



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

INTERNAL Audit Report
for
F. Y. 2017-18

Group 1

NAGAR PARISHAD
AURANGABAD

BY

A. P. SANZGIRI & CO.

Chartered accountants

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A. P. SANZGIRI & CO.

CHARTERED ACCOUNTANTS

Document History

Internal Audit	
Project Title	Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar (Tender No. IA-140ULBs/2017-18/2018-19/2019-20) Group - 1 covering 19 ULBs
Report Title	Internal Audit for FY 2017-18 of Nagar Parishad Aurangabad
Reporting Entity	A P SANZGIRI & Co., Chartered Accountants
Reporting for	Nagar Parishad Aurangabad
Report Prepared by	Internal Audit Team of A P SANZGIRI & Co., Chartered Accountants
Date of Submission	5th July 2019



Abbreviation and Acronyms

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

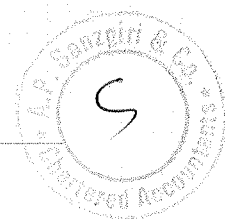


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A. P. SANZGIRI & Co.
CHARTERED ACCOUNTANTS

Date-13th July 2020

To
The Secretary,
Urban Development & Housing Department,
Patna-Bihar

Sub: Submission of Internal Audit Report of Aurangabad Municipal Council for the financial year 2017-18

Ref No.: Letter No. 7/l. AK. 23/2018 - 82 Dated: 16.01.2019

Respected Sir,

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

As per the terms and conditions of RFP Document, we have successfully conducted the Internal Audit of Nagar Parishad Aurangabad for the Financial Year 2017-18 and submitting the report of the same as per our deliverables.

We hereby also confirms that, this report has been prepared in accordance with the Terms of Reference of RFP issued by the department.

Hope you will find the same in compliance. Assuring you of our best services & cooperation always.

Thanking You,

Yours faithfully,

On Behalf of

A P Sanzgiri & Co,

Chartered Accountants

Satish Gupta

CA Satish Gupta

Partner

FRN: 116293W

UDIN: 20101134AAAAHY3576

Date - 06-07-2020

Members No - 101134

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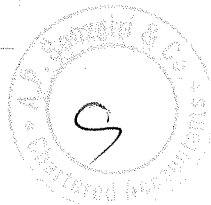
EXECUTIVE SUMMARY

1. INTRODUCTION:

Name of the Municipality	-	Aurangabad Municipal Council
Period covered under Current Audit	-	01 st April 2017 to 31 st March 2018
Name of Mayor	-	Shri Uday Kumar Gupta
Name of Municipal Commissioner/E.O	-	Dr. Amit Kumar

2. OBSERVATIONS AND FINDINGS:

Strengths	<ol style="list-style-type: none">1. In the existing system as prevailing in the ULB, day to day working is in progressive manner in respect of collection of revenue and execution of the projects.2. There is sufficient co-operation from the management during the course of our audit.3. Vouchers are numbered and authorized by competent authority and kept properly by the Nagar Parishad.4. Separate files of the parties to whom payments are made are properly maintained. Proper documentation process in respect of parties has been followed.5. Board Meetings of Aurangabad Nagar Parishad are held regularly and problems faced in the smooth operation are resolved by passing resolutions.6. General Cash book is properly up-to-dated.7. List of Outstanding dues is available.
Weaknesses	<ol style="list-style-type: none">1. The collection of tax revenue is not satisfactory in case of housing tax because of inadequate controls and the tax collector is not depositing the tax on the same or the day. The process takes a week or fortnight in some cases.2. The shopkeeper/tenants have not been paying rent and have huge outstanding debts. The ULB has also not maintained any separate register for SABAJI BAZAR rent.3. The mobile tower tax collection has been poor as there are huge outstanding amounts yet to be recovered and no proper action in place to recover the same. The tax is outstanding since 2008-09.4. Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the

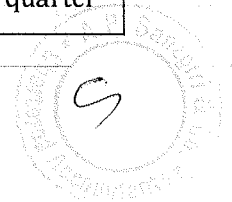


board of the corporation has not been complied.

5. On physical verification of store it is found that insurance and registration of vehicles is not done.
6. Fixed assets register is not maintained by ULB
7. Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection. However we download AG report from UDHD Website and provide status accordingly.
8. In some of the cases, statutory compliance of the ULB are not deposited timely and hence it incurs penalty and other charges.
9. Certain Statutory Registers and Books are not maintained.
10. A lot of pending cases against the organization and the cases go back till 2013.
11. Bank Reconciliation Statement has not been prepared.

12. Non Levy of Taxes:

- ✓ Surcharge on transfer of lands and buildings
 - ✓ Water tax
 - ✓ Surcharge on electricity consumption within the municipal area
 - ✓ Tax on congregations.
 - ✓ Tax on pilgrims and tourists.
 - ✓ Tax on profession.
 - ✓ Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles.
 - ✓ User Charges for provision of water-supply, drainage and sewerage
 - ✓ User Charges for Solid Waste Management
 - ✓ User Charges for Parking Facility
 - ✓ Collection of Fees for issue of birth and death certificates.
 - ✓ Collection of Development Charges
13. During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 60 days.
 14. ULB is not prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.
 15. ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter



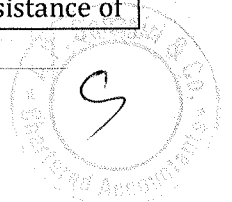
	<p>16. Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.</p> <p>17. Non Compliance of Rule 130 of BMAR in some of the cases.</p> <p>18. ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.</p>
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3. OPINION:

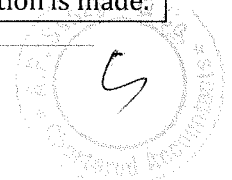
The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel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

4. AUDIT RECOMMENDATION:

Observed Weaknesses	Audit Recommendations
The collection of tax revenue is not satisfactory in case of housing tax because of inadequate controls and the tax collector is not depositing the tax on the same or the day. The process takes a week or fortnight in some cases.	Every tax collector should deposit the money so collected with the ULB before 4:30 pm on the same day itself and if he fails to do the same, he shall attract penalties up to Rs. Five Thousand Rupees. Adequate revenue collection procedure should be followed.
The shopkeeper/tenants have not been paying rent and have huge outstanding debts. The ULB has also not maintained any separate register for SABAJI BAZAR rent.	ULB should follow adequate revenue collection procedure and required to pay some extra attention towards rent collection.
The mobile tower tax collection has been poor as there are huge outstanding amounts yet to be recovered and no proper action in place to recover the same. The tax is outstanding since 2008-09.	An urgent and necessary action is required in order to collect the mobile tower tax as it a substantial amount of revenue is being lost.
Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.	Internal Audit wing should be created by employing the Municipal Internal Auditor on the Board.
On physical verification of store it is found that insurance and registration of vehicles is not done.	Insurance and Registration of all vehicles should be done.
Utilization certificate for FY 2017-18 has not been prepared.	Utilization Certificate should be prepared timely by the ULB and submit the same to Department on regular basis.
Fixed assets register is not maintained by ULB	Fixed assets register should be maintained and updated properly with the assistance of



	DEAS team.
Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection. Based on which, we are unable to comment whether the recoverable amount from the personal concerned has been recovered or not.	Compliance report should be prepared as soon as the report is received by ULB and steps to be taken for recovery of the amount for financial irregularities.
In some of the cases, statutory compliance of the ULB are not deposited timely and hence it incurs penalty and other charges.	As ULB is not proper in statutory compliances, that cause financial implication on ULB in mode of interest and penalty. So, ULB should ensure statutory compliance on time.
Certain Statutory Registers and Books are not maintained.	Statutory register and books of accounts should be maintained as per guidelines and BMAR.
Bank Reconciliation Statement has not been prepared.	ULB should prepare bank reconciliation of all bank accounts including dormant accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.
<p>Non Levy of Taxes:</p> <ul style="list-style-type: none"> ↗ Surcharge on transfer of lands and buildings. ↗ Water Tax. ↗ Surcharge on electricity consumption within the municipal area. ↗ Tax on congregations. ↗ Tax on pilgrims and tourists. ↗ Tax on profession. ↗ Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles. ↗ User Charges for provision of water-supply, drainage and sewerage. ↗ User Charges for Solid Waste Management ↗ User Charges for Parking Facility. ↗ Collection of Fees for issue of birth and death certificates. ↗ Collection of Development Charges. 	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. ULB should take steps to implement required taxes to boost their revenue.
During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 60 days.	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.



