,470.00</b> | <b>692,251,963.59</b>   | <b>62,73,16,018</b> |
| <b>1</b> | <b>Revenue Receipts (1+2+3)</b>                                | <b>12,70,09,580.00</b>                            | <b>8,05,07,257.00</b>  | <b>62,73,16,018</b>     | <b>12,70,09,580.00</b>   | <b>87,611,081.59</b>    | <b>62,73,16,018</b> |
| <b>I</b> | <b>Own Revenue Receipts (a+b)</b>                              | <b>4,56,38,003.00</b>                             | <b>5,15,37,690.00</b>  | <b>3,19,25,309</b>      | <b>4,56,38,003.00</b>    | <b>45,024,202.66</b>    | <b>3,19,25,309</b>  |
| a)       | <b>Tax Revenue</b> (levied and collected by municipal body)    | <b>2,71,50,150.00</b>                             | <b>3,70,16,705.00</b>  | <b>55,95,555</b>        | <b>2,71,50,150.00</b>    | <b>14,863,137.00</b>    | <b>55,95,555</b>    |
| i)       | Property tax   | 2,71,50,150.00                                    | 3,66,76,705.00         | 2,42,42,754             | 2,71,50,150.00           | 14,443,736.00           | 2,42,42,754         |
| ii)      | Other tax (levied and collected by municipal body)             | --  | 3,40,000.00            | 31,70,801               | --                       | 419,401.00              | 31,70,801           |
| b)       | Non-tax revenue (levied and collected by municipal body)       | <b>1,84,87,853.00</b>                             | <b>1,45,20,985.00</b>  | <b>45,11,754</b>        | <b>1,84,87,853.00</b>    | <b>50,422,473.66</b>    | <b>45,11,754</b>    |
| i)       | Fees & fines   | 1,58,25,069.00                                    | --                     | --                      | 1,58,25,069.00           | --                      | --                  |
| ii)      | User Charges   | --  | 4,11,473.00            | --                      | --                       | --                      | --                  |
| iii)     | Other non-tax revenue (levied and collected by municipal body) | 26,62,784.00                                      | 1,41,09,512.00         | 45,11,754               | 26,62,784.00             | 30,161,065.66           | 45,11,754           |
| <b>2</b> | <b>Other Revenue Receipts</b>                                  | <b>53,61,662.00</b>                               | <b>1,07,38,145.00</b>  | <b>69,66,155</b>        | <b>53,61,662.00</b>      | <b>22,581,238.93</b>    | <b>69,66,155</b>    |
| a)       | Income from interest/investments                               | 16,18,695.00                                      | 17,24,173.00           | 1,862,322               | 16,18,695.00             | 2,313,630.93            | 1,862,322           |
| b)       | Other Revenue income   | 37,42,967.00                                      | 90,13,972.00           | 5,103,833               | 37,42,967.00             | 20,267,608.00           | 5,103,833           |
| <b>3</b> | <b>Transfers/Grants/Assigned Revenues</b>                      | <b>7,60,09,916.00</b>                             | <b>1,82,31,423.00</b>  | <b>58,84,24,554</b>     | <b>7,60,09,916.00</b>    | <b>5,142,501.00</b>     | <b>58,84,24,554</b> |
| a)       | State Assigned Revenue   | --  | 83,42,371.00           | --                      | --                       | --                      | --                  |
| b)       | State Finance Commission (SFC) Grants/Devolution               | --  | --                     | 2,88,99,630             | --                       | --                      | 2,88,99,630         |
| c)       | Octroi compensation  | --  | --                     | --                      | --                       | --                      | --                  |





N. Revenue and Capital Expenditure Information.

| Expenditure Details (Amounts to be provided in Rupees) |  |                 |                 |             |                 |                |             |         |  |
|--|--|-----------------|-----------------|-------------|-----------------|----------------|-------------|---------|--|
| S.N<br>o   | Details  | 2018-19         |                 |             | 2018-19         |                |             | 2020-21 |  |
|  |  | 2018-19         | 2017-18         | 2019-20     | 2018-19         | 2019-20        | 2020-21     | 2020-21 |  |
|  | <b>Total Expenditure (1+2)</b>   | 40,51,49,225.00 | 31,92,40,224.00 | 451,594,825 | 40,51,49,225.00 | 703,365,083.77 | 451,594,825 |         |  |
| 1  | <b>Revenue Expenditure</b>   | 28,54,03,541.00 | 17,55,67,206.00 | 331,694,772 | 28,54,03,541.00 | 494,249,152.63 | 331,694,772 |         |  |
| 1.1  | <b>Administrative Expenses, Establishment and Salaries</b><br>(All Departments- Regular and Contractual Staff) | 20,59,93,103.00 | 8,18,38,361.00  | 83,335,809  | 20,59,93,103.00 |                | 83,335,809  |         |  |
| 1.2  | <b>Operation and Maintenance (O&amp;M)</b>   | 3,87,56,504.00  | 9,26,81,789.00  | 8,414,449   | 3,87,56,504.00  | 74,765,492.17  | 8,414,449   |         |  |
| 1.3  | <b>Loan repayment (Interest payments)</b>  | 9,623.00        | --              |             | 9,623.00        |                |             |         |  |
| 1.4  | <b>Others</b> (any other revenue expenditure which is not salaries, O&M or Interest Payment)                   | 9,623.00        | --              | 230,750,243 | 9,623.00        | 34,184,165.10  | 230,750,243 |         |  |
| 1.5  | <b>ADVANCE</b>   | 4,06,44,311.00  | 10,47,056.00    | 90,48,620   | 4,06,44,311.00  |                | 90,48,620   |         |  |
| 2  | <b>Capital Expenditure</b>   | 11,97,45,684.00 | 14,36,73,018.00 | 119,900,053 | 11,97,45,684.00 | 209,115,931.14 | 119,900,053 |         |  |
| 2.1  | <b>All developmental works under Central/State specific schemes</b>  | 11,97,45,684.00 | 14,36,73,018.00 | 119,900,053 | 11,97,45,684.00 | 200,256,294.03 | 119,900,053 |         |  |
| 2.2  | <b>Loan Repayments</b> (Principal Amount)  | --              | --              |             | --              |                |             |         |  |
| 2.3  | <b>Other Capital expenditure</b>   | --              | 31,92,40,224.00 |             | --              | 8,859,637.11   |             |         |  |



**VI. Status of implementation of Double Entry Accounting System:**  
*Comment on Fixed Assets Register, Opening Balance Sheet and Tally License and Installation in ULB Computer, Annual Financial Statement (AFS) and entry status and interval of accounting entry passed in tally etc.*

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

➤ Viond Singhal & Co.(LLP)(Jaipur, Rajasthan) has started doing double entry accounting system,

➤ Year wise Status of DEAS are as follows;

FY- 2014-15: Completed

FY- 2015-16: Completed

FY- 2016-17: Completed

FY- 2017-18: Completed

FY- 2018-19: Completed

FY- 2019-20: Completed

FY- 2020-21: In Process

➤ Interval of accounting entry passed in tally: Daily Basis

➤ Preparation of Fixed Asset Register: In Process.

➤ Opening Balance Sheet: Prepared.

➤ Annual Financial Statement: Not Prepared.

**VII. Status of Municipal Accounts Committee; if meeting is held:** Report on *Committee has been formed or not, if not mention the reason, Review and comments on compliance of decision taken in meeting of MAC, comments of interval of meeting.*

➤ 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, **Municipal Accounts Committee has not been constituted** by the N.P.



### 3. Summary Audit Observations

#### Part - A (Monetary Implications)

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

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

Internal Auditor will identify major areas of ULB's own revenue loss and auditor will access the loss and prepare statement of loss.

#### Audit Objective:

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

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

#### Criteria:

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

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

#### Condition:

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

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

#### Consequence/Effect/Impact:

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

#### Cause:

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

#### Corrective Action/ Recommendation:

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



**b) Irregularities in Mobile Tower Collection**

**Criteria:**

Registration Fees per tower @ Rs. 40,000/- and annual renewal fees @ Rs.18,000/- per annum to be collected. If more than 1 antenna is placed on the tower then an extra registration and renewal fees @ 60% per annum will be collected. Moreover, a late fine at 1.5% would be imposed in case of delay in collection after first month of the financial year. Further after every 5 years renewal fees have to be increased by 25%.

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

**Condition**

1. Tower tax (Registration and Renewal Fees) is being collected by Nagar Parishad.

| Sl. No. | Name of Company                   | Name of Individual           | Balance Outstanding |
|---------|-----------------------------------|------------------------------|---------------------|
| 1.      | M/s Wireless T.T<br>Info. Service | Raghunath Singh              | 263,600.00          |
| 2.      |                                   | Ramanuaj Singh               | 263,600.00          |
| 3.      |                                   | Gopal Prasad                 | 263,600.00          |
| 4.      |                                   | Heera Laal Rai               | 263,600.00          |
| 5.      |                                   | S M Hasan                    | 263,600.00          |
| 6.      |                                   | Jayshankar Prasad            | 263,600.00          |
| 7.      |                                   | Sankuntala Devi              | 185,202.00          |
| 8.      | M/s Vodafone                      | Asha Devi                    | 149,866.00          |
| 9.      |                                   | Sunita Kumari                | 119,920.00          |
| 10.     |                                   | Ramdayal Singh               | 288,600.00          |
| 11.     |                                   | Rampadarath Lal              | 119,920.00          |
| 12.     |                                   | Kailash Rai                  | 119,920.00          |
| 13.     |                                   | Ashok Mehta                  | 239,398.00          |
| 14.     |                                   | tetar Rai                    | 239,398.00          |
| 15.     |                                   | Tileshwar Narayan            | 239,398.00          |
| 16.     |                                   | Devender Prasad Singh        | 236,898.00          |
| 17.     |                                   | Heera Laal Rai               | 236,898.00          |
| 18.     |                                   | Vishandevsingh               | 236,898.00          |
| 19.     |                                   | Sankuntala Devi              | 236,898.00          |
| 20.     |                                   | Anjan Kumari                 | 236,898.00          |
| 21.     | M/s SHIFI Technology              | Rama Devi                    | 288,600.00          |
| 22.     | M/s Decient<br>Wireless Ltd.      | raviPriyadershi              | 288,600.00          |
| 23.     |                                   | Chendershwar Prasad          | 288,600.00          |
| 24.     |                                   | Ramadhar Singh               | 288,600.00          |
| 25.     |                                   | Devender Prasad Singh        | 239,398.00          |
| 26.     |                                   | Meera Devi                   | 239,398.00          |
| 27.     |                                   | Mamta Sharma                 | 239,398.00          |
| 28.     |                                   | Laxmi Devi                   | 239,398.00          |
| 29.     |                                   | Kuhsum Devi                  | 185,202.00          |
| 30.     |                                   | M/s Bharti Infratell<br>Ltd. | Mukesh Kumar Singh  |
| 31.     | Ramadhar Singh                    |                              | 135,600.00          |



