

INTERNAL AUDIT REPORT

OF ULB

(BIKARAM)

FOR THE PERIOD

01/04/2017 TO 31/03/2018

CONDUCTED BY

**M/s R. N. Singh & Co.
208, Hem Plaza, Fraser Road
Near Dak Bunglaw Chauraha,
Patna – 800001**

From 16/03/2019 to 01/04/2019

Report Issued on 06/07/2019

Executive Summary

1. Introduction

• Name of the Municipality	Nagar Panchayat BIKARAM
• Period covered under current audit	Annual Report 2017-18
• Name of Chief Municipal Officer for the period under Audit	Shri Rajeev Ranjan Kumar

2. Results and Findings

Particulars	Comments
• Strengths observed during the audit engagement.	<ol style="list-style-type: none">All vouchers have supporting documents.Office infrastructure is sufficient for operation.Response from officer & Clerk are satisfactory.Subsidiary cash books have been maintained.
• Weaknesses observed in the functioning of office, maintenance of records etc. Observed during the audit engagement.	<ol style="list-style-type: none">Bank Reconciliation Statement has not prepared by the ULB.Accounting process adopted by ULB is single entry system based cash –basis of accounting .it is not as per Accounting Manual.General cash book is not maintained.Fixed Assets Register is not maintained.Advance Register is not maintained.Stock Register is not maintained.Daily collection register is (Revenue receipt wise) not maintained.TDS, VAT, Royalty and Labour-cess have been deducted but it has not been deposited till date. Therefore, TDS Return has not filled till date.Property / Holding tax has not been assessed on property by the ULB from Financial Year 2015-16.Tower tax has not been collected, since the establishment of the ULB even though number of tower is 6 as on 31-03-2018. Thus total outstanding tax amount is



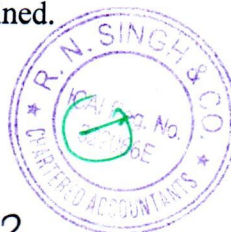
	<p>Rs.4,86,304/- For registration fee, renewal fee.</p> <p>k. Budget has not been sanctioned by the state government.</p> <p>l. Section 84 of the Bihar Municipal Act, 2007. Provides that Municipality shall submit its budget intimates for the ensuring year to the State Govt. by 15th of the March. But information furnished by the Nagar Panchayat revealed that budget estimates were not passed on time by the board, which resulted into delay transmission of the same to the State Government.</p> <p>m. No Separate Grant register is being maintained; hence, it is difficult to find out the amount of unutilized grant at any point of grant.</p> <p>n. Attendance register not maintain on daily basis and same is not approved by competent authority on daily basis.</p> <p>o. File Movement register not maintain.</p> <p>p. Outward/Inward register not maintain.</p>
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3. Opinion

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

4. Audit Recommendations

- a. Fixed Assets Register should be maintained.
- b. Advance Register should be maintained.
- c. Stock Register should be maintained.
- d. Pay-roll register should be maintained.



- e. Log book of vehicle and generator should be maintained.
- f. Daily Collection Register separately for each head should be maintained.
- g. TDS deduction & deposit thereof and e filling of TDS return should be timely and proper manner.
- h. Property / Holding tax collection and assessment should be done every year.
- i. Tax amount should be collected from Mobile tower.
- j. Daily collection amount should be deposited into bank account as prescribed in BMA 2007.
- k. Municipal Accounts Committee should be appointed.
- l. Budget prepared by the ULB should be approved by the state government.
- m. Timely passing of budget by board and onwards submission to the government.
- n. Book of accounts are verified by EO on regular interval

5. Comments from Management

SL No	Particulars	Management Remarks
1.	Cash Book has not been regularly authorized by the executive Officer.	
2.	Computerized accounting system has not been implemented by the ULB in F/Y2017-18.	
3.	ULB has not been in practice to prepare monthly receipt and payment account.	
4.	We observed that fund has not been utilized till the last year.	
5.	We observed that Statutory Compliance has not been accomplished by ULB. These statutory irregularities are following: TDS return has not been filled. Labor-cess & Royalty & VAT has not been deposited to concern department which is deducted from payment.	