ULB is not prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	As per BMAR Rule No. - 121, ULB should prepare of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.
ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	Currently ULB is sending on yearly basis and the same need to be complied on quarterly basis.
Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.	As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB. 1. Municipal General Fund 2. Basic service for urban poor 3. Water supply & sewerage fund 4. Solid Waste Management Fund 5. Road Development & Maintenance 6. Enterprise Fund
Non Compliance of Rule 130 of BMAR in some of the cases.	ULB should ensure compliance related to Rule 130 of BMAR on regular basis.
ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.	ULB should prepare financial statements for each year and get it approved from municipal account committee. As per BMAR, audited financial statements are required to submit to auditor for audit.

5. COMMENTS FROM MANAGEMENT

We have conducted audit of the ULB and our report with observation was discussed with ULB officials and their comments are given in *Annex-1 Discussion Note*.

6. ACKNOWLEDGEMENT

During the course of the auditor we have come across many deficiencies like maintaining of holding tax register, fixed assets register, award register of contract etc. all such deficiencies we have brought to knowledge of the ULB officials. Further non preparation of bank reconciliation has also been brought to the notice of the ULB officials.

On Behalf of
A P Sanzgiri & Co,
Chartered Accountants

Satish
CA Satish Gupte
Partner
FRN: 116293W
UDIN: 20101134AAAAHY3576
DATE: 06-07-2020
Membership No: 10434



DETAILED AUDIT REPORT

1. INTRODUCTION:

Name Of ULB	Period-covered		Audit Team
	From	To	
Municipal Corporation Aurangabad	1 st April, 2017	31 st March, 2018	1. Team Leader: CA Satish Gupta 2. Name of CA: Ayush Agarwal 1. Name of Auditor-1: Dangi Shivank 2. Name of Auditor-2: Ahmad Israr

2. ADMINISTRATION:

S.N.	Particulars	Details
1	The present body of the ULB has taken charge on	June, 2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Shri Uday Kumar Gupta
2.1.1	Period of Service:	From: June, 2017 To: Till date
2.2	Name of Commissioner/Executive Officer:	Dr. Amit Kumar
2.2.1	Period of Service:	From: 1 st July, 2018 To: Till Date

3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. STATUS OF AUDIT OBSERVATIONS IS AS UNDER:

Particulars of audit and date of report	Total No. of audit Para's	Improvem ent/correc tive measures required (Nos. of Para's)	Recovery of cash is proposed (Nos. of Para's)	ecovery has been made (Nos. of Para's)	Total amount of Recovery	No action has been taken	No. & date of complianc e report
Audit report submitted by AG for the F.Y. 2016-17	12	12	4	NIL	0	12	Not Prepared (Refer Discussion Note)

3.2 DETAILS OF TOTAL NUMBER OF AUDIT PARA' S:

Period of AG Audit Report : 2015-17

Compliance Report Date & Number : Not Prepared (Refer Discussion Note)

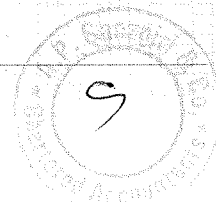


Audit Para Number	Heading of the audit para	Amount involved (In Lacs)	Recovery Proposed	Recovery Completed	Action Taken or Not
1	Lapse of Grant	162.96	-	-	No
2	Purchase made without Publication of Tender	34.95	-	-	No
	Late fees not recovered from Suppliers and maximum amount of late fees on supply order was missing	338	-	-	No
3	Loss of Government fund	0.58	-	-	No
	Excess payment to Supplier under Registration & Insurance scheme against terms & conditions of Tender	3.35	-	-	No
4	Loss due to Non-implementation of user charges against Solid West Management System	68.44	68.44	-	No
5	Outstanding Property Tax on Government offices & Building	136	136	-	No
6	Expenses on Incomplete Projects/Scheme	214.50	-	-	No
7	Outstanding Shop Rent	9.15	9.15	-	No
8	Non-collection of Registration & Renewal fees of Mobile Towers	17.50	17.50	-	No
9	Additional Liabilities against Late Payment Cess due to delayed in payment of Electric Bill	66.88	-	-	No
10	Non-submission of Accounting Records/Reports	-	-	-	No
11	Non- Maintenance of Grant Register	-	-	-	No
12	Non-preparation of Bank & Cash Reconciliation Statements	-	-	-	No

Note-1: ULB did not provide AG report thereafter have taken from UD & HD website.

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

Management Comment: ULB is preparing Compliance Report for above said period of AG Report, once it is completed this report will be provided. *(Refer Discussion Note).*



4. FINANCEI. BUDGETARY PROVISIONS AND EXPENDITURE FOR THE LAST THREE YEARS

Year	Year- 2015-16	Year- 2016-17	Year- 2017-18
Final/Revised Budget Data	33,02,85,500.00	91,63,50,000.00	40,88,98,000.00
Actual Expenditure Data	18,19,84,864.00	21,48,60,409.00	12,29,75,837.00
Savings(+)/Excess(-)	14,83,00,636.00	70,14,89,591.00	28,59,22,163.00

Auditor's Comment:

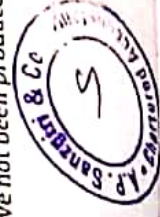
The above figures have been taken from the Budget Statement of the ULB for the year, 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2016-17, 2017-18, 2018-19 & 2019-20 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures.

II. VOLUME OF TRANSACTIONS

Period	Budgeted for F.Y. 2017-18	Actual for the F.Y. 2016-17	Actual for the F.Y. 2015-16	Actual for the F.Y. 2017-18	Cumulative for the current period
Opening balance	26,47,55,711.00	28,26,11,565.32	25,07,76,794.00	26,47,55,711.32	26,47,55,711.32
Receipts	45,19,66,000.00	19,70,04,555.00	21,38,19,635.00	23,57,97,950.00	23,57,97,950.00
Total	71,67,21,711.00	47,96,16,120.32	46,45,96,429.00	50,05,53,661.32	50,05,53,661.32
Net expenditure	40,88,98,000.00	21,48,60,409.00	18,19,84,864.00	12,29,75,837.00	12,29,75,837.00
Closing balance	30,78,23,711.00	26,47,55,711.32	28,26,11,565.00	37,75,77,824.32	37,75,77,824.32

Auditor's Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2015-16, 2016-17, 2017-18 & 2018-19. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures.