|              |                               |                             |                      |
|--------------|-------------------------------|-----------------------------|----------------------|
| 32.          |                               | Deepak Kumar                | 63,000.00            |
| 33.          |                               | Laxmi Naraa Prasad          | 63,000.00            |
| 34.          |                               | Amit kumar                  | 63,000.00            |
| 35.          | M/s Excel Telecom Pvt. Ltd    | -                           | 135,500.00           |
| 36.          |                               | Neelam Gupta                | 148,000.00           |
| 37.          |                               | Ramanujadav                 | 148,000.00           |
| 38.          | M/s Reliance<br>Communication | Brijbhushan Singh           | 148,000.00           |
| 39.          |                               | Media<br>ConjensnosRelience | 148,000.00           |
| 40.          |                               | Om Prakesh                  | 148,000.00           |
| 41.          |                               | Santosh Keshri              | 148,000.00           |
| 42.          | M/s Essar Telocome Infra.     | Brijnandan Singh            | 135,500.00           |
| 43.          | M/s KupoTelecome<br>Inf.      | Santosh Suman               | 123,000.00           |
| 44.          |                               | Krishan Mohan               | 123,000.00           |
| 45.          | M/s Tata Teleservices         | Laxmi Devi                  | 148,000.00           |
| 46.          |                               | Sankuntala Devi             | 148,000.00           |
| 47.          |                               | Kanti Devi                  | 29,750.00            |
| 48.          | BSNL                          | Rakesh Singh                | 148,000.00           |
| 49.          |                               | Nileshwar Narayan Lal       | 148,000.00           |
| 50.          |                               | ShaviPrivadarshi            | 148,000.00           |
| 51.          |                               | Manju                       | 148,000.00           |
| 52.          |                               | Rajender Singh              | 148,000.00           |
| 53.          |                               | Kaushalaya Devi             | 125,500.00           |
| 54.          |                               | M/s Bharti Airtel           | Ramnareshsingh       |
| 55.          | Subhash Rai                   |                             | 125,500.00           |
| 56.          | Manju Devi                    |                             | 125,500.00           |
| 57.          | Subhash Singh                 |                             | 125,500.00           |
| 58.          | Mukesh Kumar Singh            |                             | 125,500.00           |
| 59.          | Laxmi Devi                    |                             | 125,500.00           |
| 60.          | Kailash Choudhary             |                             | 125,500.00           |
| 61.          | Janki Devi                    |                             | 125,500.00           |
| 62.          |                               | Heera Laal Rai              | 125,500.00           |
| <b>Total</b> |                               |                             | <b>11,054,554.00</b> |

**Consequence/Effect/Impact:**

Loss of revenue and we are unable to compute total outstanding tower tax.

**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.



c) **Non-Collection of Advertisement Tax:**

**Criteria:**

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

**Condition**

Nagar Parishad is not collecting any advertisement tax. (As reported by ULB there is no any guidelines to collect the advertisement tax).

**Consequence/Effect/Impact:**

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

**Cause:**

This is happening due to failure of staff designated and proper non-monitoring of authorized by the officials on timely basis.

**Corrective Action/ Recommendation:**

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

d) **Irregularities in Shop Rent Collection:**

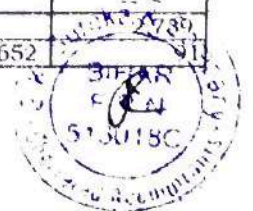
**Criteria:**

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**

Records of shop rent not maintained as per required norms, shop rent is not being collected on timely basis as Rs.215940/- is receivable as shop rent. Details of shops are given below:

| S. No. | Shop No | Name              | Balance Due as on 01-04-20 | Monthly Rent | Collection | Balance Due as on 31-03-21 |
|--------|---------|-------------------|----------------------------|--------------|------------|----------------------------|
| 1.     | 1       | Shailender Kumar  | --                         | 1,924        | --         | 5,772                      |
| 2.     | 2       | Vinod Kumar       | --                         | 1,924        | --         | 5,772                      |
| 3.     | 3       | Kumar Kundan      | --                         | 1,924        | --         | 5,772                      |
| 4.     | 4       | Ashwani Kumar     | 21,164                     | 1,924        | --         | 26,936                     |
| 5.     | 5       | Keshari Nandan    | 26,768                     | 1,673        | --         | 31,787                     |
| 6.     | 6       | Ramesh Kumar      | 82,847                     | 1,924        | --         | 88,619                     |
| 7.     | 7       | Sudheer Kumar     | 28,441                     | 1,673        | --         | 33,460                     |
| 8.     | 8       | Amit Kumar        | 23,088                     | 1,924        | 25,012     | 3,848                      |
| 9.     | 9       | Jhulandas Sharma  | 3,848                      | 1,924        | 7,696      | 1,924                      |
| 10.    | 10      | Nawneet           | --                         | 1,924        | --         | 5,772                      |
| 11.    | 11      | Ranjay Singh      | 19,240                     | 1,924        | 19,240     | 5,772                      |
| 12.    | 12      | Hitesh Kumar      | --                         | 1,924        | 5,772      | --                         |
| 13.    | 13      | Mannu Manoj       | --                         | 1,924        | --         | 5,772                      |
| 14.    | 14      | Naresh Kumar Suhu | 23,088                     | 1,924        | --         | --                         |
| 15.    | 15      | --                | --                         | 913          | --         | --                         |
| 16.    | 16      | Ranjana Kumari    | 1,826                      | 913          | 3,652      | --                         |



|              |                |                       |                 |       |              |               |
|--------------|----------------|-----------------------|-----------------|-------|--------------|---------------|
| 17.          | 17             | Kumar Kundan          | --              | 913   | --           | 2,739         |
| 18.          | 18             | Chandan Kumar Singh   | --              | 913   | --           | 2,739         |
| 19.          | 19             | Rakesh Kumar Singh    | --              | 913   | --           | 2,739         |
| 20.          | 20             | Rajesh Kumar Singh    | --              | 913   | --           | 2,739         |
| 21.          | 21             | Nawneet               | --              | 913   | --           | 2,739         |
| 22.          | 22             | Ranjay Singh          | --              | 913   | --           | 2,739         |
| 23.          | 23             | Hitesh Kumar          | --              | 913   | 2,739        | --            |
| 24.          | 24             | Mannu Manoj           | --              | 913   | --           | 2,739         |
| 25.          | 25             | Lalpari Devi          | 10,956          | 913   | --           | 2,739         |
| 26.          | 26             | Sani Raj              | 17,328          | 1,444 | --           | 21,660        |
| 27.          | 27             | Sharda Devi           | --              | 2,000 | 6,000        | 2,000         |
| 28.          | Staff Colony-1 | KaydeyAazam           | --              | 913   | 2,739        | --            |
| 29.          | Staff Colony-2 | KurbanAlam            | --              | 913   | 2,739        | 913           |
| 30.          | Staff Colony-3 | Mohan Kumar Srivastav | 10,956          | 913   | 10,956       | 2,739         |
| 31.          | Staff Colony-4 | RajenderMisher        | 10,956          | 913   | --           | 13,695        |
| <b>TOTAL</b> |                |                       | <b>2,87,777</b> |       | <b>71837</b> | <b>215940</b> |

**Consequence / Effect / Impact:**

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

**Cause:**

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

**Corrective Action/ Recommendation:**

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

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

During our test check we do not observed any irregularities.



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

**REPORT ON FIELD SURVEY OF HIGH VALUE PROPERTIES OF N.P.DANAPUR**

| SL. NO | NAME                             | WARD NO. | TYPE OF CONSTRUCTION | TYPE OF USES | ROAD TYPE | CARPET AREA | ANNUAL VALUE | ANNUAL TAX | REMARKS OF AUDITOR |
|--------|----------------------------------|----------|----------------------|--------------|-----------|-------------|--------------|------------|--------------------|
| 1.     | Sant Karens School               | 10       | RCC                  | Commercial   | NA        | 75000       | Planned      | 376000     | NO VARIANCE        |
| 2.     | Bharatiya Reserve Bank           | 13       | RCC                  | Residential  | NA        | 251146      | do           | 1273000    | do                 |
| 3.     | Takshila Education Society       | 18       | RCC                  | Commercial   | NA        | 166611      | do           | 121449     | do                 |
| 4.     | Sant Karens School               | 38       | RCC                  | Commercial   | NA        | 32964       | do           | 188715     | do                 |
| 5.     | M.V.V Nays                       | 38       | RCC                  | Commercial   | NA        | 50546       | do           | 103614     | do                 |
| 6.     | MS Prayashshi Motors Pvt Ltd     | 11       | RCC                  | Commercial   | NA        | 74855       | do           | 143588     | do                 |
| 7.     | Arjeff Agrwal                    | 39       | RCC                  | Commercial   | NA        | 12000       | do           | 120450     | do                 |
| 8.     | Niteshwar Narayan Lal            | 34       | RCC                  | Commercial   | NA        | 8827        | do           | 68035      | do                 |
| 9.     | Govinda Construction             | 37       | RCC                  | Commercial   | NA        | 27220       | do           | 86400      | do                 |
| 10.    | MS/ Arcade Educational Trust     | 40       | RCC                  | Commercial   | NA        | 10710       | do           | 73008      | do                 |
| 11.    | Umesh Singh                      | 11       | RCC                  | Commercial   | NA        | 17338       | do           | 91450      | do                 |
| 12.    | Utam Kumar                       | 12       | RCC                  | Commercial   | NA        | 25000       | do           | 39725      | do                 |
| 13.    | BholaramStil Pvt Ltd             | 35       | RCC                  | Commercial   | NA        | 272200      | do           | 55023      | do                 |
| 14.    | St. Domenic Sabios Higher School | 1        | RCC                  | Commercial   | NA        | 89826       | do           | 90975      | do                 |
| 15.    | Shanti Devi                      | 23       | RCC                  | Commercial   | NA        | 5100        | do           | 50112      | do                 |
| 16.    | Keshav Hospital Pvt Ltd          | 11       | RCC                  | Commercial   | NA        | 4083        | do           | 42335      | do                 |
| 17.    | Kushlya Devi                     | 39       | RCC                  | Commercial   | NA        | 93907       | do           | 47121      | do                 |
| 18.    | Gupta Nutrition Pvt Ltd          | 12       | RCC                  | Commercial   | NA        | 28790       | do           | 38930      | do                 |
| 19.    | Priyapurn Auto Mobile Pvt Ltd    | 39       | RCC                  | Commercial   | NA        | 14971       | do           | 37957      | do                 |
| 20.    | R.P.S. Collage                   | 11       | RCC                  | Commercial   | NA        | 235565      | do           | 32305      | do                 |

**Note:** We have not observed any variances in data of above properties with the ULB



*(Handwritten signature)*

d. **Auditor should Report in a separate chapter on implementation of Self-Assessment System (SAS) of Property Tax in the ULB;**

**Audit Objective:** To which Audit Engagement objective does this observation relate?

- Wherever self-assessment of taxes is prevalent, income shall be accrued based on records available with the Municipality when it becomes due as per the provisions of the Act. Further, changes arising out of self-assessment will be treated as 'Change in Demand' and will be accounted accordingly.

**Criteria:** What should exist? The rules/ regulations/ procedures/ expectations are the basis against which Audit evidence is compared.

- As per Section-127 (3). Power to Levy Taxes.- The levy, assessment and collection of taxes under this Act shall be in accordance with the provisions of this Act and the Rules and the regulations made thereunder,

Provided that any person may make self-assessment and make payment of any levy or tax under this Act and rules and regulations made thereunder;

Provided further that if any discrepancy or under-assessment is found in such self-assessment, such person shall be liable for payment of differential amount and a fine of not less than fifty percent and upto 100% of such differential amount.

**Condition:** What exists? The condition identifies the nature and extent of deviation from the criteria i.e. deviation from what should exist. This should be supported by factual evidence. A statement of condition would be formed on the basis of Auditor's comparison of actual evidence against the appropriate criteria.

- Nagar Parishad is in practice to collect the tax revenue as per self-assessment system of property tax (SAS). Further, to verify the accuracy of amount deposited by tax depositors and to find the amount of deferential tax revenue there is no demand registers has been maintained.