6.	Amount Collected from own sources revenue has not been deposited into bank by the ULB on the same date/next to the same date as required.				
	Sl no	Receipt No	Amount	Date of Slip no	Date of Payment
	1	654	1620	5/6/2017	6/9/2017
	2	655	432	5/6/2017	6/9/2017
	3	656	767	16/6/2017	6/9/2017
	4	657	583	16/6/2017	6/9/2017
	5	658	630	20/6/2017	6/9/2017
	6	659	252	20/6/2017	6/9/2017
	7	660	183	14/07/2017	6/9/2017
	8	661	183	14/07/2017	6/9/2017
	9	662	3252	14/07/2017	6/9/2017
	10	663	648	20/07/2017	6/9/2017
	11	816	882	27/01/2018	31/03/18
	12	817	335	02/02/2018	31/03/18
	13	818	304	17/02/2018	31/03/18
	14	819	416	28/02/2018	31/03/18
	15	820	468	28/02/2018	31/03/18
7.	Various register books of records etc. are not being prepared by the ULB such as fixed asset register, Stock register, Advance recovery register, Demand register, Collection register, Statutory register, with regard TDS,VAT,Royalty and Labour-cess etc.				
8.	Log book of vehicle & generator is not properly maintained and consequently its analysis is not possible.				
9.	Loss of Rs 4,86,304/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.				
10	Grant register not maintained by the ULB.				
11	UCs related to different grants are submitted to the concerned department on timely basis. However, following UCs are pending for submission till the financial Year2017-18.				
	Sl No	Letter No/date	Grant Name	Amt of Grant (in lakh)	UC Not Submitted
	1	176/02.11.2016	Jalapurti	8.03	Not submitted
	2	162/19.10.2016	5 th finance	37.26	Not submitted
	3	243/06.03.2017	14 th finance	10.83	Not submitted

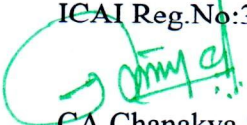


5	242/06.03.2017	14 th finance	10.83	Not submitted	
6	250/10.03.2017	14 th finance	31.96	Not submitted	
7	354/29.03.2017	5 th finance	35.06	Not submitted	
8	132/29.03.2016	light	60.00	Not submitted	
9	143/30.03.2016	jalapurti	21.00	Not submitted	
10	162/29.10.2016	5 th finance	37.26	Not submitted	
12	Municipal accounts committee has not been constituted by the ULB.				
13.	ULB is not in practice to prepare summary of daily collection receipt in form GEN-13				
14.	Demand and arrear registers of holding tax are not prepared by the ULB.				
15.	Cash Book has not been written regularly by the Accountant, It has been written by bank statement after long time.				
16	Pay-roll system at the ULB is not maintain. The register, records relating to statutory deduction like PF, ESIC, Income tax are not maintained. the PF, ESIC with respect to contractual employee are neither deducted nor paid to the statutory authority.				
17	Bank Reconciliation Statement has not been prepared by the ULB.				
18	Main Cash book has not been maintained by the ULB.				
19	Fixed Asset and store register not maintained.				

6. Acknowledgement: -

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

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


CA Chanakya Shree
Partner
M.No: -079322

UDIN-20079322AAAACD6685

Date-12 May 2020

Compliance Report for the scope of work as per the Contract with Internal Auditor

Name of Auditor: R.N. Singh & Co.		Name of ULB:- BikaramNagar Panchayat	
Sl. No.	Relevant Clause of Scope of Work of the Contract		Compliance (Mention the para no & Page no of audit report)
	Clause No.	Description	
1	4.1	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 ULBs's risk environment.	Complied in para no5(II-e) of Part B of Detailed Audit Report Under Head Lack of internal control measures at Page no 22-23.
2	4.2 & 4.3	<p>a) 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;</p> <p>b) Report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules,2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR</p> <p><input type="checkbox"/> Rule 22: All moneys to be brought to account</p> <p><input type="checkbox"/> Rule: 27: Collections to be deposited into Bank on the same day</p> <p><input type="checkbox"/> Rule 69: Grant Related Compliance</p> <p><input type="checkbox"/> Rule 120-121: Monthly Receipt & Payment Account and Trial Balance</p> <p><input type="checkbox"/> Rule 130: Audit to be completed & reported within 6 month</p>	(a)Complied in para no 5(11-e) of Part B of Detailed Audit Report (Non Compliance of Act and rule) at Page no 22-23
3	4.4 & 4.5	<p>a) 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, Sai rat etc.;</p> <p>b) Check on audit trail of all collection of Taxes and Non-Taxes either through staff or outsourced agency and report of any lapses in controls, if</p>	<p>a) Complied in para no 5 of Part A of detailed audit report at Page no 18-20</p> <p>b) Complied in para no 5 of Part A of detailed audit report at Page no 18-20</p>



		any and also advise recommendations to strengthen the prevailing processes;	
4	4.6	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 inconsistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	Complied in para no 5 (c)of Part A of detailed Audit Report at Page no 20 to 21.
5	4.7	Vouch on all payments above Rs. 10,000 and report on adequacy and appropriateness of its documentation, approvals, compliance of procedures etc.	Complied in para no 5 (a) of Part A of Detailed Audit Report at Page no 22
6	4.8	Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Complied in para no 5 of Part B of Detailed Audit Report at Page no 24.
7	4.9	Internal auditor shall also report on presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Complied in para (h)of Part B of Detailed Audit Report at Page no 24
8	4.10	Internal Audit can also, provide recommendations to help the ULB management improve the ULB's internal control environment;	Complied in para no 1 of Part 4 of Executive Summary at Page no 4
9	4.11	Internal Audit should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied in para no 1 of Part 4 of Executive Summary at Page no 4.