III. BANK RECONCILIATION POSITION AS ON REPORTING DATE:

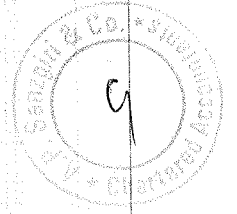
BANK RECONCILIATION POSITION AS ON 31-03-2018

III. BANK RECONCILIATION POSITION AS ON REPORTING DATE:

BANK RECONCILIATION POSITION AS ON 31-03-2018

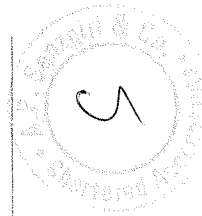
S.N	Name of Bank	Bank A/C No.	Purpose of Bank Account	Balance as per Cash Book	Balance as per Bank Statement	Differences	Reconciled (Yes/No)
1	ICICI	132501000500	M. C.	25,09,855.00	25,09,855.00	---	YES
2	Canara Bank	3135101001652	S. B. M.	1,04,74,014.05	1,11,75,656.05	7,01,642.00	No
3	Punjab National Bank	7975000100014945	H. F. A.	1,92,03,832.55	1,92,03,832.55	---	YES
4	Punjab National Bank	7975000100014954	AMRUT	5,44,31,739.20	5,44,31,739.65	0.45	No
6	DBGB	46471	Misc. Fund	4,82,575.35	5,94,254.85	1,11,679.50	NO
7	PNB	13496	SLUM	2,29,88,796.60	2,29,88,796.60	-	YES
8	PNB	73805	NULM	87,76,492	87,76,492	-	YES
9	SBI	2271	Pension Fund	48,50,924.52	48,50,924.52	-	YES
10	Treasury	8448001020001		26,65,42,927.89	26,65,42,927.89	-	YES
TOTAL				39,02,61,157.20	39,10,74,479.10		

Auditor's Comment:- Due to non-preparation of bank reconciliation statement it may be possible that ULB has incurred some financial losses.



IV. RECEIPT DETAILS:

INCOME DETAILS (Amounts In Rupees)									
S. N.	Details (ACTUAL)	2017-18		2018-19		2019-20		2018-19	
		2017-18 (ACTUAL)	2016-17 (ACTUAL)	2018-19 (ACTUAL)	2017-18 (ACTUAL)	2019-20 (ACTUAL)	2018-19 (ACTUAL)	2019-20 (ACTUAL)	
	Total Receipts (A+B)	23,57,97,950	19,70,04,556			23,57,97,950			
A	Revenue Receipts (1+2+3)	9,19,49,269	7,14,06,085			9,19,49,269			
1	Own Revenue Receipts(a+b)	7,62,02,264	95,92,480			7,62,02,264			
a)	Tax Revenue(collected by municipal body)	1,50,11,718	80,93,766			1,50,11,718			
i)	Property tax	1,28,12,918	55,28,098			1,28,12,918			
ii)	Other tax (collected by municipal body)	21,98,800	25,65,668			21,98,800			
b)	Non-tax revenue (collected by municipal body)	6,11,90,546	14,98,714			6,11,90,546			
i)	Fees & fines	0	0			0			
ii)	User Charges	16,81,853	6,70,414			16,81,853			
iii)	Other non-tax revenue	5,95,08,693	8,28,300			5,95,08,693			
2	Other Revenue Receipts	54,82,371	23,72,284			54,82,371			
a)	Income from interest/investments	43,67,685	22,07,129			43,67,685			
b)	Other Revenue income	11,14,686	1,65,155			11,14,686			
3	Transfers/Grants/Assigned Revenues	1,02,64,634	5,94,41,321			1,02,64,634			
a)	State Assigned Revenue	1,02,64,634	1,60,22,245			1,02,64,634			
b)	State Finance Commission Grants/Devolution	0	0			0			
c)	Octroi compensation	0	0			0			
d)	Other State Government Transfers	0	29,39,778			0			
e)	Central Finance Commission (CFC) Grant	0	0			0			
f)	Other Central Government Transfers	0	0			0			
g)	Others	0	4,04,79,298			0			



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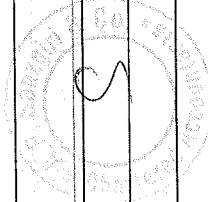
B	Capital Receipts	14,38,48,681	1,25,59,847	14,38,48,681
1	Sale of Municipal Land	0	0	0
2	Loans (from State Govt. Or Banks etc.)	0	0	0
3	State Capital Account Grant	11,61,67,532	7,77,36,258	11,61,67,532
4	Central Capital Account Grant (under Central Schemes etc.)	2,72,61,149	4,78,62,213	2,72,61,149
5	Other Capital Receipts	4,20,000	0	4,20,000

Auditor's Comment:

The above figures have been taken from the Budget Statement of the ULB for the year, 2016-17, 2017-18 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year, 2016-17, 2017-18 2018-19 & 2019-20 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures.

V. REVENUE AND CAPITAL EXPENDITURE INFORMATION.

EXPENDITURE DETAILS (Amounts In Rupees)						
S.N	Details	2017-18		2018-19		2019-20
		2017-18 (ACTUAL)	2016-17 (ACTUAL)	2018-19 (ACTUAL)	2017-18 (ACTUAL)	2019-20 (ACTUAL)
	Total Expenditure (1+2)	12,29,75,837	21,48,60,410		12,29,75,837	
1	Revenue Expenditure	5,13,68,331	8,19,13,075		5,13,68,331	
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and Contract)	1,29,33,427	79,17,756		1,29,33,427	
1.2	Operation and Maintenance	2,80,94,367	1,12,46,034		2,80,94,367	
1.3	Loan repayment (Interest payments)	0	0		0	
1.4	Others (any other revenue expenditure which is not salaries,	1,03,40,537	6,27,49,285		1,03,40,537	
2	Capital Expenditure	7,16,07,506	13,29,47,335		7,16,07,506	
2.1	All developmental works under Central/State schemes	5,79,00,098	12,58,32,820		5,79,00,098	
2.2	Loan Repayments (Principal Amount)	0	0		0	
2.3	Other Capital expenditure	1,37,07,408	71,14,515		1,37,07,408	



AUDITOR'S COMMENT:

The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18 2018-19& 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2016-17, 2017-18 2018-19& 2019-20 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures.

VI. STATUS OF IMPLEMENTATION OF DOUBLE ENTRY SYSTEM: Conversion of single entry into double entry is in progress as per discussion with account officer. As explained contractual work had been assigned to the Agency and the same has been initiated by the respective agency, its related record has made available to us and are appropriate. As per the records (work order, NTP and other letter submitted by agency, it is authenticated that it is under process. Following are the status of DEAS.

Name of Agency: Tibrewal Chand & Co.

Period : 2012 to 2021

Email ID : aurangabad.ulb@gmail.com

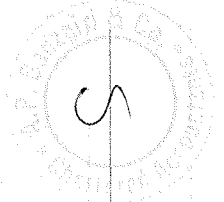
Tally S.ID :776803581

Status

Year	Grant Register	Cash book	PTR	EAR
2012-13	Completed	Completed	Under Process	Under Process
2013-14	Under Process	Completed	Under Process	Under Process
2014-15	Under Process	Completed	Under Process	Under Process
2015-16	Under Process	Completed	Under Process	Under Process
2018-19	Completed	Completed	Under Process	Under Process
2019-20	Up to 14.10.2019	Up to 14.10.2019	Under Process	Under Process

VII. MUNICIPAL ACCOUNTS COMMITTEE: We have discussed the matter with the ULB staff and they replied that the committee has not been formed till 31

March-2018. ***Refer Discussion Note.***



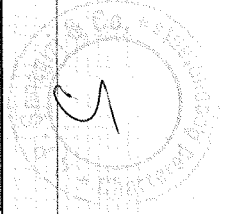
5. AUDIT OBSERVATION:

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

(A) LEAKAGE OF OWN SOURCE REVENUE EITHER DUE TO WRONG ASSESSMENT OR NON-LEVY OF PROPERTY TAX, MOBILE TOWER TAX, RENT ON MUNICIPAL PROPERTIES, ADVERTISEMENT TAX, FEE ETC.