**Consequence/Effect/Impact:** What effect did it have? The effect establishes the actual or potential impact of the condition and can be both quantitative and qualitative. It is the likely effect/impact which would determine the significance of the condition.

- The effect of this could either lead to increase or decrease in demand.

**Cause:** Why did it happen? The possible or likely reason for the difference between the expected and actual condition.

- This happened due to non-maintenance of tax demand register.

**Corrective Action/Recommendation:** What should be done? The actions suggested or required to correct the situation and prevent future occurrences.

- To implement the self-assessment system of property tax there should must be proper maintenance of demand register.



## Part-B (Non-Monetary Implication)

All Audit objections/ irregularities which has no monetary implication, but significant violation of Act, Rules & directives of UD&HD.

Mention the reference to Act & Rules wherein remedial measure is required. In this part auditor should report in respect of

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

| S.No. | Particulars         | Status                  |
|-------|---------------------|-------------------------|
| 1.    | Ledger Book         | Not Maintained          |
| 2.    | Payroll Register    | Not properly maintained |
| 3.    | Assessment Register | Not Maintained          |

#### Recommendation:

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

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

➤ No major irregularity observed.

### c. Non-compliance of directives by UD&HD, GoB

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

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

#### Recommendation:

We recommend to the Nagar Parishad to comply with all directives issued by concerned authorizes of UD & HD, GOB.

### d. Non-compliance of Act & Rules

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

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



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

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

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

**Recommendation:**

*We recommend to the Nagar Parishad to levy the above taxes and user charges, Nagar Parishad should comply all Act and rules of Bihar Municipal Act and Rules and carry out proper collection of various revenue sources along with timely assessment of these revenue as per Act and Rule.*

**e. Lack of internal control measures**

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



otherwise penal action may be taken by the concerned department for delayed deposit of taxes.

**Recommendation:**

We recommend to the Nagar Parishad to comply with the accrual system of accounting using double entry system.

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

- The municipality is regular in depositing statutory dues including tax deducted at source, service tax, GST, works contract tax, cess payable to the government etc. We observed that all such taxes deducted during the period of 01-04-2020 to 31-03-2021 had been deposited to the concerned departments.

**Recommendation:**

We recommend to the Nagar Parishad to comply with all statutory deduction collection and deposit to concerned government department.

**g. Deficiency in pay-roll system**

- The pay-roll system does not contain leave details of employee.

**Recommendation:**

We recommend to the Nagar Parishad to comply with all provision of payroll system.

**h. Utilisation of Grant and report on missing Utilisation Certificates**

- Utilization Certificate has not been submitted by the ULB of Grant received during the FY 2019-20, Grant Register has not been provided to us for verification.

| SNo | Scheme              | Acceptance No and Date  | Amount      | UC Submitted  | UC not Submitted |
|-----|---------------------|-------------------------|-------------|---------------|------------------|
| 1.  | Nagrik Subidha Fund | 107/31-10-2019          | 10,00,000   | Not submitted | 10,00,000        |
| 2.  | Nagrik Subidha Fund | 108/05-11-2019          | 5,00,000    | Not submitted | 5,00,000         |
| 3.  | 14th Finance        | 127/27-11-2019          | 4,83,71,000 | Not submitted | 4,83,71,000      |
| 4.  | Nal Jal             | 130/03-12-2019          | 1,11,37,000 | Not submitted | 1,11,37,000      |
| 5.  | 14th Finance        | 3974(38)<br>/30.07.2019 | 4,83,71,000 | Not submitted | 4,83,71,000      |
| 6.  | EO Salary           | 3997(26)<br>/30.07.2019 | 1,20,000    | Not submitted | 1,20,000         |
| 7.  | Nal Jal             | 164/08.01.2020          | 62,14,000   | Not submitted | 62,14,000        |
| 8.  | Professional Tax    | 52-08.09.2019           | 84,07,000   | Not submitted | 84,07,000        |
| 9.  | 5th Finance         | 56 / 13-08-2019         | 8,07,35,000 | Not submitted | 8,07,35,000      |
| 10  | Nal Jal             | 92/01.10.2019           | 4,44,81,000 | Not submitted | 4,44,81,000      |
| 11  | Jal Jiwai Hariyal   | 174/10.01.2020          | 40,49,000   | Not submitted | 40,49,000        |

**Recommendation:**

We recommend to the Nagar Parishad to prepare Utilization Certificate as soon as possible.



possible if any support is required from Internal Auditor in preparation of Utilization Certificate, Nagar Parishad can contact concerned Internal Auditor.

**i. Physical verification of inventory/stores**

Store Register has been prepared and physical verification of inventory/stores has also been done.

**Recommendation:**

*We recommend to the Nagar Parishad to prepare the store/inventory register.*

**j. Advances, their adjustment & recovery**

**Advance Payment**

**Criteria:**

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

**Condition:**

Advance is not given to employees hence the advance register is not maintained.

**k. Comment on management of Fixed and other Assets**

- We were not provided with the Fixed Assets Register for the FY 2020-21 for verification.

**l. Report on compliance of financial guidelines of schemes of MOHUA and UD & HD, GoB**

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

**m. Any other matters as may be prescribed in due course.**

- Staff strength of accounts department needs to be increased.

**Recommendation:**

We recommend to the Nagar Parishad to employ new staff due to scarcity in staff strength especially in own source collection.



**Part-C (Other)**

|  |   |
|--|---|
| <p>a) Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.</p>                                       | <p>➤ No irregularities observed on test check basis.</p>  |
| <p>b) Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions , if any and whether a register is kept for all Procurements with value above Rs. 15,000/-</p> | <p>➤ No irregularities observed on test check basis.</p>  |
| <p>c) Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.</p>                                      | <p><b><u>Instances of losses, failures or inefficiencies</u></b></p> <p>➤ Tax demand register has not been provided for verification in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. This could be a huge loss to Nagar Parishad.</p> <p>➤ Tower tax (Registration and Renewal Fees) is not being collected on timely.</p> <p><b>Recommendations and/or measures which can be taken to avoid their recurrence in future.</b></p> <p>➤ Proper monitoring of all transactions and implementation of Bihar Municipal Accounting Manual by authorised personals are recommended.</p> |
| <p>d) Auditor will report on that all kind of tax deductions i.e.</p>  | <p>➤ ULB is regular in</p>  |



|   |  |
|---|--|
| 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.                             | depositing statutory dues on timely basis,   |
| e) Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report. | We are following up with the concerned Staff of the ULBs.  |
| f) Any Other-Auditor should report the deficiencies noticed during their audit and recommend ULB management to improve internal control systems.  | ➤ Manpower crisis in NP, we recommended for the appointment of manpower with adequate quality especially in tax collection department. |

Each Audit Observation under Part-A, B and C should be in brief (maximum 100 words) and supporting evidence or list or statement should be attached as annexure with reference. In addition, observations should be structured as described below.

**Audit Objective:** To which Audit Engagement objective does this observation relate?

**Criteria:** What should exist? The rules/ regulations/ procedures/ expectations are the basis against which Audit evidence is compared.

**Condition:** What exists? The condition identifies the nature and extent of deviation from the criteria i.e. deviation from what should exist. This should be supported by factual evidence. A statement of condition would be formed on the basis of Auditor's comparison of actual evidence against the appropriate criteria.

**Consequence/Effect/Impact:** What effect did it have? The effect establishes the actual or potential impact of the condition and can be both quantitative and qualitative. It is the likely effect/impact which would determine the significance of the condition.

**Cause:** Why did it happen? The possible or likely reason for the difference between the expected and actual condition.

**Corrective Action/Recommendation:** What should be done? The actions suggested or required to correct the situation and prevent future occurrences.

Wherever possible, the audit findings should be accompanied by graphs and charts to



*improve the visibility of the analysis and findings. Photographs could also be used as corroborative evidence.*



#### 4. Detail Audit Observations

| RISK ASSESSMENT  |             |            |            |               |  |   |
|--|-------------|------------|------------|---------------|--|---|
| NAGAR PARISHAD DANAPUR   |             |            |            |               |  |   |
| Name of the ULB  | Risk Rating | Design Gap | System Gap | Operating Gap | Mgt. Comment   | Auditor Recommendation  |
| <b>DEMAND GENERATION:</b>  |             |            |            |               |  |   |
| 1. Loss of Revenue due to under Assessment /wrong Generation Of demand.              | HIGH        | No         | Yes        | Yes           | There is scarcity of manpower in the ULB; however we will comply in the near future. | Demand / Assessment register should be appropriately maintained ward wise with all required details with previous due assessment year wise before preparation of BUDGET of ULB. |
| 2. Collusion with Citizen regarding Assessment.                                      | MEDIUM      | No         | Yes        | Yes           | We are trying our best to comply the same in near future.                            | Management should hire independent Person or Organization for assessment of properties.   |
| 3. Non-Updating Various Register like handbook, DCB Register, Assessment registered. | MEDIUM      | No         | No         | Yes           | It will be taken care in future.   | Hand Book & DCB Register are not up to date. Assessment Register  |

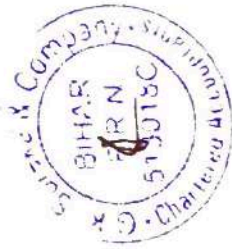


|                              |  |      |     |     |     |     |     |     |     |     |   |
|------------------------------|--|------|-----|-----|-----|-----|-----|-----|-----|-----|---|
|                              |  |      |     |     |     |     |     |     |     |     | erhas<br>notbeenmaintained.   |
| 4.                           | Others   | -    | -   | -   | -   | -   | -   | -   | -   | -   | -   |
| <b>RECEIPTS AND BANKING:</b> |  |      |     |     |     |     |     |     |     |     |   |
| 1.                           | Error in collections, loss<br>of receipts and perpetrated fraud<br>s | HIGH | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Management should<br>ensure implementation<br>of the system to serve notice |

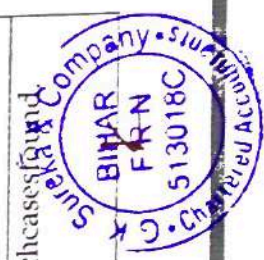




|    |  |        |    |    |    |   |                      |
|----|--|--------|----|----|----|---|----------------------|
|    | Perpetrated fraud (Like payment more than one time on same bill)         | HIGH   | No | No | No | - | No Such cases found. |
| 4. | Non-updating various register like Bill register with payment fig., etc. | MEDIUM | No | No | No | - | No Such cases found. |



|  |  |      |     |     |     |     |     |     |     |     |     |     |     |  |
|--|--|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|
| 6.                                       | Others   | -    | -   | -   | -   | -   | -   | -   | -   | -   | -   | -   | -   | -  |
| <b><u>ESTABLISHMENT EXPENDITURE:</u></b> |  |      |     |     |     |     |     |     |     |     |     |     |     |  |
| 1.                                       | Error in overpayment   | HIGH | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No Such cases found.   |
| 2.                                       | Loss of supporting document  | HIGH | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No Such cases found.   |
| 3.                                       | Loss of authentication   | HIGH | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No Such cases found.   |
| 4.                                       | Collusion with employee  | HIGH | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No Such cases found.   |
| 5.                                       | Perpetrated fraud (Like payment more than one time to same or ghost employee)                                | HIGH | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No Such cases found.   |
| 6.                                       | Non-updating various register like salary register, PF register, Service book/record, advance register, etc. | HIGH | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | These registers are not updated on daily basis. Registers should be maintained as quick as possible. |
| 7.                                       | Others   | -    | -   | -   | -   | -   | -   | -   | -   | -   | -   | -   | -   | -  |
| <b><u>CAPITAL EXPENDITURE:</u></b>       |  |      |     |     |     |     |     |     |     |     |     |     |     |  |
| 1.                                       | Error in overpayment   | HIGH | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No Such cases found.   |
| 2.                                       | Loss of supporting document  | HIGH | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No Such cases found.   |
| 3.                                       | Loss of authentication   | HIGH | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No Such cases found.   |
| 4.                                       | Collusion with contractor  | HIGH | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No Such cases found.   |
| 5.                                       | Perpetrated fraud (Like payment more than one time to same contractor).                                      | HIGH | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No  | No Such cases found.   |