Detailed Audit Report

1. Introduction

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

- i. Shri Arun Kumar

2. Administration

The present body of the ULB has taken charge on 30th March, 2010 The incumbency in the key administrative and executive positions was as under:

Shri Sunil Kumar Chairman from 30th March 2010 to till date.

Shrimati Savita Somya Commissioner/Executive Officer from 07 Sep 2015 to 4th Oct 2018

Shri Rajeev Ranjan Kumar Commissioner/Executive Officer from 5th Oct 2018 to till date.

3. Review of outstanding audit paras:

Status of Audit Observations is as under:

Sl. No.	Particulars of Audit and date of report	Total no. of audit Paras	Total no. of audit Paras where necessary improvement/ corrective measure is required	Total no. of audit Paras where recovery of cash is proposed	Total no. of audit Paras where recovery has been made	Total amount of Recovery	Total no. of outstanding paras where no action has been taken	No. and Date of Compliance Report
1	AG Audit for the period 2013-14, 2014-15 & 2015-16	19	17	2	0	0	19	No compliance report provided to us for verification
2	Internal Audit Report dt 29.06.2016	9	9	0	0	0	9	No compliance report provided to us for verification



3	Internal Report for the period 2015-16	10	10	0	0	0	10	No compliance report provided to us for verification
4	Internal Report for the period 2016-17	9	9	1	0	0	9	No compliance report provided to us for verification

Detail Report on Compliance of Previous Internal Audit Report: -

Audit Observation	Nature Of Irregularities	Complied/Not-Complied
Statutory Deductions like TDS, VAT, Labor-Cess, Royalty has not been deposited on stipulated time by the Nagar Panchayat and return filling of TDS & VAT has not been made.	Persisting Since 2014-15	Not-Complied
Statutory deduction like royalty and labor Cess has not been properly deducted.	Persisting Since 2014-15	Not-Complied
Huge amount of grant allotted to Nagar Panchayat but against these allotments no UCs submitted.	Persisting Since 2014-15	Not-Complied
Bank reconciliation statement has not been prepared by Nagar Panchayat.	Persisting Since 2014-15	Not-Complied
Accounting process adopted by Vikram Nagar Panchayat is Single Entry System based on cash basis of accounting. It is not as per Bihar Municipal Act Manual. Bihar Municipal Act Manual requires adoption on Accrual Basis Double entry system of Accounting.	Persisting Since 2014-15	Not-Complied
The amount of tax collected by the Tax collector is required to be handed over to the cashier and required to be deposited in the Bank on the same day on which the collection was made. The process is not being followed at the ULB. Tax Collector normally hands over the collected cash to the cashier after a time gap of 15 to 30 days. Also, in some cases amount collected in the month of March is handed over to the cashier in the next month which is ultimately recorded in the next financial year. It leads to violation of accounting policy and loss of income.	Persisting Since 2014-15	Not-Complied

Tower tax and renewal charges have not been collected.	Persisting Since 2014-15	Not-Complied
Vikram Nagar Panchayat is not in practice to prepare monthly receipt and payment account and the trial balance.	Persisting Since 2014-15	Not-Complied
There is a much scope of improvement in the tax collection process. After being inquiry, it is being found that the levy and collection process is not running effectively.	Persisting Since 2014-15	Not-Complied
UC have not been submitted on time. UC of Rs 2,25,968 have been pending from 1st qtr. of 2016-17.	Persisting Since 1st qtr of 2016-17	Not-Complied
Vikram Nagar Panchayat has its account in Treasury for some schemes on which grant/fund is received. Each scheme has huge balance. If those balances are kept in saving account related to different schemes, there would be an income of Interest available to ULB. A minimum of 4% interest income would be accrued to the ULB. Non-compliance of such would lead to loss of interest income	Persisting since 2015-16	Not-Complied

4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2015-16	2016-17	2017-18
Final/Revised Budget	39701171.00	78659925.00	74376300.00
Actual Expenditure	57433883.00	61902613.65	74575534.80
Savings(+)/ Excess(-)	(17732712.00)	16757311.35	(199234.80)

II. Volume of transactions

Period	Budgeted 2017-18	Previous Year 2016-17	Current Year 2017-18
Opening balance	0.00	9,46,18,901.60	116648357.60
Receipts	79141300.00	8,06,65,853.00	126519395.00
Total	79141300.00	17,52,84,754.60	243167752.60
Net expenditure	74376300.00	6,19,02,613.65	74575534.80
Closing balance	4765000.00	11,33,82,140.95	168592217.70



Note: We have taken the Opening balance (Rs.116648357.60) of F/Y 2017-18 from Cash book maintained at Bikram Nagar Panchayat but as per previous internal audit report of F/Y 2016-17 closing balance is Rs. 113382140.95. Difference of Rs.3266216.65 arises between cash book and internal audit report. It may be possible that some scheme cash book had not been provided to previous internal auditor.