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

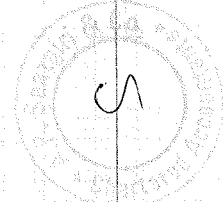
SN	Head	Comments
1	Objective	The main objective of audit of taxes is to check whether all taxes which are covered under Bihar Municipal Act, 2007, is levied and collected by the ULB. Further to check whether taxes are levied and collected according to applicable provisions and rules.
2	Criteria	We have checked list of all the taxes which to be levied and collected by the ULB as per Act. Further we have checked Syah Register, Receipt book, cashier cash book and accountant cash book etc.
3	Condition	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. <i>In case of Aurangabad Nagar Parishad</i> , The following mentioned tax/charges are not implemented that leads to loss of revenue to corporation:
S.N	Particulars	Implemented by ULB or Not
1	Property tax on lands and buildings.	YES
2	Surcharge on transfer of lands and buildings	NO
3	Fire tax.	NO
4	Tax on advertisements, other than advertisements published in newspapers	YES
5	Surcharge on electricity consumption within the municipal area	NO



	Recommendation	manner and on due time. Further capacity building programmes should be held for ULBs staff and awareness about these taxes should be done.
7	Management Comments	Kindly refer discussion note attached with the report.

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

SN	Head	Comments
1	Objective	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 the amount of tax collected by the Tax collector is required to be handed over to cashier and deposited into bank on the same day on which collection is made. To check compliance of these provisions, we have carried audit of such type of cases.
2	Criteria	We have checked respective books in order to carry the audit and some cases were checked on random basis.
3	Condition	During verification of receipts book and deposit slips, we have noticed that there is gap period in collection of tax and deposit of tax around 15 to 30 days. Details of such cases are given in Annexure-1 .
4	Consequences/Effect	In respect of above in most of the cases property tax has not been deposited on same day of collection which resulted in interest loss to ULB.
5	Cause	It is explained by concern person that due to non-availability of human resources the same issues arises.
6	Corrective Action/ Recommendation	It is recommended that tax collector/cashier should deposit the collected money into bank on same day itself and if he fails to do the same, necessary action should be taken by the ULB management in such cases.
7	Management Comments	Kindly refer discussion note attached with the report.



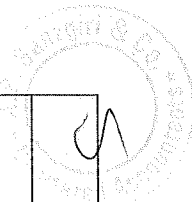
OBSERVATION-3: NON COLLECTION OF NOTICE FEE

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

OBSERVATION-4: RECOVERY OF OUTSTANDING TAXES/RENTAL INCOME

1. RECOVERY OF OUTSTANDING PROPERTY TAX

SN	Head	Comme
1	Objective	ULB is authorized to collect holding tax from households situated in the municipal area and Property tax have major role in the internal revenue of ULB.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that property tax of Rs. 135.87 lacs was outstanding as on 31/03/2018:
3	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.

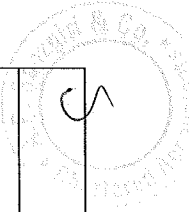


1. RECOVERY OF ADVERTISEMENT TAX

SN	Head	Comments
1	Objective	ULB authorized to charge advertisement tax/fee in municipal are as per act/rule.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted there was no outstanding dues as on 31/03/2018.
3	Consequences/Effect	Delay in collection or outstanding dues results in revenue loss to ULB.
5	Cause	Not Applicable
6	Corrective Action/ Recommendation	Not Applicable
7	Management Comments	Not Applicable

2. RENT INCOME

SN	Head	Comments
1	Objective	ULB authorized to charge rent from municipal properties.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that rent income of Rs. 29.40 lacs was outstanding as on 31/03/2018.
3	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.



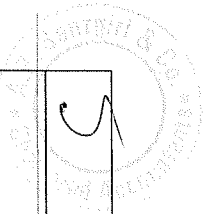
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3. MOBILE TOWER TAX

SN	Head	Comments
1	Objective	ULB is authorized to collect tax from telecom companies for mobile towers installed in the municipal area.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted there was outstanding of Rs. 15.60 Lacs as on 31/03/2018:
3	Consequences/Effect	Delay in collection of revenue leads in loss to ULB.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.

4. OTHER TAX

SN	Head	Comments
1	Objective	ULB is authorized to collect other various types of taxes/fee.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted there was no outstanding dues as on 31/03/2018.
3	Consequences/Effect	Not Applicable
5	Cause	Not Applicable
6	Corrective Action/ Recommendation	Not Applicable
7	Management Comments	Not Applicable



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

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

SN	Head	Comments																																																																																
1	Objective	Checking of payment made by ULBs to find out irregularities made during payment																																																																																
2	Criteria	Payment were checked on random basis																																																																																
3	Condition	We have checked following payable amount of electricity bill related to FY 2017-18 during audit:																																																																																
		<table border="1"> <thead> <tr> <th>S.N.</th> <th>Accounts No/ c Consumer ID</th> <th>Arrear Electricity Consumption Expense (A)</th> <th>Arrear DPS (B)</th> <th>March'18 electricity Expense (C)</th> <th>March'18 Current DPS (D)</th> <th>Total DPS (B+D)</th> <th>Total Amt. Payable after Rebate (A+B+C+D)-</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>23010027846</td> <td>1183842.20</td> <td>336558.93</td> <td>63600.00</td> <td>35515.27</td> <td>372074.20</td> <td>1618563.00</td> </tr> <tr> <td>2</td> <td>23010029891</td> <td>1183842.20</td> <td>336558.93</td> <td>63600.00</td> <td>35515.27</td> <td>372074.20</td> <td>1618563.00</td> </tr> <tr> <td>3</td> <td>23010029892</td> <td>1166271.65</td> <td>268391.37</td> <td>63600.00</td> <td>34988.15</td> <td>303379.52</td> <td>1532226.00</td> </tr> <tr> <td>4</td> <td>23010029889</td> <td>1183842.20</td> <td>337035.92</td> <td>63600.00</td> <td>35515.27</td> <td>372551.19</td> <td>1619040.00</td> </tr> <tr> <td>5</td> <td>23010016879</td> <td>6833146.63</td> <td>2201394.59</td> <td>318000.00</td> <td>204994.40</td> <td>2406388.99</td> <td>9552766.00</td> </tr> <tr> <td>6</td> <td>100767348</td> <td>162501.16</td> <td>7579.89</td> <td></td> <td></td> <td>7579.89</td> <td>168668.00</td> </tr> <tr> <td>7</td> <td>23010027847</td> <td>1183842.20</td> <td>336558.93</td> <td>63600.00</td> <td>35515.27</td> <td>372074.20</td> <td>1618563.00</td> </tr> <tr> <td>8</td> <td>23010029890</td> <td>1183842.20</td> <td>337035.92</td> <td>63600.00</td> <td>35515.27</td> <td>372551.19</td> <td>1619040.00</td> </tr> <tr> <td>9</td> <td>23010027848</td> <td>1183842.20</td> <td>319278.29</td> <td>63600.00</td> <td>35515.27</td> <td>354793.56</td> <td>1601282.00</td> </tr> </tbody> </table>	S.N.	Accounts No/ c Consumer ID	Arrear Electricity Consumption Expense (A)	Arrear DPS (B)	March'18 electricity Expense (C)	March'18 Current DPS (D)	Total DPS (B+D)	Total Amt. Payable after Rebate (A+B+C+D)-	1	23010027846	1183842.20	336558.93	63600.00	35515.27	372074.20	1618563.00	2	23010029891	1183842.20	336558.93	63600.00	35515.27	372074.20	1618563.00	3	23010029892	1166271.65	268391.37	63600.00	34988.15	303379.52	1532226.00	4	23010029889	1183842.20	337035.92	63600.00	35515.27	372551.19	1619040.00	5	23010016879	6833146.63	2201394.59	318000.00	204994.40	2406388.99	9552766.00	6	100767348	162501.16	7579.89			7579.89	168668.00	7	23010027847	1183842.20	336558.93	63600.00	35515.27	372074.20	1618563.00	8	23010029890	1183842.20	337035.92	63600.00	35515.27	372551.19	1619040.00	9	23010027848	1183842.20	319278.29	63600.00	35515.27	354793.56	1601282.00
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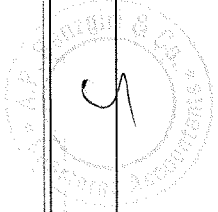