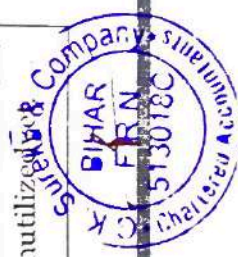
|    |   |        |     |     |     |     |                                  |  |
|----|---|--------|-----|-----|-----|-----|----------------------------------|--|
| 6. | Non-updating various register like work register, MB, bill register, Fixed Assets register, Service book/record, advance register, etc. | MEDIUM | Yes | Yes | Yes | Yes | It will be taken care in future. | These registers are not updated on timely basis. Its should be updated on real time basis. |
| 7. | Others  | -      | -   | -   | -   | -   | -                                | -  |

**PROCUREMENT AND INVENTORY:**

|    |   |        |     |     |     |     |                                  |  |
|----|---|--------|-----|-----|-----|-----|----------------------------------|--|
| 1. | Error in overpayment  | HIGH   | No  | No  | No  | No  | -                                | No Such cases found.   |
| 2. | Loss of supporting document   | HIGH   | No  | No  | No  | No  | -                                | No Such cases found.   |
| 3. | Loss of authentication/Procedural error   | HIGH   | No  | No  | No  | No  | -                                | No Such cases found.   |
| 4. | Collusion with contractor   | HIGH   | No  | No  | No  | No  | -                                | No Such cases found.   |
| 5. | Perpetrated fraud (Like payment more than one time to same contractor)  | HIGH   | No  | No  | No  | No  | -                                | No Such cases found.   |
| 6. | Non-updating various register like store register, issuer register, bill register with payment fig., advance register, etc. | MEDIUM | Yes | Yes | Yes | Yes | It will be taken care in future. | These registers are not maintained. Onl y payment files are maintained. Registers should be maintained as quickly as possible. |
| 7. | Others  | -      | -   | -   | -   | -   | -                                | -  |

**GRANT AND LOANS AND UTILISATION THEREOF:**

|    |  |        |    |    |    |    |  |  |
|----|--|--------|----|----|----|----|--|--|
| 1. | Non utilization of grant or grant unspent. | MEDIUM | No | No | No | No | It will be completed as quickly as possible. | The unspent grant should be funded to the department which has not been utilized as quickly as possible. |
|----|--|--------|----|----|----|----|--|--|



|    |   |        |     |     |     |     |   |   |
|----|---|--------|-----|-----|-----|-----|---|---|
| 2. | Not furnishing of UC  | HIGH   | No  | No  | No  | Yes | We are giving special attention on it. It will be furnished as quickly as possible. | UC should be furnished within the timeline prescribed by the department.                    |
| 3. | Non fulfillment of condition part thereto   | MEDIUM | No  | No  | No  | No  | -   | -   |
| 4. | Perpetrated fraud (Like payment more than one time same contractor)   | HIGH   | No  | No  | No  | No  | -   | -   |
| 5. | Non-updating various register like grant register, work register, bill register with payment fig., advance register, etc. | MEDIUM | Yes | Yes | Yes | Yes | It will be taken care in future.  | Only Contractor files are maintained. Register should be maintained as quickly as possible. |
| 6. | Others  | -      | -   | -   | -   | -   | -   | -   |

**FIXED DEPOSITS AND INVESTMENTS:**

|    |   |        |     |     |     |     |                                  |   |
|----|---|--------|-----|-----|-----|-----|----------------------------------|---|
| 1. | Not deposited at appropriate time (loss of revenue) | HIGH   | Yes | Yes | Yes | Yes | It will be taken care in future. | No tradition of Fixed Deposit & Investments in NAGARPARISHAD DANAPUR. Management should invest more in account to get more interest income. |
| 2. | Loss of Investment certificate                      | HIGH   | No  | No  | No  | No  | -                                | -   |
| 3. | Non fulfillment of condition part thereto           | MEDIUM | No  | No  | No  | No  | -                                | -   |
| 4. | Collusion with bank official to invest at low rate  | HIGH   | No  | No  | No  | No  | -                                | -   |



|    |                              |        |    |    |    |   |
|----|------------------------------|--------|----|----|----|---|
| 5. | Deposit into Current account | MEDIUM | No | No | No | - |
|----|------------------------------|--------|----|----|----|---|

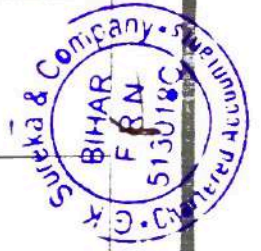


|                            |  | MEDIUM | Yes | Yes | Yes | It will be taken care in future. | Investment Register, Bank Book has not been maintained/updated by the ULB. It should be maintained on daily basis. |
|----------------------------|--|--------|-----|-----|-----|----------------------------------|--|
| 6.                         | Non-updating various register like investment register, Bank book, cash book, etc. | MEDIUM | -   | -   | -   | -                                | -  |
| 7.                         | Others   | -      | -   | -   | -   | -                                | -  |
| <b>LOANS AND ADVANCES:</b> |  |        |     |     |     |                                  |  |
| 1.                         | Unauthorized release of advance  | MEDIUM | No  | No  | No  | -                                | No Such cases found.   |
| 2.                         | Release of advance beyond authority  | MEDIUM | No  | No  | No  | -                                | No Such cases found.   |
| 3.                         | Non-adjustment of loan or advance during the year                                  | MEDIUM | No  | No  | No  | -                                | No Such cases found.   |
| 4.                         | Collusion with employee/party to release advance/loan beyond authority             | HIGH   | No  | No  | No  | -                                | No Such cases found.   |
| 5.                         | Advance/loan not accounted for   | HIGH   | No  | No  | No  | -                                | No Such cases found.   |
| 6.                         | Non-updating various register like Loan & advance, Bank book, cash book, etc.      | MEDIUM | Yes | Yes | Yes | It will be taken care in future. | Loans & Advances Register, Bank Book has not been maintained by the ULB. It should be maintained on daily basis.   |
| 7.                         | Others   | -      | -   | -   | -   | -                                | -  |

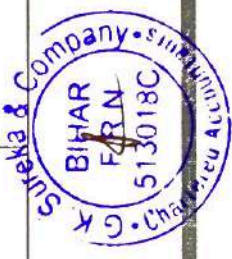


## List of Important Registers

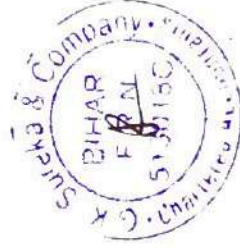
| Name of the ULB        |             | NAGAR PARISHAD DANAPUR  |   |  |                       |
|------------------------|-------------|---|---|--|-----------------------|
| RISK RATING:           |             | MEDIUM  |   |  |                       |
| CAG OBSERVATION STATUS |             | NOT AVAILABLE   |   |  |                       |
|                        |             | PERIOD: 01/04/2020 to 31/03/2021  |   |  |                       |
| Sl. No.                | Particulars | Audit Observation   | Associates Risk   | MGT. Comment   | Status (Resolved/Not) |
| 1.                     | Cash Book   | General Cash Book & Subsidiary Cash Book has been maintained by the ULB but entry made in cash book was not on real time basis. | Due to non-updation of cash book on real time basis there may be chance of making back dated entry. This may lead to fraud & defalcation. | There is scarcity of manpower in the ULB; however we will comply in the near future. | Not Resolved          |
| 2.                     | Ledger      | Ledger is being prepared by DEAS team in tally not by ULB.  | Due to this segregation of head wise balance is difficult. It becomes difficult to prepare appropriate financial statement.               | It will be taken care in future.   | Not Resolved          |
| 3.                     | Journal     | Journal Register has not been maintained.   | Due to this amount receivable & payable is not ascertainable. Advances have been accounted as income & expenditure.                       | It will be taken care in future.   | Not Resolved          |



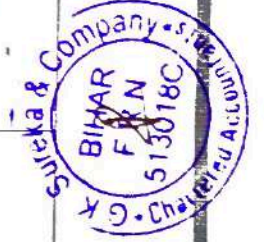
|     |  |   |   |  |              |
|-----|--|---|---|--|--------------|
| 4.  | Register for Journal/Magazines/Newspapers    | Not-Maintained  | This may lead to misplacement of Journal, Magazines & Newspapers.                     | It will be taken care in future.                                       | Not Resolved |
| 5.  | Register for Temporary Advances              | Not-Maintained  | It may lead to fraud & Defalcation.   | It will be taken care in future.                                       | Not Resolved |
| 6.  | Register of Money Orders/Bank Draft Received | Not Maintained  | It may lead to dishonor of DD received or misplacement of DD.                         | It will be maintained from next financial year.                        | Not Resolved |
| 7.  | Cheque Issue Register                        | Maintained  | It may lead to dual payment and further created difficulty to prepare BRS.            | It will be maintained from next financial year or as earlier possible. | Not Resolved |
| 8.  | Register of Remittances made into bank       | Not Maintained  | It may also lead to dual payment and further create difficulty to prepare BRS.        | It will be maintained from next financial year or as earlier possible. | Not Resolved |
| 9.  | Bank Passbook                                | Maintained  | -   | -  | -            |
| 10. | Register of Bank drafts dispatched           | Not Maintained  | It may lead to dishonor of DD received and further created difficulty to prepare BRS. | It will be maintained from next financial year.                        | Not Resolved |
| 11. | Bill Register                                | Not-Maintained<br>Maintained separately, bills are attached in their respective files only. | It may lead to fraud & Defalcation.   | It will be taken care in future.                                       | Not Resolved |
| 12. | Establishment Register                       | Maintained  | -   | -  | -            |
| 13. | Stock Register                               | Not-Maintained  | It may lead to mis-utilisation of Stock items.  | It will be taken care in future.                                       | Not Resolved |



|     |  |   |  |                                  |              |
|-----|--|---|--|----------------------------------|--------------|
| 14. | Capital Goods/Consumable articles, non-consumable articles and | Not-Maintained  | It may lead to misplacement of Capital Goods/Consumable articles & non-consumable article. | It will be taken care in future. | Not Resolved |
| 15. | Statutory Deduction Register                                   | Not-Maintained in register only prepared in excel sheet | It may lead to statutory irregularities. Delay in  | It will be taken care in future. | Not Resolved |