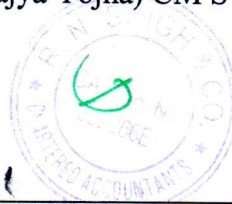
III. Bank Reconciliation: -

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

Details of closing balance

Sr no	Name of scheme	Bank name/account no	Balance as per pass book	Balance as per cash book	Remarks
1	Various Scheme	Treasury	120579775.00	120579775.00	Reconciled
2	SBM	UBI 6394	2306090.84	2306090.84	Reconciled
3	HFA	UBI 8311	19724257.00	19724257.00	Reconciled
4	Pension Yojna	UBI2122	81623.00	81623.00	Reconciled
5	5 th finance	UBI 10828	29858151.00	29858151.00	Reconciled
6	SISRY	SBI02526	1844.00	1844.00	Reconciled
7	14 th finance	UBI7823	21548604.00	21548604.00	Reconciled
8	13 th finance	SBI 8369 PNB 30897 CANARA 20554	994535.00	994535.00	Reconciled
9	Nagar Sarkar Bhawan	UBI10186	2581831.88	2581831.88	Reconciled
10	Jalapurti Yojna	4672	1826374.00	1826374.00	Reconciled
11	e-Governance	UBI06598	2696.00	2696.00	Reconciled
12	BRGF	CANARA 20553	604292.00	604292.00	Reconciled
13	SBM	UBI06577	Bank statement not provided	1588242.00	Not reconciled
TOTAL			200110073.72	201698315.72	
Difference in Cash Book and Bank statement			15,88,242.00		

Note:-Some of the schemes such as Prasadnik Bhawan Mad, 14th finance, 4th finance, 13th finance, Peshakar, Rajya Path/ Puliya Nirman Yojana, Led Light, Executive Officer, Maching Grant, Nagrik Subidha (Rajya Yojna) CM Swakshta Abhiyan, 5th Finance,



Nagrik Subidha (State Plan), Path Nirman (CM Sahri Nali Gali) Pakkikaran Yojana, Parshad, Upmukhya Parshad and Parshad Niyat Bhatta, Nali Nirman, Peyajalpurti, Peyajalpurti (Mukhyamantri Sat Nischay) & City Manager schemes have been maintained through PLA

IV. Revenue & Capital Receipts

Income Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Receipts (A+B)	126519395.00	8,06,65,853.00				
A.	Revenue Receipts (1+2+3)	126519395.00	8,00,45,579.00				
1.	Own Revenue Receipts (a+b)	1797165.00	6,20,274.00				
a)	Tax Revenue (levied and collected by municipal body)	1473226.00	1,65,186.00				
i)	Property tax	73,926.00	1,65,186.00				
ii)	Other tax (levied and collected by municipal body)	1399300.00					
b)	Non-tax revenue (levied and collected by municipal body)	323939.00	4,55,088.00				
i)	Fees & fines						
ii)	User Charges	75196.00	4,55,088.00				
iii)	Other non-tax revenue (levied and collected by municipal body)	248743.00					
2	Other Revenue Receipts	1069424.00	5,26,916.00				
a)	Income from interest/investments	1069424.00	5,26,916.00				
b)	Other Revenue income						
3.	Transfers/ Grants/ Assigned Revenues	123652806.00	6,15,11,849.00				
a)	State Assigned Revenue	750113.00	17,05,507.00				
b)	State Finance Commission (SFC) Grants/ Devolution	4212741.00	2,28,45,993.00				
c)	Octroi compensation						



d)	Other State Govt. Transfer	60787720.00	1,90,66,812.00				
e)	Central Finance Commission (CFC) Grant		1,23,32,737.00				
f)	Other Central Govt. Transfer	57792232.00					
g)	Others	110000.00	55,60,800.00				
B.	Capital Receipts	0.00	1,80,06,814.00				
1	Sale of Municipal Land						
2	Loans (from State Govt. or Banks etc.)						
3	State Capital Account Grant (under State Schemes etc.)		1,79,23,370.00				
4	Central Capital Account Grant (under Central Schemes etc.)		83,444.00				
5	Other Capital Receipts						

V. Revenue and Capital Expenditure Information: -

Expenditure Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Expenditure (1+2)	74575534.8	6,19,02,613.65				
1	Revenue Expenditure	4189465					
1.1	Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	2978660					
1.2	Operation and Maintenance (O&M)	1210805					
1.3	Loan repayment (Interest payments)						



1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)						
2.	Capital Expenditure	70386069.80					
2.1	All developmental works under Central/State specific schemes	65386069.8					
2.2	Loan Repayments (Principal Amount)						
2.3	Other Capital expenditure	5000000.00					

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

VI. Status of implementation of Double Entry Accounting System

Accounting of Nagar Panchayat Bikaram is not Maintained based on Double Entry Accounting System.

VII. Status of Municipal Accounts Committee; if meeting is held

Nagar Panchayat Bikaram has not been constituted Municipal Accounts Committee under section 98 of the Municipal Act, 2007.