4	Consequences/Effect	Irregularities in payment lead to excess payment, wrong deductions, non-compliance with agreement and statutory compliances. Note: Above figure has been taken from March'18/Feb'18 Electricity Bill which remains outstanding till March'18. Council Did not paid arrear of bill till march'18 as a results total loss in form of "DPS", which is penalty, till march'18 is 49,33,446.94 is levied by SBPDCL.
5	Cause	No such cases were identified during audit.
6	Corrective Action/Recommendation	Management can implement standard checklist for each payment so that irregularities in payments can be avoided.
7	Management Comments	Kindly Refer Discussion Note

(C) REPORT ON SURVEY ON 20 HIGH VALUE PROPERTIES

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

SN	Head	Comments
1	Objective	Field survey and report of 20 high value properties of ULB and report on the basis of area of building, rate of property tax etc of the same. Comparison with the data of same property provided by the ULB and report on variance between them if available.
2	Criteria	Survey was done for 20 High value properties.
3	Condition	We have checked twenty high value assessed property and found variances related to FY 2017-18 during audit. Details of such cases are given in Annexure-2
4	Consequences/Effect	Irregularities in this area may cause short recovery of revenue receipt and it will result in loss to the ULB.
5	Cause	There are some cases found in which variance arise due to assessment of area of property on lower side.
6	Corrective Action/Recommendation	Management need to carry survey of properties on regular interval.
7	Management Comments	Kindly refer discussion note attached with the report.

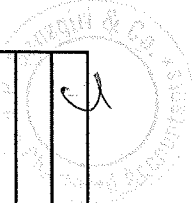


PART-B:ALL AUDIT OBJECTIONS/IRREGULARITIES WHICH HAS MONETARY IMPLICATION, BUTSIGNIFICANT VIOLATION OF ACT,RULES &DIRECTIVES OF UD & HD.MENTION THE REFERENCE TO ACT & RULESWHEREIN REMEDIAL MEASURE IS REQUIRED:

a. NON MAINTENANCE OF BOOKS OF ACCOUNTS,SUBSIDIARY REGISTERS:

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

S.N	Name of Register	Maintained/ Not Maintained	Last date of Updateion
1	Cash Book-Cashier	Maintained	31/03/2018
2	Cash Book-Accountant	Maintained	31/03/2018
3	Collection Register	Maintained	31/03/2018
4	Cheque issue Register	Not Maintained	-
5	Register of Advance	Not Maintained	-
6	Register of Permanent Advance	Not Maintained	-
7	Deposit received register	Not Maintained	-
8	Summary statement of deposit adjusted	Not Maintained	-
9	Demand Register	Not Maintained	-
10	Summary Statement of Bills Raised	Not Maintained	-
11	Register of Notice Fees, Warrant Fees, Other Fees	Not Maintained	-
12	Summary Statement of Notice Fees, Warrant Fees, Other Fees	Not Maintained	-
13	Register of Refunds, Remissions and Write off	Not Maintained	-
14	Summary statement of Refunds and Remissions	Not Maintained	-
15	Summary Statement of Write-offs	Not Maintained	-
16	Statement of outstanding Liability for Expenses	Not Maintained	-
17	Document Control Register/Stock Account Receipts/Cheque Book	Not Maintained	-
18	Fixed Assets Register	Not Maintained	-
19	Summary Statement of Demand Raised on assessment	Not Maintained	-
20	Summary Statement of Head wise Collection of Other Income	Not Maintained	-
21	Summary Statement of Refunds	Not Maintained	-
22	Summary Statement of Write off	Not Maintained	-
19	Summary Statement of Demand Raised on assessment	Not Maintained	-
20	Summary Statement of Head wise Collection of Other Income	Not Maintained	-
21	Summary Statement of Refunds	Not Maintained	-
22	Summary Statement of Write off	Not Maintained	-
23	Grant Register	Not Maintained	-
24	Summary Statement of status of Capital Work-in Progress	Not Maintained	-
25	Work Sheet	Not Maintained	-
26	Deposit Works Register	Maintained	31/03/2018

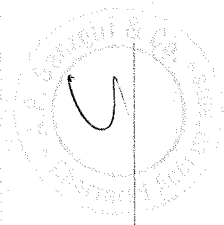


27	Material Receipt Note	Not Maintained	-
28	Store Ledger	Maintained	31/03/2018
29	Statement of Closing Stock	Not Maintained	-
30	Statement of Material Issued	Not Maintained	-
31	BRS of all bank accounts (including dormant accounts)	Not Maintained	-
32	Final Accounts for the F.Y. 2012-13 to 2017-18	Not Maintained	-
33	Audited Balance Sheet	Maintained	31/03/2018
34	Audited Income & Expenditure Account	Not Maintained	-
35	Audited Receipts & Payment Account	Not Maintained	-

b. IRREGULARITY IN PROCUREMENT PROCESS:

1. COMPLIANCE REGARDING TENDER ISSUED BY THE ULBS: During audit, we have checked following procurements :

S.N	Name of Party	Invoice Amount	Deduction has made or not	Whether Deductions are with appropriate Rate	Check signature of Commissioner/EO in Payment Order	Whether Measurement book & bill signed by the JE of ULB	Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority (B.M.A.R Rule No.-130)
1	Satish Kumar Singh	20100	YES	YES	YES	YES	Furnished and no deviation found
2	Satish Kumar Singh	20100	YES	YES	YES	YES	Furnished and no deviation found
3	Anil Kr. Singh	344478	YES	YES	YES	YES	Furnished and no deviation found
4	AnkitSaurabh	310220	YES	YES	YES	YES	Furnished and no deviation found
5	Amrendra Kr. Singh	406720	YES	YES	YES	YES	Furnished and no deviation found
6	Surya Enterprizes	638366	YES	YES	YES	YES	Furnished and no deviation found
7	Md. Aslam, Deva Const.	767292	YES	YES	YES	YES	Furnished and no deviation found
8	Rahul Kumar	667474	YES	YES	YES	YES	Furnished and no deviation found
9	Jitendra Kumar	546300	YES	YES	YES	YES	Furnished and no deviation found
10	Sudhir Kr. Parmar	531896	YES	YES	YES	YES	Furnished and no deviation found



2. DETAILS OF LOG BOOK MAINTAINED

S.N	Name of Vehicle	Whether vehicle log book is maintained or not	Whether log book is properly updated or not	Whether vehicle is insured or not	Whether Rate of Diesel/Petrol properly mention in log book
1	JCB New	Not maintained	Not updated	Not insured & registered	Not mentioned
2	Tractor	Not maintained	Not updated	Not insured & registered	Not mentioned
3	Water Tanker	Not maintained	Not updated	Not insured & registered	Not mentioned
4	Magic	Not maintained	Not updated	Not insured & registered	Not mentioned

Management Comment- Refer Discussion Note

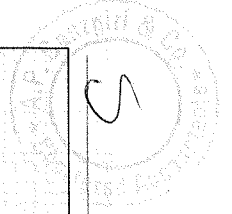
3. NON-COMPLIANCE OF DIRECTIVES BY UD&HD, GOB:

S.N	Directions Issued by UDHD	Particulars of Circulars/Orders/Notices	Complied or Not
1	No. 03/SBM20-14/201 Dated 08.08.2017	<u>SBM Guidelines Regarding Toilet sheet Const. Guidelines:-</u>	Complied
2	Gyapank No.- 1007; Dated- 14.07.2017	<u>Guidelines Regarding Hire Vehicle</u>	Complied
3	No.- 4464; Dated- 05.07.2017	<u>GST Implementation Guidelines</u>	Complied