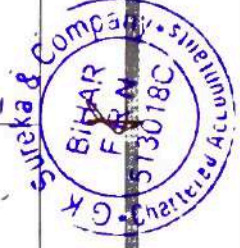


|  | head wise but not authorized. | deposit of deducted amount/further leads to interest @1.5% per month. Further, filling of return may be affected. | Being prepared by DE/AS/Steam but in process. | Not Resolved |
|--|-------------------------------|---|---|--------------|
| 16. Fixed Assets Register  | Not-Maintained                | It may lead to displacement of fixed assets.  | It will be taken care in future.              | Not Resolved |
| 17. Grant Register   | Not-Maintained                | It may lead to delay in preparation and submission of UC. It may also affect the utilization of fund.             | -   | -            |
| 18. Scheme Register  | Maintained                    | -   | -   | -            |
| 19. Monthly account of Receipts/Payments   | Not-Maintained                | Due to this segregation of the lead wise balance is difficult.  | Being Prepared by DE/AS/Steam.                | Not Resolved |
| 20. Temporary Advances Register for Staff, Customers/supplier/VE/CA and T/DA Advance | Not-Maintained                | It may lead to fraud & Defalcation.   | It will be taken care in future.              | Not Resolved |
| 21. Dispatch Register  | Maintained                    | -   | -   | -            |
| 22. File Register  | Not-Maintained                | It may lead to displacement of files.   | It will be taken care in future.              | Not Resolved |
| 23. Any other (Name of the register)   | -                             | -   | -   | -            |

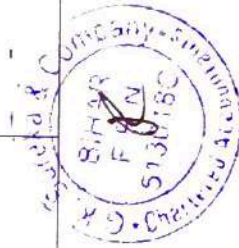


# CashandBank

| Name of the ULB        |  | NAGAR PARISHAD DANAPUR  |                 |   |                                  |                       |
|------------------------|--|---|-----------------|---|----------------------------------|-----------------------|
| RISK RATING:           |  | MEDIUM  |                 |   |                                  |                       |
| CAG OBSERVATION STATUS |  | NOT AVAILABLE   |                 |   |                                  |                       |
|                        |  | PERIOD: 01/04/2020 to 31/03/2021  |                 |   |                                  |                       |
| Sl. No.                | Particulars  | Audit Observation   | Amount Involved | Associates Risk   | MGT. Comment                     | Status (Resolved/Not) |
| 1.                     | Check whether there is no any undue delay in presentation of cheque/DD received, to bank   | No Such cases Found.  | -               | -   | -                                | -                     |
| 2.                     | Whether cheque/ draft issue/ receipt/dishonored register have been maintained as prescribed form (As Per B/MAM) & entry are made on properly, accurately & timely basis.   | No such registers are maintained.   | -               | It may lead to dual payment and further create difficulty to prepare BRS. | It will be taken care in future. | Not Resolved          |
| 3.                     | Whether banking transactions (receipts & Payments) are matched with cashbook, Cheque issue register, collection register, etc, Verify the same with Banks statement & BRS, | BRS has not been provided to us to verify further cheque issue and collection register is not maintained. | -               | It may lead to dual payment and further create difficulty to prepare BRS. | It will be taken care in future. | Not Resolved          |
| 4.                     | Whether cheque issue register are matched with   | Cheque issue register not maintained.   | -               | It may lead to dual payment and further create difficulty to prepare BRS. | It will be taken care in future. | Not Resolved          |



|     |  |                   |   |   |                                  |              |
|-----|--|-------------------|---|---|----------------------------------|--------------|
| 5.  | Whether proper steps have been taken for dishonored cheque, it was realized in cash or not,                      | Nosuchcasesfound. | - | -   | -                                | -            |
| 6.  | Whether Bank Reconciliation has been made for each account, verify the status of BRS, (attached BRS as annexure) | Not Prepared.     | - | It may lead to mis-appropriation of fund. | It will be taken care in future. | Not Resolved |
| 7.  | Check whether no any fraud payment or payment to other person has been made,                                     | Nosuchcasesfound. | - | -   | -                                | -            |
| 8.  | Whether bank statement for all account have been promptly received from bank.                                    | Yes               | - | -   | -                                | -            |
| 9.  | Number of Bank account maintained  | 11                | - | -   | -                                | -            |
| 10. | Original copy of cancelled receipt is attached with duplicate copy with "CANCELLED" marked on it.                | Nosuchcasesfound. | - | -   | -                                | -            |
| 11. | Liability for stale cheques account review is done and necessary reversal entries are repassed                   | Nosuchcasesfound. | - | -   | -                                | -            |
| 12. | Any other  | -                 | - | -   | -                                | -            |



## Public Work

S

NAGAR PARISHAD DANAPUR

MEDIUM

NOT AVAILABLE

PERIOD:01/04/2020to31/03/2021

| Sl. No. | Particulars   | Audit Observation    | Amount involved | Associates Risk | MGT. Comment | Status (Resolved/ornot) |
|---------|---|----------------------|-----------------|-----------------|--------------|-------------------------|
| 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                  | -               | -               | -            | -                       |
| 2.      | Whether bill has been signed by proper in charge,   | Yes                  | -               | -               | -            | -                       |
| 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                  | -               | -               | -            | -                       |
| 4.      | Verify whether any payment made for removing / dismantling material which has scrap value must be indicated in the bill,  | No such cases found. | -               | -               | -            | -                       |



|    |   |     |   |   |   |   |
|----|---|-----|---|---|---|---|
| 5. | Whether measuring has done by the engineer concerned, | Yes | - | - | - | - |
|----|---|-----|---|---|---|---|



| 6. | Whether expenditure on construction of work was debited to WIP & verified with MB maintained,  | Yes            |   | It may lead to fraud & Defalcation. | - | - | Not Resolved |
|----|--|----------------|---|-------------------------------------|---|---|--------------|
| 7. | Whether master roll (machine numbered & authorized) has been maintained for detail of store, specifying:<br>Date of Issue,<br>Name of subordinate,<br>Name of work,<br>Number of labour,<br>Period of engagement,<br>Detail of payment (date, Amount, Cheque no, etc.) | Not Maintained | - | -                                   | - | - | Not Resolved |
|    | Date of Issue,   | No             | - | -                                   | - | - | Not Resolved |
|    | Name of subordinate,   | No             | - | -                                   | - | - | Not Resolved |
|    | Name of work,  | No             | - | -                                   | - | - | Not Resolved |
|    | Number of labour,  | No             | - | -                                   | - | - | Not Resolved |
|    | Period of engagement,  | No             | - | -                                   | - | - | Not Resolved |
|    | Detail of payment (date, Amount, Cheque no, etc.)  | No             | - | -                                   | - | - | Not Resolved |
| 8. | Whether the same has been periodically verified.   | No             | - | -                                   | - | - | Not Resolved |
| 9. | Whether payments are as per defined approval levels sanctioned w/s75 of BMA, 2007,   | Yes            | - | -                                   | - | - | -            |



# CashBook

NAGAR PARISHAD DANAPUR

MEDIUM

NOT AVAILABLE

PERIOD: 01/04/2020 to 31/03/2021

| Sl. No. | Particulars   | Audit Observation  | Amount Involved | Associates Risk  | MGT. Comment   | Status (Resolved / or not) |
|---------|---|--|-----------------|--|--|----------------------------|
| 1.      | Whether Opening Balance & Closing Balance was worked out or not,  | General Cash Book & Subsidiary Cash Book has been maintained by the ULB but entry made in cash book was not on real time basis.  | -               | Due to non-closing of cash book on real time basis there may be chance of making back dated entry. This may lead to fraud & defalcation. | There is scarcity of manpower in the ULB; however we will comply in the near future. | Not Resolved               |
| 2.      | Whether posting of receipt & payments in cash book are properly maintained & it was matched with proper evidence like Receipt Voucher, Cheque issue Register, Bank Statement, etc., | Posting of receipt & payment side of cash book are properly maintained but we are unable to match with Cheque issue Register as it is not being maintained by the ULB. | -               | It may lead to dual recording of receipts & payment and further create difficulty to prepare BRS.  | It will be taken care in future.   | Not Resolved               |
| 3.      | Whether posting is on daily basis,  | No   | -               | Some entries may be forgotten.   | It will be taken care in future.   |                            |

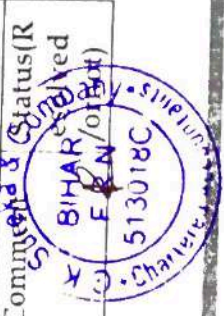




|    |  |  |              |  |                                  |              |
|----|--|--|--------------|--|----------------------------------|--------------|
| 4. | Whether there is any clerical error (casting or/and posting error, etc.) or not, | Yes  | -            | It may lead to over & under stating of income, expenditure, opening and closing balance. | It will be taken care in future. | Not Resolved |
| 5. | Whether any delay in deposit of amount of collection by cashier,                 | In most of the cases any amount collected is deposited about a week delay. | -            | It leads to interest revenue loss to the ULB.  | It will be taken care in future. | Not Resolved |
| 6. | conduct physical verification of cash and report the heavy cash balance if any   | No discrepancy found in this regard.                                       | Not Resolved | Not Resolved   | Not Resolved                     | Not Resolved |
| 7. | Any Other  | No   | -            | -  | -                                | -            |

## Collection

|  |             |                 |   |
|--|-------------|-----------------|---|
| NAGAR PARISHAD DANAPUR                           |             |                 |   |
| MEDIUM   |             |                 |   |
| Md Khurseed Alam, Md Salaudeen & Md Sahid Ansari |             |                 |   |
| PERIOD: 01/04/2020 to 31/03/2021                 |             |                 |   |
| Sl. No.  | Particulars | Amount Involved | MGT. Committee Status (Resolved/Not Resolved) |
|  |             |                 |   |



|    |  |     |   |   |   |   |
|----|--|-----|---|---|---|---|
| 1. | Whether collection procedure are as per guidelines/direction of ULB, | Yes | - | - | - | - |
|----|--|-----|---|---|---|---|



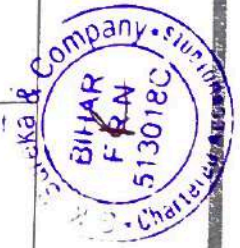
| 2. | Whether collections are made on the basis of Demand & Collection Register,  | Demand & Collection register has not been maintained.                     | It may lead revenue loss to the ULB. | It will be prepared in future.                | Not resolved |
|----|---|---|--------------------------------------|---|--------------|
| 3. | Whether collection is made in the same receipt Vouchers which has been issued/authorized by ULB /state government & it should be clear mentioned of different head & not any alteration, & the carbon copy of receipt vouchers are properly vouchered so that no any variation in posting the same, | Yes   | -                                    | -   | -            |
| 4. | Whether collections are bifurcated in different heads as required,  | Yes   | -                                    | -   | -            |
| 5. | Whether separate bank account has been maintained for each circle, (for PMC only)   | -   | -                                    | -   | -            |
| 6. | Whether all collections are made in proper "Receipt Voucher Book" having same serial number which was actually issued to TC,  | Yes   | -                                    | -   | -            |
| 7. | Whether all collections made during the day are accounted for & banked on next working day or there is any teaming & lading,  | In most of the cases any amount collected is deposited about a week delay | -                                    | It leads to interest revenue loss to the ULB. | Not resolved |
| 8. | Whether any collection are directly expended without prior approval,  | Nosuch cases found.   | -                                    | -   | -            |



|    |  |   |   |                                   |                                  |              |
|----|--|---|---|-----------------------------------|----------------------------------|--------------|
| 9. | Whether collections are made by all the holding fall under the same TC or Civics Centre, | No, Collections were not made by all the holding. | - | It will affect municipality fund. | It will be taken care in future. | Not resolved |
|----|--|---|---|-----------------------------------|----------------------------------|--------------|



|     |   |  |   |  |              |
|-----|---|--|---|--|--------------|
| 10. | Whether government share of collections (like Education cess & health cess) are properly & timely deposited in its own account, (if applicable)             | No Such cases found.                               | - | -  | -            |
| 11. | Whether there is any short/non collection or short deposit, or not  | No Such cases found.                               | - | -  | -            |
| 12. | Whether penalty (@2% P.M/1.5%) has been duly charged on late payment,   | Yes  | - | -  | -            |
| 13. | Whether daily collections are entered into hand book, collection register maintained by TC & it should be properly entered in demand & collection register, | Daily Collection register has Not been Maintained. | - | It leads to interest revenue loss to the ULB | Not Resolved |
| 14. | Whether collection by way of cheque are properly banked & credited into account,  | Yes  | - | -  | -            |
| 15. | Whether any refund/remission granted are admissible under the law and that have been duly sanctioned,   | No Such cases found.                               | - | -  | -            |
| 16. | Whether any immediate step has been taken or not for cheque dishonored received,  | No Such cases found.                               | - | -  | -            |
| 17. | Whether reversal of payment has been made for any dishonored cheque.  | No Such cases found.                               | - | -  | -            |