5. Audit Observations

Part – A

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

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

a. Mobile Tower Collection: -

Audit Objective – As per Point No. – 4.4 of TOR



Criteria – Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for communication tower erected within municipal area. Currently the registration fee for Nagar Panchayat is Rs. 30,000/- per tower and annual renewal fee is Rs. 8,000/- per annum per tower

Condition –As per details provided to us there are, total 6(Six) Mobile Towers registered with this ULB up to 31.03.2018 and Rs.4,86,304 /-, Detail are given below, is due to be recovered from these tower operators on account of Tower Tax.

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

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

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

S. N.	Company Name	Outstanding amount till 2016-17	Renewal charges for(2017-18)	Amount actually collected till 31.03.2018	Amount Due
1	Airtel	81,634.00	8,000.00	0.00	89,634.00
2	Tata	45,634.00	8,000.00	0.00	53,634.00
3	Idea	37,634.00	8,000.00	0.00	45,634.00
4	Reliance	1,15,384.00	8,000.00	0.00	1,23,384.00
5	Aircel	85,384.00	8,000.00	0.00	93,384.00
6	Tata Docomo	72,634.00	8,000.00	0.00	80,634.00
Total dues		4,38,304.00			4,86,304.00

b. Advertisement Tax

Audit Objective – As per Point No. – 4.4 of TOR

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

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

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



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

c. Holding & Property Tax Deposit – Irregularity: -

Audit Objective – As per Point No. – 4.4 of TOR

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

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

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

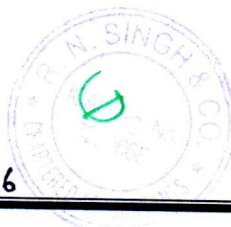
Cause – This happens due to non-follow up and monitoring of activities of Tax Collector by the concerned officer on regular interval.

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

d. Property Tax on 20 high value property

Property / Holding tax are assessed by the ULB. There for property tax on minimum 20 high value could be determined.

Sl No	Name of Owner	Farther Name	Ward No	Area of Sq ft	Rate	Annual Tax(9%)	Type of Building
1	Renku Kumar	Hira Sao	06	560	14	706	Residential
2	Nilam Kumari	Late Lalan singh	07	630	14	794	Residential
3	Ramchander Prasad	Late Muni sao	07	1260	14	1815	Residential
4	Bansi Mistry	Palak dhari Mistry	02	420	16	606	Residential
5	Shatrudhan Mistry	Late rameshwar Mistry	06	252	14	368	Residential
6	Ramshwari Devi	Sikander Prasad Gupta	06	567	14	714	Residential
7	Asha Devi	Raghawnandan Vishwakarma	03	1050	16	1512	Residential
8	Shashi Kala Devi	Bijali Jaishwal	05	630	16	907	Residential



9	Umesh Singh	Magleshwar Singh	03	686	16	618	Residential
10	Uday Kumar	Late Lalbabu Chaudhary	05	952	16	1371	Residential
11	Ramadhan Mistry	Late Nanak Chaudhary	06	382	14	481	Residential
12	Mani Bhushan Prasad	Late deonarayan Prasad	06	840	14	1059	Residential
13	Ram pravesh	L;ateChaturgun Chaudhary	06	420	14	530	Residential
14	Rajender Prasad	Late Godhan Sao	08	182	22	360	commercial
15	Md Kalimudinl	Late Md umar mansuri	06	420	14	529	Residential
16	Shatrudhan singh	Late Ramnandan singh	11	630	16	567	Residential
17	Mumtaj Ahmad	Late bhola miya	06	700	16	1008	Residential
18	Gudhar ram	Late bhupsiram	13	525	10	473	Residential
19	Chandkrit Yadav	Late maluk chand Yadav	06	630	14	794	Residential
20	Vishwnath Jaishwal	Late Gandhi Sao	06	202	14	254	Residential

Part-B

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

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

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

Sl. No.	Particulars	Status
1	General Cash Book	Not Maintained
2	Subsidiary Cash Book	Not Maintained
3	Ledger Book	Not Maintained
4	Grant Register	Not Maintained
5	Advance Register	Not Maintained
6	Pay-Roll Register	Not Maintained
7	Vehicle LOG Book	Not Maintained
8	Store Register	Not Maintained
9	Fixed Assets Register	Not Maintained
10	Demand & Collection Register of Property Tax, Mobile Tower Tax, Shop Rent etc.	Not Maintained

b. Irregularity in procurement process: -

No Observation found in this regard.



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

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

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

d. Non- compliance of Act & Rules: -

Income tax Act 1962 and Vat Act 2005 are not properly followed by Ulb.

- i. Proper Sec of TDS Deduction is not applied.
- ii. According to Vat Act 2005, Vat should be deducted from the payment, but Ulb is not in practice to deduct vat from payment at the time of procurement of machine or goods.
- iii. Vat is being deducted from departmental work on whole of the work but it is levied only on material purchased.

e. Lack of internal control measures: -

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

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

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



g. Deficiency in pay-roll system: -

Pay-Roll Register has not been shown to us during the period of internal audit, records relating to statutory deduction like PF, ESIC, Income tax are not maintained. The PF, ESIC with respect to contractual employee are neither deducted nor paid to statutory authority. Thus we are unable to comment on deficiency in pay-roll system.