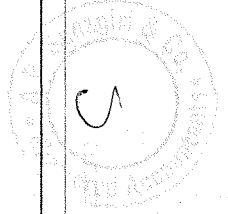


4. NON-COMPLIANCE OF ACT & RULES:

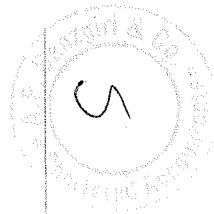
SN	Requirement	Criteria	Auditors Comment	Management Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made	BMAR Rule No.-22	Refer point: Part-A (a) (2) As per verification of receipt book it is noted that there was average delay of 15-30 days in collection and deposit of tax into bank	(Refer Discussion Note)
2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	BMAR Rule No.- 27	Yes, Every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	
3	Whether the collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	BMAR Rule No.- 27	Yes, Collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	
4	Whether bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated staff of the Municipality	BMAR Rule No.- 27	Yes, it is verified by concern authority.	
5	Whether every bill collector invariably remit his collections (in cash and/or cheques) to Cashier daily before 4.30 PM and take the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	Refer point: Part-A (a) (2) As per verification of receipt book it is noted that there was average delay of 60 days in collection and deposit of tax into bank.	(Refer Discussion Note)
6	Whether Grant Register as prescribed in BMAR Form 28 was maintained by the Municipality to record receipts and utilization of grants sanctioned by the Government.	BMAR Rule No.- 69	Grant register not updated on time. Grant register should be maintained on time.	(Refer Discussion Note)
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a	BMAR Rule No.- 69	Refer point: Part-B (h) No data was provided by the ULB. As per the last year audit report it was found that ULB is not preparing the UC and submitting to	(Refer Discussion Note)



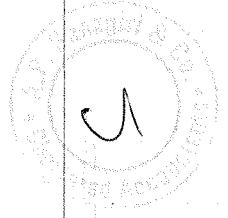
	particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the responsibility of the Chief Municipal Officer that the conditions attached to the grant are complied with without exception.		department.	
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No irregularities in this regard was observed.	
9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	Refer PART-B (h) All Utilization certificate has been signed by the Chief Municipal Officer	<i>(Refer Discussion Note)</i>
10	Whether Municipality has returned unutilized grant for more than three years from date of receipt to the source from where such grant was received	BMAR Rule No.- 69	Yes, Municipality has returned unutilized grant for more than three years from date of receipt to the source from where such grant was received	
11	Whether The Chief Municipal Officer prepare a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.	BMAR Rule No.- 120	No, ULB was not preparing a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.	<i>(Refer Discussion Note)</i>
12	Whether ULB prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	BMAR Rule No.- 121	No, ULB was not preparing monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	<i>(Refer Discussion Note)</i>
13	Whether ULB sent the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	BMAR Rule No.- 121	The ULB was not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter.	<i>(Refer Discussion Note)</i>



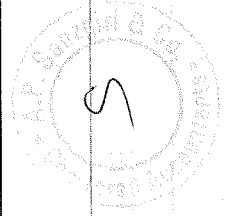
14	<p>The Chief Municipal Officer shall, Within three months after the end of each financial year be prepared financial statements for the preceding year in respect of the accounts of the Municipality. The Financial Statements shall comprise of</p> <ol style="list-style-type: none"> Receipts and Payments Account for the year (BMAR Form No.71) Income & Expenditure Statement for the year (BMAR Form No.73) Balance Sheet as on 31st March of the year (BMAR Form No.74) Significant accounting policies adopted by the Municipality in presentation of the financial statements. Notes to Accounts, which shall disclose Contingent liabilities, and such other information as, may be useful in understanding the financial statements clearly. Comparative amounts shall be entered on the financial statements for the preceding financial year except. In the case of the first year to which those rules apply 	<p>BMAR Rule No.- 122</p>	<p>BMAR Rule No. - 122 was not followed by ULB during the F.Y. 2017-18.</p>	<p><i>(Refer Discussion Note)</i></p>
15	<p>Whether the municipality is regular in depositing statutory dues including tax deducted at source, GST, TDS on GST, Service tax, VAT, works contract tax, cess payable to the government etc. and If not, the nature and cause of such delay and the amount not deposited: (BMAR Rule No.-130)</p>	<p>BMAR Rule No.-130</p>	<p>Refer PART-B (f) We observed that ULB was not regular in compliance of statutory dues.</p>	<p><i>(Refer Discussion Note)</i></p>



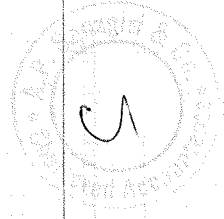
16	Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;(BMAR Rule No.-130)	BMAR Rule No.-130	Refer PART-B (g) We cannot comment on employees related to statutory compliance, as related records was not made available for audit.	<i>(Refer Discussion Note)</i>
17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	BMAR Rule No.-130	Not stated sufficient details.	
18	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted;	BMAR Rule No.-130	Yes, all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB. The ULB has made such deductions properly accounted but not accounted on time.	
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	BMAR Rule No.-130	No details regarding creation of special fund and their use was made available to comment thereon.	<i>(Refer Discussion Note)</i>
20	Whether the ULB is maintaining proper records showing full particulars, including quantitate details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	BMAR Rule No.-130	ULB was not maintaining fixed assets register for the financial year 2017-18. Further no, fixed assets physically verified report was made available to comment upon.	<i>(Refer Discussion Note)</i>



21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	BMAR Rule No.-130	No details regarding lease hold property was made available to comment upon.	(Refer Discussion Note)
22	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	BMAR Rule No.-130	Yes, ULB followed adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets.	
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality's accounts; if so, the details thereof;	BMAR Rule No.-130	We have not observed such type of transaction during audit.	
24	Whether the Bank Reconciliation statements have been properly prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis;	BMAR Rule No.-130	Refer Point-04 (III) Yes, ULB has prepared bank reconciliation for all bank accounts maintained but in case of some bank accounts, BRS was not updated till 31-03-2018.	(Refer Discussion Note)
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.-130	Yes, ULB has prepared bank reconciliation for all bank accounts maintained but in case of some bank accounts, BRS was not updated till 31-03-2018.	
26	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and are in all cases such as are authorized by Act;	BMAR Rule No.-130	Yes.	
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR Rule No.-130	Refer-PART-A (a)(4) Yes, ULB has accounted revenue properly. But collection and recovery of taxes was in slow pace that's why there was arrear of taxes in ULB.	



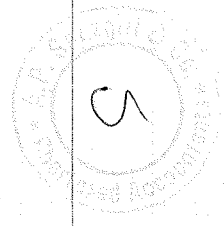
28	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act;	BMAR Rule No.-130	Refer-PART-A (a)(2) Yes, all sums due to and received by the ULB have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act. Except; In case of deposit of daily tax collection, that is deposited on average 15-30 days delay of collection.	
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR Rule No.-130	Yes, the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.	
30	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as it appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.-130	Refer-PART-B (a) No, Some required books of accounts as per BMAM/BMAR has not been maintained.	<i>(Refer Discussion Note)</i>
31	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	BMAR Rule No.-130	No store verification report was made available during the reporting period to comment upon.	<i>(Refer Discussion Note)</i>
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	ULB has not maintained any store for physical verification so we cant comment on it.	<i>(Refer Discussion Note)</i>
33	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and If so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to Identify any unserviceable or damaged stores and whether provision for the loss in this respect, If any, has been made in the accounts;	BMAR Rule No.-130	No such details provided	