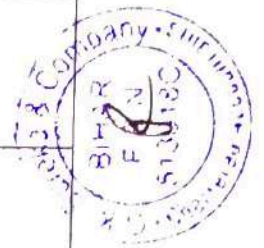
# Demand

| NAGAR PARISHAD DANAPUR |   |  |                 |   |                                  |                            |
|------------------------|---|--|-----------------|---|----------------------------------|----------------------------|
| RISK RATING: MEDIUM    |   |  |                 |   |                                  |                            |
| Name of Tax Collector  |   |  |                 |   |                                  |                            |
| Sl. No.                | Particulars   | Audit Observation  | Amount Involved | Associates Risk                         | MGT. Comment                     | Status (Resolved / or not) |
| 1.                     | Ensure whether the closing balance of previous year is accurately brought forward,  | Opening and closing balance has not been quantified due to non-maintenance of Demand Register.                               | -               | It may lead to revenue loss to the ULB. | It will be taken care in future. | Not Resolved               |
| 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, | ULB is not being in practice to raise the demand. No proper details are recorded in the manual register.                     | -               | It may lead to revenue loss to the ULB. | It will be taken care in future. | Not Resolved               |
| 3.                     | Whether the data for calculation is correct & properly verified by appropriate authority/<br>Internal Auditor by way of physical survey,                                      | No verification is being conducted by appropriate authority however we have done physical survey of 20 high value properties | -               | -                                       | -                                | -                          |





|     |   |   |   |   |                                  |              |
|-----|---|---|---|---|----------------------------------|--------------|
| 5.  | Whether any refund/remission granted are admissible under the law and that have been duly sanctioned.   | No Such cases found.  | - | -   | -                                | -            |
| 6.  | Ensure whether there is any clerical error in calculation.  | No Such cases found.  | - | -   | -                                | -            |
| 7.  | Whether demand register in prescribed format is maintained or not.  | Demand Register Not Maintained  | - | It may lead to revenue losses to the ULB. | It will be taken care in future. | Not Resolved |
| 8.  | Whether person involved in calculation/collection have knowledge of their responsibility.   | Yes   | - | -   | -                                | -            |
| 9.  | Whether there is proper distribution of responsibility for calculation, recovery & updation of register for demand, so that no single person have control on two or process at the same time. | Due to lack of Manpower all these work has been controlled singly handedly. | - | It may lead to fraud & Defalcation.       | Need more skilled employees.     | Not Resolved |
| 10. | Whether there is any under/ no assessment.  | No  | - | -   | -                                | -            |
| 11. | Whether there are appropriate measures (As Per section 155 & 158 of BMA, 2007) are adopted for recovery of Government/bill dues.  | No measures have been taken for recovery of Government Dues.                | - | It may lead to revenue losses.            | It will be taken care in future. | Not Resolved |



| 12. | Whether notice for demand has been made in prescribed format (As Per BMAR) & as per rules & regulations, | Nonotices of demand are being served. | - | It may lead to revenue losses. | It will be taken care in future. | Not resolved |
|-----|--|---------------------------------------|---|--------------------------------|----------------------------------|--------------|
| 13. | Whether penalty (@2% P.M/1.5%) has been charged on late payment,   | Yes                                   | - | -                              | -                                | -            |



|     |  |   |   |                                |                                  |              |
|-----|--|---|---|--------------------------------|----------------------------------|--------------|
| 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, | Not Maintained in prescribed format & also not updated. | - | It may lead to revenue losses. | It will be taken care in future. | Not Resolved |
| 15. | Whether there are adequate safeguard on data has been operated or not,   | No  | - | -                              | -                                | -            |
| 16. | Whether self-assessment property tax return for payment of property tax has been filed by the assesses in the prescribed format,                             | Yes   | - | -                              | -                                | -            |
| 17. | Whether there is any collusion with customer/holding w.r.t., assessment, payment, etc.   | No Such cases found.                                    | - | -                              | -                                | -            |
| 18. | Any Other  | No  | - | -                              | -                                | -            |

## Establishment

NAGAR PARISHAD DANAPUR

MEDIUM

| Sl. No. | Particulars  | Audit Observation | Amount Involved | Associates Risk | MGT. Comment | Status (Resolved / or not) |
|---------|--|-------------------|-----------------|-----------------|--------------|----------------------------|
| 1.      | Whether establishment sanction by authorized person & it has been within sanctioned limit, | Yes               | -               | -               | -            | -                          |



| 2. | Whether service log book has been maintained & upto date or not,  | Not Maintained   | - | It may lead to over/less payments. | It will be taken care in future. | Not Resolved |
|----|---|--|---|------------------------------------|----------------------------------|--------------|
| 3. | Audit whether a part from comparing the pay & allowance drawn by each employee in the pay bill with the corresponding entries in the pay column of the service book and checking the acquittal of employees who have been paid in cash, | Service book not prepared.                               | - | It may lead to over/less payments. | It will be taken care in future. | Not Resolved |
| 4. | Whether each employee has a unique identification number & it has been referred in all matters in relation to service book. Whether payment made to employee has been verified with attendance register/log book,                       | Yes  | - | -                                  | -                                | -            |
| 5. | Whether service book for calculation of payable has been authorized by the proper person,   | Service Book not maintained.                             | - | It may lead to over/less payments. | It will be taken care in future. | Not Resolved |
| 6. | Whether the account department has prepared the advice & instructed the bank for the payment as per advice,   | Yes  | - | -                                  | -                                | -            |
| 7. | Whether the undistributed amount of pay & allowance shown in cash book matched with balance of undistributed salary balance,  | Undistributed salary amount not maintained in cash book. | - | It may lead to over/less payments. | It will be taken care in future. | Not Resolved |



|    |   |                      |   |   |   |   |
|----|---|----------------------|---|---|---|---|
| 8. | Whether undistributed amount of profit & allowance are not more than 3 months cash in hand, | No Such cases found, | - | - | - | - |
|----|---|----------------------|---|---|---|---|



|     |  |   |   |  |                                  |                |
|-----|--|---|---|--|----------------------------------|----------------|
| 9.  | Whether disbursement of pay & allowance are duly recorded in books & accepted by employee specifying separate had with date of receipt (In case of arrears).                     | No Such cases found.                                    | - | -  | -                                | -              |
| 10. | Whether the bill prepared according to sanctioned scale,   | Yes   | - | -  | -                                | -              |
| 11. | Whether no any payment is made to Employee whose service retired in any manner.  | No Such cases found.                                    | - | -  | -                                | -              |
| 12. | Whether no any withdrawal is made unless supported by last pay-slip, except in case of new appointment.  | Pay-In-Slip not prepared.                               | - | It becomes difficult to trace last payment. It may lead to over/less payments. | It will be taken care in future. | No IR resolved |
| 13. | Whether all statutory deduction or adjustment has been made before payment,  | Only Provident Fund has been deducted. TD Not deducted. | - | It may lead to levy statutory penalty/interest.                                | It will be taken care in future. | No IR resolved |
| 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. | No Such cases found.                                    | - | -  | -                                | -              |
| 15. | To check salary bills.   | Salary Bills not prepared.                              | - | It may lead to over/less payments.   | It will be taken care in future. | Not Resolve    |
| 16. | Position of outstanding advances paid to employees   | No Such cases found.                                    | - | -  | -                                | -              |



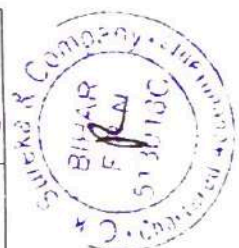
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|---|-----|---|---|---|---|
| 17. To check deduction of provident fund and ES has been made as per rules                                | Yes | - | - | - | - |
| 18. Whether PF slips are issued to the employees on yearly basis and to see whether all statutory returns | Yes | - | - | - | - |



|     |   |                      |   |                                    |                                  |              |
|-----|---|----------------------|---|------------------------------------|----------------------------------|--------------|
|     | for PF are submitted to the concerned authorities.  | Not prepared.        | - | It may lead to over/less payments. | It will be taken care in future. | Not Resolved |
| 19. | To check whether salary bill is prepared in such a manner that it gives break up of the amount of bill and all adjustments such as deduction of PF, TDS and other advances and loans etc. | Not prepared.        | - | It may lead to over/less payments. | It will be taken care in future. | Not Resolved |
| 20. | Check Retirement benefit to employee  | No Such cases found. | - | -                                  | -                                | -            |
| 21. | Personnel Appointments and to see whether all records are updated from time to time.  | No Such cases found. | - | -                                  | -                                | -            |
| 22. | Dismissal and Resignation / Termination   | No Such cases found. | - | -                                  | -                                | -            |
| 23. | Temporary workers   | No Such cases found. | - | -                                  | -                                | -            |
| 24. | Overtime  | No Such cases found. | - | -                                  | -                                | -            |
| 25. | Attendance Register To check number of persons mentioned in the attendance register tally with the sanctioned strength of the unit.   | Yes                  | - | -                                  | -                                | -            |
| 26. | Personnel Files   | Yes                  | - | -                                  | -                                | -            |
| 27. | Training of employees (including Skill Development Levy)  | No Such cases found. | - | -                                  | -                                | -            |
| 28. | Leave Register- To check whether leave register is maintained as per types of leaves as medical leave/CI/EL/maternity/paternity   | Not Maintained       | - | It may lead to over/less payments. | It will be taken care in future. | Not Resolved |



|        |  |  |  |  |  |  |
|--------|--|--|--|--|--|--|
| leave. |  |  |  |  |  |  |
|--------|--|--|--|--|--|--|



## Grant

| Name of the ULB |   | NAGAR PARISHAD DANAPUR   |                 |   |  |                            |
|-----------------|---|--|-----------------|---|--|----------------------------|
| RISK RATING:    |   | MEDIUM   |                 |   |  |                            |
| Sl. No.         | Particulars   | Audit Observation  | Amount Involved | Associates Risk                         | MGT. Comment   | Status (Resolved / or not) |
| 1.              | Maintenance/Update register regarding details of funds received and expenditure.  | Yes  | -               | -                                       | -  | -                          |
| 2.              | Any diversion/re-appropriation of funds not covered under the provision of BMA, 2007 should be pointed out for remedial action.                   | No Such cases found.   | -               | -                                       | -  | -                          |
| 3.              | To check whether utilization certificate is for actual utilization of funds received.   | Yes  | -               | -                                       | -  | -                          |
| 4.              | It should also be checked that utilization certificate is issued as per prescribed time frame given in the Manual and issue of UC is not delayed. | We have found some cases where UCs are not prepared on time. However we have guided to prepare it. | -               | It may lead to mis-utilization of fund. | With the guidance of internal auditor, we have started preparing UC's. It will be submitted to department very soon. | In Process                 |
| 5.              | Internal Auditor should also check whether expenditure incurred does not exceed the budget.   | No Such cases found.   | -               | -                                       | -  | -                          |