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

As per details provided by Bikram Nagar Panchayat, No any UC's Pending of Previous FY's & current FY 2017-18 for submission to the Urban Development & Housing Department till the date of audit

i. Physical verification of inventory/stores: -

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

J. Advances, their adjustment & recovery: -

Advance Register has not been maintained by the concerned ULB and in the absence of above register it is difficult to check or comments on adjustment and recovery of advances. Advance has been given to staff for office expenses without any advance requisition and without the approval of executive officer.

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

No Observation Found in this regard.

Part C
Scope of Audit

Sl. No	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	No observation found in this regard.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment	We have witnessed the 20 high value of property same has been reported in Point (c) of Part B of our report



	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).	
3	<p>Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR</p> <p>Rule 22: All moneys to be brought to account</p> <p>Rule: 27: Collections to be deposited into Bank on the same day</p> <p>Rule 69: Grant Related Compliance</p> <p>Rule 120-121: Monthly Receipt & Payment Account and Trial Balance</p> <p>Rule 130: Audit to be completed & reported within 6 month</p>	All the compliance has been made at ULB except Rule :27 & Rule 120-121. Details of discrepancies regarding Rule : 27 has been annexed in "Sheet B".
4	Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.
5	If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sai rat etc. have incurred then quantify the same.	Loss of Rs 4,86,304/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	No Observation Found in this regard.
7	Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	No, Such type of Issue found in this regards.
8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	No any UC of various scheme are pending for submission to the Urban Development & housing Department till the 4 th Qtr. of financial year 2017-18.



9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	We have verified such instances and found some irregularities. Details of irregularity have annexed in Executive Summary in Observation Para, and recommendations have also been annexed in Recommendation in Executive Summary.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Yes, all payment has been made according to payment terms & conditions of tenders.
11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No Such type of issues found in this regards.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses.	We have verified all major areas of ULB and assessed some revenue losses, same have been reported in "Part A".
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	<p>We observed that statutory compliance has not been accomplished by ULB regarding deduction, deposit and return also.</p> <p>Details of major statutory irregularities are:</p> <ul style="list-style-type: none"> • TDS return has not been filled. • TDS have not been deposited appropriately. • Labor cess has not been deducted appropriately. • VAT liability has not been settled till the date of audit. <p>Penalty and Interest may be levied on ULB as per Statutory Laws.</p>

General Observations: -

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

For R.N. Singh & Co.
Chartered Accountants
FRN: 322066E

CA Chanakya Shree
Partner
Mem No: 079322



Discussion Note Bikram

4th Quarter

Financial Year 2017-18

SL No	Observations	Management Remarks																														
1.	Cash Book has not been regularly authorized by the executive Officer.	कैशबुक का संधारण अब नियमित रूप से किया जा रहा है।																														
2.	Computerized accounting system has not been implemented by the ULB in F/Y2017-18.	Double Accounting System अभी Department द्वारा नहीं भेजा गया है।																														
3.	ULB has not been in practice to prepare monthly receipt and payment account.	Due to lack of Man Power. It has not been Implemented in this ULB.																														
4.	We observed that fund has not been utilized till the last year.	आगे से इस बात पर ध्यान रखा जाएगा।																														
5.	We observed that Statutory Compliance has not been accomplished by ULB. These statutory irregularities are following: TDS return has not been filled. Labor-cess & Royalty & VAT has not been deposited to concern department which is deducted from payment.	संबंधित विभाग की जानकारी नहीं रहने के कारण नहीं किया गया है। अब भविष्य में समयानुसार किया जाएगा।																														
6.	Amount Collected from own sources revenue has not been deposited into bank by the ULB on the same date/next to the same date as required.	सर्वप्रथम कर निर्धारण किया गया था जिसकी संधारण की जानकारी नहीं थी फिर भी समयानुसार किया गया था। अब नियमित रूप से बैंक में संधारण किया जाएगा।																														
	<table border="1"> <thead> <tr> <th>Sl No</th> <th>Receipt no</th> <th>Amt</th> <th>Date of Receipt No</th> <th>Date of Deposited</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>816</td> <td>882</td> <td>27/01/18</td> <td>31/03/18</td> </tr> <tr> <td>2</td> <td>817</td> <td>335</td> <td>02/02/18</td> <td>31/03/18</td> </tr> <tr> <td>3</td> <td>818</td> <td>304</td> <td>17/02/18</td> <td>31/03/18</td> </tr> <tr> <td>4</td> <td>819</td> <td>416</td> <td>28/02/18</td> <td>31/03/18</td> </tr> <tr> <td>5</td> <td>820</td> <td>468</td> <td>28/02/18</td> <td>31/03/18</td> </tr> </tbody> </table>	Sl No	Receipt no	Amt	Date of Receipt No	Date of Deposited	1	816	882	27/01/18	31/03/18	2	817	335	02/02/18	31/03/18	3	818	304	17/02/18	31/03/18	4	819	416	28/02/18	31/03/18	5	820	468	28/02/18	31/03/18	
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4	819	416	28/02/18	31/03/18																												
5	820	468	28/02/18	31/03/18																												