## Payment of bills of contractors

NAGAR PAKSIHAD DANAPUR

MEDIUM

Name of the ULB

RISK RATING:

| Sl. No. | Particulars  | Audit Observation    | Amount involved | Associates Risk | M.G. J. Comment | Status (Resolved/Not) |
|---------|--|----------------------|-----------------|-----------------|-----------------|-----------------------|
| 1.      | Original bill duly signed by contractor is submitted.  | Yes                  | -               | -               | -               | -                     |
| 2.      | Contractor has put initials in all the billings and corrections in the bill.                             | No such cases found. | -               | -               | -               | -                     |
| 3.      | All supporting documents are attached with the bills.  | Yes                  | -               | -               | -               | -                     |
| 4.      | The rates, security deposit, and deductions are as per terms and conditions specified in the agreement.  | Yes                  | -               | -               | -               | -                     |
| 5.      | The variations in quantities and completion period etc. have been authorized by the competent authority. | Yes                  | -               | -               | -               | -                     |
| 6.      | Job completion certificate has been processed by the dealing assistant.                                  | Yes                  | -               | -               | -               | -                     |
| 7.      | Bills passed for payment are as per rules & T & C of Tender.   | Yes                  | -               | -               | -               | -                     |
| 8.      | All terms and conditions of the contract are fulfilled before passing the bills.                         | Yes                  | -               | -               | -               | -                     |
| 9.      | Every final bill is checked in detail with measurement books.  | Yes                  | -               | -               | -               | -                     |



|     |  |                      |   |   |   |
|-----|--|----------------------|---|---|---|
| 10. | Cash/Bank Voucher to be checked for authorization etc.         | Yes                  | - | - | - |
| 11. | Overall review of the books of accounts.                       | Yes                  | - | - | - |
| 12. | Position of outstanding advance paid to suppliers/contractors. | No Such cases found. | - | - | - |

## Receipt Vouche r

| Name of the ULB                  |   |                   |                 |                 |              |                            | NAGAR PARISHAD DANAPUR |
|----------------------------------|---|-------------------|-----------------|-----------------|--------------|----------------------------|------------------------|
| RISK RATING:                     |   |                   |                 |                 |              |                            | MEDIUM                 |
| PERIOD: 01/04/2020 to 31/03/2021 |   |                   |                 |                 |              |                            |                        |
| Sl. No.                          | Particulars   | Audit Observation | Amount involved | Associates Risk | MGT. Comment | Status (Resolved / or not) |                        |
| 1.                               | Whether "Receipt Vouchers" are in the prescribed format & having machined serial number & there is no any manuscript form, Check; | Yes               | -               | -               | -            | -                          |                        |
| 2.                               | What is the date of printing,   | Checked           | -               | -               | -            | -                          |                        |
| 3.                               | What quantity of serial number was printed out,   | Checked           | -               | -               | -            | -                          |                        |
| 4.                               | What is the date of dispatched, quantity of receipt vouchers  | Checked           | -               | -               | -            | -                          |                        |



|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|

&theirserialnumber;



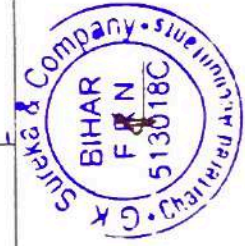
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|-----|--|---------|---|---|---|---|
| 6.  | Logbook/ Register maintained at printing press regarding printing of "Receipt Vouchers".   | Checked | - | - | - | - |
| 7.  | Verify that "Receipt Vouchers" received & their storing, having same quantity & serial numbered which was actually dispatched & proper recording of the same along with issue, | Yes     | - | - | - | - |
| 8.  | Verify Logbook/ Register maintained at every collection center & cash counter with regard to receipt & return quantity & serial number,  | Yes     | - | - | - | - |
| 9.  | Verify the logbook/ Register of "Receipt Vouchers" & cross verified the allotments to TC (Log Book) with their date of issue, serial number, name of TC & their circle         | Yes     | - | - | - | - |
| 10. | Check whether TC has same "Receipt Voucher" which was actually issued by store & it must be authorized by the appropriate authority,   | Yes     | - | - | - | - |



|     |  |                      |   |   |   |   |
|-----|--|----------------------|---|---|---|---|
| 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", | No Such cases found. | - | - | - | - |
| 12. | Confirm that all unused "Receipt Vouchers" are under the custody of authorized person,   | Yes                  | - | - | - | - |



|                       |   |   |   |   |                                |  |              |
|-----------------------|---|---|---|---|--------------------------------|--|--------------|
| 13.                   | Verify that any cancelled vouchers have in both original & carbon copy. | Yes   | - | - | -                              | -  | -            |
| 14.                   | Verify whether the reverseible carbon has been used during receipt.     | Yes   | - | - | -                              | -  | -            |
| <b>Other Revenue:</b> |   |   |   |   |                                |  |              |
| 1.                    | Advertisement Tax   | No System Developed for collection of advertisement tax.  | - | - | It will affect municipal fund. | System will be developed very soon.              | Not Resolved |
| 2.                    | Tower Tax   | No amount is collected as Tower Tax in this financial year and no steps have been taken for recovery of dues. | - | - | It will affect municipal fund. | Notice will be sent to concerned tower operator. | In Process   |
| 3.                    | Professional Tax  | No professional tax collected.  | - | - | -                              | -  | -            |
| 4.                    | Assigned Revenue (As details annexed)                                   | No such cases found.  | - | - | -                              | -  | -            |
| 5.                    | Rental Charges (As details annexed)                                     | No any municipal properties given on rent during this period.   | - | - | It will affect municipal fund. | System will be developed very soon.              | Not Resolved |
| 6.                    | Fee & uses Charges (As details annexed)                                 | Collected.  | - | - | -                              | -  | -            |
| 7.                    | Other Revenue items   | -   | - | - | -                              | -  | -            |

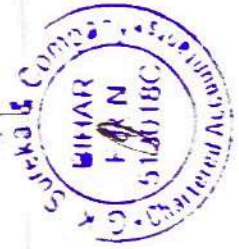


## Revenue Expenses

| NAGARPARISHAD DANAPUR            |   |                   |                 |                 |              |                            |
|----------------------------------|---|-------------------|-----------------|-----------------|--------------|----------------------------|
| MEDIUM                           |   |                   |                 |                 |              |                            |
| PERIOD: 01/04/2020 to 31/03/2021 |   |                   |                 |                 |              |                            |
| Sl. No.                          | Particulars   | Audit Observation | Amount Involved | Associates Risk | MGT. Comment | Status (Resolved / or not) |
| 1.                               | Whether payment is on the basis of Sanction/work order letter & incurred by authorized person.  | Yes               | -               | -               | -            | -                          |
| 2.                               | Whether payment is made through prescribed format.  | Yes               | -               | -               | -            | -                          |
| 3.                               | Whether payment is made without any undue delay or whether any cheques issued are promptly issued to the respective person.                             | Yes               | -               | -               | -            | -                          |
| 4.                               | Whether there is bifurcation of responsibility towards person making payment & person preparing MB, receipt of goods, maintenance of payment file, etc. | Yes               | -               | -               | -            | -                          |
| 5.                               | Whether updation of accounts/books are on proper & timely basis,  | Yes               | -               | -               | -            | -                          |



|    |   |     |  |  |  |  |
|----|---|-----|--|--|--|--|
| 6. | Whether authorized person verify & sign the document involve, | Yes |  |  |  |  |
|----|---|-----|--|--|--|--|



| 7.  | Whether data base for the same has been properly maintained & safeguard measures are taken,                         | No database has been maintained by the ULB. | - | Important information may be lost or stolen. | We will take necessary steps to implement the DBMS in the future. | Not Resolved. |
|-----|---|---|---|--|---|---------------|
| 8.  | Whether exact amount (no over payment) are paid and verified by supporting document, & no any collusion with party. | Yes   | - | -  | -   | -             |
| 9.  | Whether the register for settlement of service bill has been maintained and upto date,                              | Yes   | - | -  | -   | -             |
| 10. | Whether payment made to the same to whom it might be payable and no any second claim in this regard,                | Yes   | - | -  | -   | -             |
| 11. | Whether payment has been made after deducting statutory dues or advances,   | Yes   | - | -  | -   | -             |
| 12. | Whether the expenditure are made with period & amount as sanctioned,  | Yes   | - | -  | -   | -             |
| 13. | Whether there is under rush of expenditure at the end of financial year,  | No  | - | -  | -   | -             |
| 14. | Whether payment has to be made after confirmation from store,   | Yes   | - | -  | -   | -             |



|     |   |                      |   |   |   |   |
|-----|---|----------------------|---|---|---|---|
| 15. | Whether payment for repairs, etc., has to be made on the basis of logbook maintained, | No such cases found. | - | - | - | - |
|-----|---|----------------------|---|---|---|---|



|     |  |                      |   |   |   |   |
|-----|--|----------------------|---|---|---|---|
| 16. | Whether payment are as per defined approval levels sanctioned/s 75 of BMA, 2007.   | Yes                  | - | - | - | - |
| 17. | Confirm whether goods/assets received/accepted on or before 31 <sup>st</sup> March, where the bill is received after that date have been accounted for (either on the basis of purchase order, tender or as per bill). | No Such cases found. | - | - | - | - |
| 18. | Whether no any withdrawal is made unless supported by last pay-in-slip, except in case of new appointment.   | No Such cases found. | - | - | - | - |
| 19. | Whether all statutory deduction or adjustment has been made before payment.  | Yes                  | - | - | - | - |
| 20. | Whether entry of any event during service has been made in service book by authorized person.  | Yes                  | - | - | - | - |



## Statutory Requirement

NAGARPARISHAD DANAPUR

MEDIUM

| Name of the ULB |  | MEDIUM   |                     |  |                                  |                            | Status (Resolved / or not) |
|-----------------|--|--|---------------------|--|----------------------------------|----------------------------|----------------------------|
| Sl. No.         | Particulars  | Audit Observation  | Amount Involved     | Associates Risk  | MGT. Comment                     | Status (Resolved / or not) |                            |
| 1.              | Whether deduction of TDS on payment has been made as per law,  | Yes  | -                   | -  | -                                | -                          |                            |
| 2.              | Whether TDS deducted are timely deposited into bank with same amount,                                    | Not deposited on time and also statutory liability register has not been maintained. | Unable to quantify. | There may be violation of statutory interest / penalty | It will be taken care in future. | Not Resolved.              |                            |
| 3.              | Whether regulatory requirements for submission of Return has been followed,                              | No return is being filed.  | Unable to quantify. | There may be violation of statutory interest / penalty | It will be taken care in future. | Not Resolved.              |                            |
| 4.              | Whether any deduction is made in any act, must be deposited as per their respective act,                 | Yes but deposited late.  | Unable to quantify. | There may be violation of statutory interest / penalty | It will be taken care in future. | Not Resolved.              |                            |
| 5.              | Verify whether in case of "through rate" contract, there is no any payment for material, etc. by the ULB | No such cases found.   | -                   | -  | -                                | -                          |                            |
| 6.              | Any demand outstanding from regulatory authority for non-compliance.                                     | No such cases found.   | -                   | -  | -                                | -                          |                            |