13.06.19

7.	Various register books of records etc. are not being prepared by the ULB such as fixed asset register, Stock register, Advance recovery register, Demand register, Collection register, Statutory register, with regard TDS, VAT, Royalty and Labourcess etc.	जनकारी के अभाव में नहीं किया गया है। अब उक्त पंजी का संधारण किया जाएगा।
8.	Log book of vehicle & generator is not properly maintained and consequently its analysis is not possible.	अब आगे से उपर्युक्त लॉगबुक का संधारण किया जाएगा।
9.	Loss of Rs 4,86304/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.	नोटिस निर्गत किया गया है। राशि वसूल कर ली जाएगी।
10	Municipal accounts committee has not been constituted till the date of audit.	इस बिंदु पर आपसी सहमति उपरान्त विचार किया जायगा।
11.	ULB is not in practice to prepare summary of daily collection receipt in form GEN-13	इसका नियमित संधारण प्रक्रियाधीन है।
12.	Demand and arrear registers of holding tax are not prepared by the ULB.	अब इसका नियमित संधारण किया जाएगा।
13	Daily Collection Register has not been maintained.	अब इसका नियमित संधारण किया जाएगा।



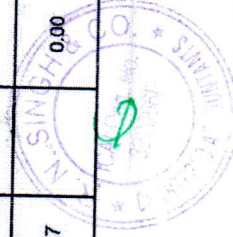
13.06.19
कार्यपालक पदाधिकारी
नगर पंचायत बिक्रम

विक्रम नगर पंचायत

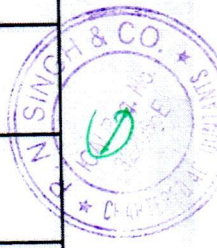
महालेखाकार (बिहार) से प्राप्त सूची में से 5 करोड़ से अधिक राशि के लंबित उपयोगिता प्रमाण पत्र सम्बन्धी स्वीकृतादेश के विरुद्ध उपयोगिता प्रमाण पत्र की राशि की सूची
(वित्तीय वर्ष 2017-18 से 2018-19)

क्र. सं.	वित्तीय वर्ष	आवंटन का मद	स्वीकृतादेश संख्या एवं तिथि	आवंटित राशि	निकासी की गई राशि	निकासी नहीं की गई राशि	निकाय द्वारा उपलब्ध नहीं कराई गई राशि की विवरणी	व्यय की गई राशि	निकासी के विरुद्ध व्यय के उपरांत अवशेष राशि	कोषागार में जमा की गई राशि	समर्पित उपयोगिता प्रमाण पत्र की राशि	अनिकासी प्रमाण पत्र जमा की गयी राशि	अनिकासी प्रमाण पत्र लंबित की राशि	विभाग द्वारा महालेखाकार को समायोजन हेतु रोक गए उपयोगिता प्रमाण पत्र का पत्रांक एवं दिनांक	लंबित UC की राशि	बैंक खाता में जमा अवशेष राशि	पी. एच. खाता में जमा अवशेष राशि	अभियुक्ति
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	2017-18	सफाई मद	43/24.08.17	22.09	22.09	0.00		22.09	0.00	0.00	22.09		0.00	1248/07.06.18	0.00	0.00	0.00	राशि लाख में
2	2017-18	पथ एवं पुलिया निर्माण	31/27.07.17	22.72	15.24	7.48		15.24	0.00	0.00	7.48		0.00	1248/07.06.18	0.00	0.00	0.00	
3	2017-18	कार्यपालक पदाधिकारी का वेतन	07/23.05.17	5.00	5.00	0.00		5.00	0.00	0.00	5.00		0.00	1248/07.06.18	0.00	0.00	0.00	
4	2017-18	कार्यपालक पदाधिकारी का वेतन	40/22.08.17	10.40	10.40	0.00		10.40	0.00	0.00	10.40		0.00	1248/07.06.18	0.00	0.00	0.00	
5	2017-18	नगर प्रबंधक वेतन	10/31.05.17	1.97	1.97	0.00			1.97	0.00	1.97		0.00	809/25.06.19	0.00	0.00	0.00	
6	2017-18	पेशाकार	23/30.06.17	7.5	7.5	0.00			7.5	0.00			0.00				7.5	
7	2017-18	वार्ड पार्षद भत्ता	15/15.06.17	2.76	2.76	0.00		2.76	0.00	0.00	2.76		0.00	637/30.04.19	0.00	0.00	0.00	
8	2017-18	राज्य योजना	31/27.07.17	15.24	15.24	0.00		15.24	0.00	0.00	15.24		0.00	1248/07.06.2018	0.00	0.00	0.00	
9	2017-18	14वें वित्त	33/02.08.17	42.1	42.1	0.00		42.10	0.00	0.00	42.10		0.00	809/25.06.19	0.00	0.00	0.00	
10	2017-18	निरक्षय योजना	38/11.08.17	31.18	31.18	0.00		31.18	0.00	0.00	31.18		0.00	637/30.04.19	0.00	0.00	0.00	
11	2017-18	पंचम वित्त	46/14.09.17	83.67	83.67	0.00		83.67	0.00	0.00	83.67		0.00	637/30.04.19	0.00	0.00	0.00	

MIS Cell, Indira Bhawan, Patna-1



वित्तीय वर्ष	आवदन का मद	स्वीकृत/देश संख्या एवं तिथि	आवंटित राशि	निकासी की गई राशि	निकासी नहीं की गई राशि	निकाय द्वारा उपलब्ध नहीं कराई गई राशि की विवरणी	व्यय की गई राशि	निकासी के तिरुद्ध व्यय के उपरांत अवशेष राशि	कोषागार में जमा की गई राशि	समर्पित उपयोगिता प्रमाण पत्र की राशि	अनिकासी प्रमाण पत्र जमा की गयी राशि	अनिकासी प्रमाण पत्र लंबित की राशि	मार्गदर्शक को समायोजन हेतु भेजे गए उपयोगिता प्रमाण पत्र का प्रत्येक पूरे दिनांक	लंबित UC की राशि	बैंक खाता में जमा अवशेष राशि	पी. एट. खाता में जमा अवशेष राशि	अभियुक्ति	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
2017-18	राज्य योजना	65/30.10.17	26.04	26.04	0.00	26.04	26.04	0.00				0.00	637/30.04.19	0.00	0.00	0.00		
2017-18	निश्चय योजना	68/30.10.17	9.78	9.78	0.00	9.78	9.78	0.00				0.00	809/25.06.19	0.00	0.00	0.00		
2017-18	निश्चय योजना	68/30.10.17	15.75	15.75	0.00	15.75	15.75	0.00				0.00	809/25.06.19	0.00	0.00	0.00		
2017-18	निश्चय योजना	68/30.10.17	1.2	1.2	0.00	1.20	1.20	0.00				0.00	809/25.06.19	0.00	0.00	0.00		
2017-18	नगर प्रबंधक वेतन	85/22.12.17	1.97	1.97	0.00	1.97	1.97	1.97				0.00				1.97		
2017-18	14वें वित्त	97/24.01.18	41.98	41.98	0.00	41.98	41.98	0.00				0.00	809/25.06.19	0.00	0.00	0.00		
2017-18	राज्य योजना	114/15.02.18	41.28	41.28	0.00	41.28	41.28	0.00				0.00	637/30.04.19	0.00	0.00	0.00		
2017-18	नागरिक सुविधा (अशोक)	126/28.02.18	67.63	67.63	0.00	67.63	67.63	67.63								67.63		
2018-19	14th Finance	82/31.10.2018	49.11	49.11	0.00	49.11	49.11	49.11								49.11		
2018-19	5th Fin	15/03.07.2018	81.45	81.45	0.00	81.45	81.45	81.45								81.45		
2018-19	EO SALARY	07/22-05-2018	7.00	7.00	0.00	347264.00	347264.00	7.00				0.00	959/25.07.2019	0.00	0.00	352736.00		
2018-19	City Manager Salary	08/24-05-2018	1.97	1.97	0.00	1.97	1.97	1.97								1.97		
2018-19	नागरिक सुविधा	10/01-06-2018	25.03	25.03	0.00	25.03	25.03	25.03								25.03		
2018-19	5th Finance	21/10-07-2018	83.29	83.29	0.00	83.29	83.29	83.29								83.29		



MIS Cell, Indira Bhawan, Patna-1

क्र.सं.	वित्तीय वर्ष	आवदन का मद	स्वीकृत/सादेश संख्या एवं तिथि	आवृत्त राशि	निकासी की गई राशि	निकासी नहीं की गई राशि	निकास्य द्वारा उपलब्ध नहीं कराई गई राशि की विवरणी	व्यय की गई राशि	निकासी के विरुद्ध व्यय के उपरांत अवशेष राशि	कोषागार में जमा की गई राशि	समर्पित उपयोगिता प्रमाण पत्र की राशि	अनिकासी प्रमाण पत्र जमा की गयी राशि	अनिकासी प्रमाण पत्र तलब की राशि	विभाग द्वारा महालेखाकार को समाप्तन हेतु भेजे गए उपयोगिता प्रमाण पत्र का पत्रांक एवं दिनांक	तलब U/C की राशि	वैल. खाता में जमा अवशेष राशि	पी.एल. खाता में जमा अवशेष राशि	अभिवृत्ति
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
26	2017-18	हर घर नल का जल BRIP	130/08.03.2018	269.87	269.87				269.87								269.87	
27	2018-19	Nali-Gali	09/30-05-2018	62.23	62.23				62.23								62.23	
Total				1030.21	1022.73	7.48	0.00	347627.71	659.02	0.00	347536.95	0.00	0.00	0.00	0.00	0.00	353386.05	0.00



(Handwritten signature)