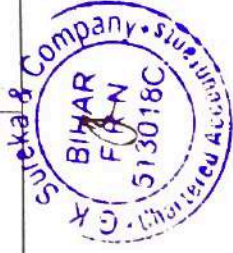


## Tender Details (Work Order Wise)

| Name of the ULB<br>NAGARPARISHAD DANAPUR                   |  |                   |                 |                 |              |                            |
|--|--|-------------------|-----------------|-----------------|--------------|----------------------------|
| RISK RATING:<br>MEDIUM                                     |  |                   |                 |                 |              |                            |
| Work order No.<br>No Tenders were done during this period. |  |                   |                 |                 |              |                            |
| PERIOD: 01/04/2020 to 31/03/2021                           |  |                   |                 |                 |              |                            |
| Sl. No.  | Particulars  | Audit Observation | Amount involved | Associates Risk | MGT. Comment | Status (Resolved / or not) |
| 1.   | To check whether the provisions contained in Tender Advertisement for procurement were followed in award of contracts.   | Yes               | -               | -               | -            | -                          |
| 2.   | To check that the time/date of receipt and opening of tenders was properly incorporated in the tender documents.   | Yes               | -               | -               | -            | -                          |
| 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 | Yes               | -               | -               | -            | -                          |



|    |   |     |   |   |   |   |
|----|---|-----|---|---|---|---|
|    | interest of corporation.                            |     |   |   |   |   |
| 4. | The purchase proposal was approved by the competent | Yes | - | - | - | - |



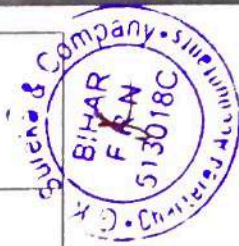
|    | authority as per delegation of powers   | Not in prescribed format. | - | There may be chances of fraud & defalcation. | It will be taken care in future. | Not resolved. |
|----|---|---------------------------|---|--|----------------------------------|---------------|
| 5. | Identify purchase and indicate the details of quantity required, last purchase rate, period for which stores are needed and name of consignee.  | Yes                       | - | -  | -                                | -             |
| 6. | Approval mode of procurement  | Yes                       | - | -  | -                                | -             |
| 7. | The tender documents are prepared properly and description of items to be procured, quantity and estimated values should be indicated.  | Yes                       | - | -  | -                                | -             |
| 8. | To check whether the direction was followed for notification/advertising and opening of bids at notified date, time and place in the presence of bidders.   | Yes                       | - | -  | -                                | -             |
| 9. | Award of contract and its execution in accordance with the guidelines issued by the Govt. of India in view of conditions agreed with the Development partners (DFID, World Bank, & European Union etc.) | Yes                       | - | -  | -                                | -             |

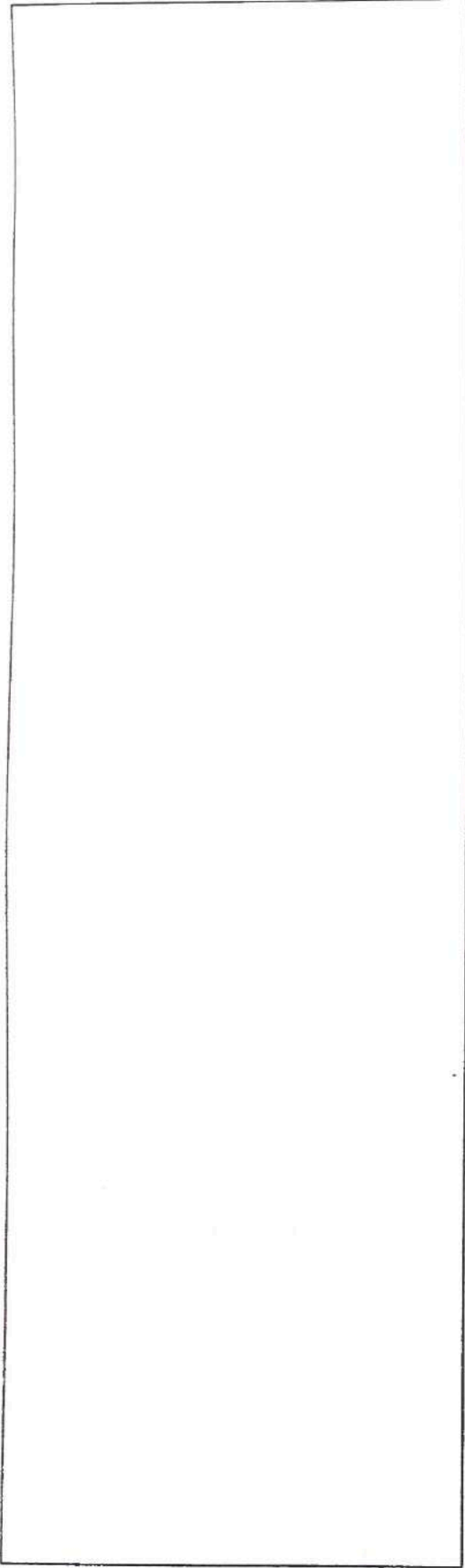


|     |   |     |   |   |   |   |
|-----|---|-----|---|---|---|---|
| 10. | To check whether bids were evaluated in terms of the provisions of the bid documents and the evaluation report was available. | Yes | - | - | - | - |
| 11. | To check whether contract was awarded to the lowest evaluated responsive bidder who fulfilled                                 | Yes | - | - | - | - |



|     |  |  |   |   |   |   |                                  |               |
|-----|--|--|---|---|---|---|----------------------------------|---------------|
|     | qualification requirements, specified in the tender's documents.   |  |   |   |   |   |                                  |               |
| 12. | In case of negotiations of prices, it should be checked whether the negotiation was made with L1 bidder and all the relevant records thereof were available. | Yes  | - | - | - | -   | -                                | -             |
| 13. | To check whether articles were received/work was completed in time as per delivery schedule.   | Yes  | - | - | - | -   | -                                | -             |
| 14. | The stores/goods are properly recorded in the Stock Registers / Asset Register.  | Stock / Asset<br>has not been maintained to record the same. | - | - | - | There may be chances of misplacement of goods/stores. | It will be taken care in future. | Not resolved. |
| 15. | Whether any complaint was received regarding procurement and payment and existence of mechanism for redressal of Complaints                                  | Yes  | - | - | - | -   | -                                | -             |





# Fixed Asset

S

NAGARPARISHADDANAPUR

MEDIUM

Name of the ULB

RISK RATING:

Particulars

Audit Observation

Amount involved

Associates Risk

MGT. Comment

Status (Resolved / Not)

Sl. No.

1. Status on Maintenance of Fixed Assets Register

Not Maintained

-

It may lead to misplacement of assets.

Being Prepared by DEAS Team.

Not Resolved

2. Budget availability is confirmed before acquisition

Yes

-

-

-

-

3. Fixed assets are recognized at cost of acquisition and if so, check whether the cost components are incidental to its acquisition

Unable to comment since fixed asset register is not finalized till now.

-

-

Being Prepared by DEAS Team.

Not Resolved

4. All fixed assets are acquired only after obtaining approval of the concerned authority

Yes

-

-

-

-

5. Physical verification of fixed assets is done and discrepancies are reconciled with Fixed Asset Register.

Due to non-availability of Register. Physical Verification is not done.

-

It may lead to misplacement of assets.

Being Prepared by DEAS Team.

Not Resolved

6. Depreciation is provided on each class of fixed assets at the prescribed rates

No Depreciation is provided.

-

It leads to overvaluation of fixed assets.

Levied once fixed asset register is maintained.

Not Resolved



|    |  |                      |   |   |   |   |
|----|--|----------------------|---|---|---|---|
| 7. | Asset Replacement Register is properly maintained asset class wise | No such cases found. | - | - | - | - |
|----|--|----------------------|---|---|---|---|

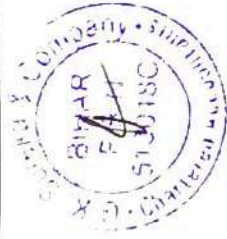


## Others

| NAGARPARISHADDANAPUR     |                 |  |   |                 |   |                                  |                            |
|--------------------------|-----------------|--|---|-----------------|---|----------------------------------|----------------------------|
| MEDIUM                   |                 |  |   |                 |   |                                  |                            |
| Sl. No.                  | Name of the ULB | Particulars  | Audit Observation   | Amount involved | Associates Risk                             | MGT. Comment                     | Status (Resolved / or not) |
| 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. | No assessment has been done from the date of imposition of the holding tax. | -               | It may lead to revenue loss.                | It will be taken care in future. | Not Resolved               |
| 2.                       |                 | Demands of current year and previous year have been reconciled with reference to the above details.  | No reconciliation being made due to demand register has not been prepared.  | -               | It may lead to revenue loss.                | It will be taken care in future. | Not Resolved               |
| <b>Register of Suits</b> |                 |  |   |                 |   |                                  |                            |
| 1.                       |                 | All suits filed by the municipality for recovery of any sum due are entered.   | Register of Suits filed by ULB has not been maintained by the ULB.          | -               | To trace status of cases is very difficult. | It will be taken care in future. | Not Resolved               |
| 2.                       |                 | All suits filed against the municipality are entered.  | Register of Suits filed against ULB has not been maintained by the ULB.     | -               | To trace status of cases is very difficult. | It will be taken care in future. | Not Resolved               |



|    |  |                     |   |   |   |   |
|----|--|---------------------|---|---|---|---|
| 3. | Sanction from the Council obtained for filing/defending the suit | No Such cases found | - | - | - | - |
| 4. | All details like the Assessment Number, amount involved, Name of | No Such cases found | - | - | - | - |



|    |  |                     |   |   |   |
|----|--|---------------------|---|---|---|
|    | Court and Suit Number etc. are clearly entered   |                     |   |   |   |
| 5. | Execution Petitions are filed for recovery of sums, in cases the suits are disposed in favour of municipality. | No Such cases found | - | - | - |

**General Observations:-**

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

For G. K SUREKA & CO.  
Chartered Accountants

CAK Murugesu Jeyaraj Partner  
Mem No: 1299  
FRN: 513018C

**Urban Development & Housing Department**  
**Government of Bihar**  
**Nagar Parishad Danapur Nizamat**

**Discussion Note for Internal Audit observation of FY 2020-21**  
**Period of audit 20-07-2022 to 30-07-22**

Discussion has been made with the audit manager of the internal audit Firm M/s G.K. Sureka & Co. on the Internal Audit observations of the financial year 2020-21 and we kept in mind and follow their recommendations and suggestions on the areas of process and control weakness in best manner. Some of the serious issues have been given below.

| <u>S/No</u> | <u>Audit Observations</u>  | <u>Reply of Management</u>   |
|-------------|--|--|
| 1.          | Implementation of DEAS at ULB for the FY 2020-21                                   | DEAS team has been appointed by the concerned department. DEAS has been implemented from current Financial Year. |
| 2.          | Constitution of "Municipal Accounts Committee" is pending yet.                     | We are working on constitution of municipal account committee.   |
| 3.          | Tower tax (Registration and Renewal Fees) is not being collected on timely basis.  | Notice will be issue to the concerned person, as and when stay order of High Court will be laps/remove.          |
| 4.          | 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.                  |



|   |   |
|---|---|
| <p>5. Staff strength of accounts department needs to be increased.</p>  | <p>Yes, I will place this matter in meetingboard/committee.</p> |
| <p>6. Separate details of schemes of MOHUA (Ministry of Housing and Urban Affair) and UD&amp;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>                      |

Date:  
Place:



*[Handwritten Signature]*  
 For Nagar Danapur Nizammat  
 (Executive Officer)

**Executive Officer**  
 Nagar Parishad Danapur Nizammat