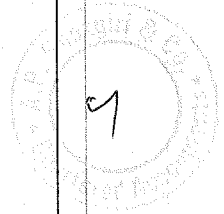
34	Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR Rule No.-130	No such details provided	<i>(Refer Discussion Note)</i>
35	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR Rule No.-130	Refer-PART-B (j) For Details of outstanding advances	<i>(Refer Discussion Note)</i>
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.-130	ULB has not given advance to any municipal employee.	<i>(Refer Discussion Note)</i>
37	Bihar Municipal Accounting Manual, 2014, every year budget should be prepared for receipts and expenditure in Performa 75, 77 and 80 Preparing Budgets as per the Rules framed under Bihar Municipal Accounts Rule 2014. Rule 132 regarding Public Participation in Preparation Of Budget. Moreover, as required under provisions of Rule 139, mid-year review of Budget.	BMAR Rule No.-132	No details were provided.	<i>(Refer Discussion Note)</i>
38	Municipal Fund: Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	No, ULB is using single entry accounting system, so there was no fund was accounting followed.	<i>(Refer Discussion Note)</i>
39	Payment not to be made out of Municipal Fund unless covered by budget grant: Whether any payment made out of Municipal Fund that is not covered by	BMA,2007: Chapter X	No payment made out of Municipal Fund that is not covered by budget grant.	<i>(Refer Discussion Note)</i>



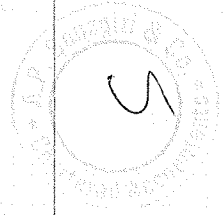
	budget grant.			
40	<p>Procedure when money not covered by budget grant is paid. Whether the case is put up with Empowered Standing Committee, in case any payment made out of Municipal Fund that is not covered by budget grant.</p>	BMA,2007: Chapter X	No details was provided	<i>(Refer Discussion Note)</i>
41	<p>Investment of surplus money. Whether municipality has invested surplus fund as per the requirement of the chapter-X of BMA-2007. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period. Check whether comparative interest rate is invited from parties before investing surplus funds:</p>	BMA,2007: Chapter X	As per ULB, No investment was done by ULB.	
42	<p>Preparation of budget estimate of Municipality. Whether The budget estimate stated the rates at which various taxes, surcharges, cesses and fees shall be levied by the Municipality in the year next following,</p>	BMA,2007: Chapter XI	No, Estimation should be based on the past experience and after considering the fact that how the condition might change in future though the provision of Section 82 of the Act regarding preparation of budget have been complied.	
43	<p>Maintenance of accounts. Whether the Commissioner/ Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in such form, and in such manner, as may be prescribed,</p>	BMA,2007: Chapter XII	As ULB was following single entry accounting system. So receipts and payments details were being maintained in form of cash book. Audited receipts & payments account as per BMAM was not prepared by ULB.	<i>(Refer Discussion Note)</i>



44	<p>Financial Statement. Whether The Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality.</p>	BMA,2007: Chapter XII	No, ULB was not preparing a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality.	
45	<p>Submission of financial statement and balance sheet to auditor. The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.</p>	BMA,2007: Chapter XII	No, Financial Statements were not provided for audit by ULB.	
46	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act,2007 various tax are applicable on ULBs Section 145,146 and 147 of the Bihar Municipal Act 2007 chapter XVII provides for Advertisement tax on Advertisement in Urban Areas. Chapter XVII of the Bihar municipal Act, 2007 required license of Advertisement of any holding, etc. As per act Every person who erects, exhibited, fixes or retain upon or over any land, building ,wall, boarding, frame, post, kiosk, structure, vehicle, neon-sign or sky sign any advertisement, or display any advertisement to public view in any manner whatsoever</p>	BMA,2007: Chapter XV	Refer-PART-A (4) for status of taxes not collecting by ULB.	(Refer Discussion Note)



47	<p>(including any advertisement exhibited by means of cinematograph) visible from a public street a public place in any location in a municipal area including airport or a port or a railway station, shall pay or every advertisement, which is so erected, exhibited, fixed or retained or so displayed to public view, a tax calculated at such rate as may be determined regulations. it requires payment of certain fee for advertisement.</p> <p>As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007.) Municipality shall, by regulations, provide for issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore.</p>	BMA,2007: Chapter XIX	<p>Refer-PART-A(a)(3) Notice fees has not been implemented in the Aurangabad Municipal Council.</p>	
48	<p>As per section 342 of Bihar Municipal Act, 2007 Trade license fee is to be collected from different types of Trader, who are trading in Concerned Municipal area.</p>	BMA,2007: Chapter XXXVII	<p>Yes, ULB is collecting trade license fee from different types of Trader, who are trading in Concerned Municipal area. Although many of them even are not registered as per concerned officer.</p>	



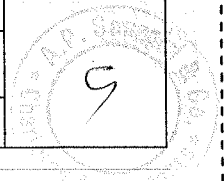
5. **LACK OF INTERNAL CONTROL MEASURES:** We have observed the following areas where internal control measures are required by ULBs-

- a. Stock Register is not updated properly.
- b. In respect of budget, realistic approach is not adopted by the ULB in preparation of budget.
- c. Appropriate staff is not appointed at appropriate places.
- d. No MIS was prepared for tracking of payments
- e. Required books of accounts as per BMAM was not maintained
- f. Statutory compliance reconciliation was not maintained
- g. Year-end reconciliation was not available

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

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

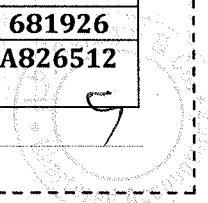
Sl. No	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/Challan Number
1	Satish Kumar Singh	20100	402	07/05/2017	30/03/2018	A826734
2	TrinetraRaghvendra Cons.	1162702	23255	07/05/2017	30/03/2018	
3	Sudhir Kr. Parmar	1676784	16768	07/05/2017	30/03/2018	
4	Sanjay Kr. Singh	1248402	12484	07/05/2017	30/03/2018	
5	Sudhir Kr. Parmar	813885	8139	07/05/2017	30/03/2018	
6	Sudhir Kr. Parmar	552926	5530	07/05/2017	30/03/2018	
7	M/s Manglam Const.	2574306	51487	07/05/2017	30/03/2018	
8	Akhileshwar Builder Pvt. Ltd.	1222198	24444	07/05/2017	30/03/2018	
9	Sudhir Kr. Parmar	1461078	14611	07/05/2017	30/03/2018	
10	Kalpana Singh	524790	5248	07/05/2017	30/03/2018	
11	Sudhir Kr. Parmar	1814197	18142	07/05/2017	30/03/2018	
12	Vivek Kumar	69103	692	07/05/2017	30/03/2018	
13	Satish Kumar Singh	60300	1206	07/05/2017	30/03/2018	
14	Satish Kumar Singh	20100	402	07/05/2017	30/03/2018	
15	M/s S R Costruction	1170474	23410	07/05/2017	30/03/2018	
16	TrinetraRaghvendra Cons.	1689811	33797	07/05/2017	30/03/2018	
17	TrinetraRaghvendra Cons.	1028717	20575	07/05/2017	30/03/2018	
18	Sudhirsingh	1643628	16436	07/05/2017	30/03/2018	



19	Satish Kumar Singh	20100	402	07/05/2017	30/03/2018
20	Satish Kumar Singh	20100	402	07/05/2017	30/03/2018
21	Anil Kr. Singh	344478	3345	07/05/2017	30/03/2018
22	AnkitSaurabh	310220	3103	07/05/2017	30/03/2018
23	Sanjay Kumar Patel Colony	1120574	11206	07/05/2017	30/03/2018
24	Sudhir Singh	2017806	2179	07/05/2017	30/03/2018
25	Amrendra Kr. Singh	406720	4068	07/05/2017	30/03/2018
26	Surya Enterprizes	638366	6865	07/05/2017	30/03/2018
27	Md. Aslam, Deva Construction	767292	8104	07/05/2017	30/03/2018
28	Satish Kumar Singh	20100	402	07/05/2017	30/03/2018
29	Rahul Kumar	667474	6675	07/05/2017	30/03/2018
30	Jitendra Kumar	546300	5463	07/05/2017	30/03/2018
31	Sudhir Kr. Parmar	531896	5319	07/05/2017	30/03/2018
32	TrinetraRaghvendra Cons.	1290200	25804	07/05/2017	30/03/2018
33	TrinetraRaghvendra Cons.	2383755	47675	07/05/2017	30/03/2018
Total		2,98,38,882	4,08,040		

b. DETAILS OF DELAY IN DEPOSIT OF VAT ARE MENTIONED BELOW:

S.N	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/Challan Number
	Departmental	347600	27080	10.7.2017	24.07.2017	948283
	Departmental	591583	47327	10.7.2017	24.07.2017	681926
	Departmental	551227	44098	10.7.2017	24.07.2017	
	Departmental	706104	56488	10.7.2017	24.07.2017	
	Departmental	740800	59264	10.7.2017	24.07.2017	
	Departmental	661088	52867	10.7.2017	24.07.2017	
	Departmental	739100	59128	10.7.2017	24.07.2017	
	Departmental	658000	52640	10.7.2017	24.07.2017	
	Departmental	462449	38996	10.7.2017	24.07.2017	
	Departmental	665500	53240	10.7.2017	24.07.2017	
	Departmental	700332	56027	10.7.2017	24.07.2017	
	Departmental	740600	59248	10.7.2017	24.07.2017	A826512
	AkhayUrja Shop	3536000	512720	10.7.2017	24.07.2017	
	AkhayUrja Shop	4420000	640900	10.7.2017	24.07.2017	
	Santosh Sales	2386500	346043	10.7.2017	24.07.2017	
	Departmental	27765	2221	10.7.2017	24.07.2017	
	Starway International	27777	1389	10.7.2017	24.07.2017	
	Rahul Pipe agency	163310	2166	10.7.2017	24.07.2017	
	Departmental	74160	59248	10.7.2017	24.07.2017	
	Departmental	748900	59912	10.7.2017	24.07.2017	
	Departmental	347092	27767	10.7.2017	24.07.2017	
	Akhileshwar Builder Pvt. Ltd	1385282	110823	10.7.2017	24.07.2017	A826512



	M/s S R construction	2086089	41021	10.7.2017	24.07.2017	
	vivekkumar	512762	140986	10.7.2017	24.07.2017	
	M/s Lakshit construction	1762328	50781	10.7.2017	24.07.2017	
	Rajiv Kumar Singh	722268	153944	10.7.2017	24.07.2017	
	M/s Mangalam Construction	1916797	88653	10.7.2017	24.07.2017	
	Sudhir Kumar Parmar	1108155	32106	10.7.2017	24.07.2017	
	AnkitSaurabh	401309	73648	10.7.2017	24.07.2017	
	Sudhir Kumar Parmar	920603	355741	10.7.2017	24.07.2017	
	Shailendra Prasad Singha	4446767	73138	10.7.2017	24.07.2017	A826512
	Sudhir Singh	914229	11600	10.7.2017	24.07.2017	
	Satish Kumar Singh	80400	6432	10.7.2017	24.07.2017	111767
	Rahul kumar	662066	52967	20.11.2018	27.11.2018	
	Amitkumarsingh	718672	52254	20.11.2018	27.11.2018	
	Priyankakumari	1453091	114807	20.11.2018	27.11.2018	
	Arunkumarsingh	705046	56404	20.11.2018	27.11.2018	
	Reenasingh	1890850	151268	20.11.2018	27.11.2018	
	NeelamBai	471225	37698	20.11.2018	27.11.2018	
	Rampukarsingh	412400	20620	20.11.2018	27.11.2018	
	Rampukarsingh	360896	18045	20.11.2018	27.11.2018	A767257
	Ramanandsingh	510300	25515	20.11.2018	27.11.2018	
	Ramanandsingh	464008	23200	20.11.2018	27.11.2018	
	Ramanandsingh	718882	57511	20.11.2018	27.11.2018	
	Ramanandsingh	719271	35964	20.11.2018	27.11.2018	
	R P singh	414210	20711	20.11.2018	27.11.2018	
	R P singh	360895	18045	20.11.2018	27.11.2018	
Total		4,54,14,688	40,82,651			

c. DETAILS OF DEPOSIT OF ROYALTY ARE MENTIONED BELOW:

S N	Name of Party	Invoice Value	Amount of deduction	Actual Date of deposit	Cheque/ Challan Number
	Departmental	347600	7436	24.07.2017	
	Departmental	591583	9562	24.07.2017	948285
	Departmental	551227	11785	24.07.2017	
	Departmental	706104	22841	24.07.2017	
	Departmental	740800	12467	24.07.2017	
	Departmental	661088	8946	24.07.2017	681927
	Departmental	739100	12963	24.07.2017	
	Departmental	658000	8263	24.07.2017	
	Departmental	462449	12493	24.07.2017	
	Departmental	665500	12238	24.07.2017	
	Departmental	700332	12238	24.07.2017	948285
	Departmental	740600	12336	24.07.2017	
	Departmental	27765	700	24.07.2017	
	Departmental	74160	10688	24.07.2017	A826514
	Departmental	748900	13859	24.07.2017	
	Departmental	347092	2332	24.07.2017	681927

M/s Mangalam Construction	1916797	19168	24.07.2017	
Sudhir Kumar Parmar	1108155	11082	24.07.2017	
AnkitSaurabh	401309	4013	24.07.2017	
Sudhir Kumar Parmar	920603	9206	24.07.2017	
Shailendra Prasad Singha	4446767	44468	24.07.2017	
Sudhir Singh	914229	9142	24.07.2017	
Rahul kumar	662066	6621		
Amitkumarsingh	718672	7157		
Priyankakumari	1453091	14351		
Arunkumarsingh	705046	7051		
Reenasingh	1890850	18909		
NeelamBai	471225	4713		
Total	3,09,75,384	3,17,856		27.11.2018 A767259

Auditor's Comment : While doing audit of deduction made by ULB, the Statutory deduction has not been deposited on due date (refer above). For example TDS should be deposited on or before 7th day of next month.

Consequences of Non deposition of TDS on due date: ULB may suffer following consequences;

- Interest u/s 221 of income tax act,1961- 1.5 % per month, if amount not deposited after deduction;
- Penalty u/s 271C of income tax act, 1961- Up to amount of TDS
- Prosecution u/s 276B: 3 Month to 7 Years

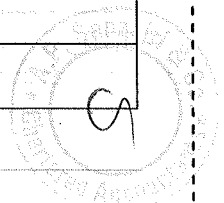
7. DETAILS OF DEPOSIT OF TDS ON GST ARE MENTIONED BELOW: Not Applicable

8. DETAILS OF TDS RETURNS FILLED ARE MENTIONED BELOW:

Sl. No.	Quarter	Due date of Return	Actual date of Return filled	Remark
1	1 st	31.07.2017	31.07.2017	-
2	2 nd	31.10.2017	30.10.2017	-
3	3 rd	31.01.2018	25.01.2018	-
4	4 th	31.05.2018	03.05.2018	-

9. DEFICIENCY IN PAYROLL SYSTEM:

Sl. No.	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/Daily wages/ Contract worker)	Maintained
2	Non availability of Salary payment voucher	Available
3	Matching of voucher number with cash book	Yes



	Akhileshwar Builder Pvt. Ltd	1385282	13800	24.07.2017	A826515
	M/s S R construction	2086089	19824	24.07.2017	
	Vivekkumar	512762	9454	24.07.2017	
	M/s Lakshit construction	1762328	54159	24.07.2017	
	Rajiv Kumar Singh	722268	10518	24.07.2017	
	M/s Mangalam Construction	1916797	29246	24.07.2017	
	Sudhir Kumar Parmar	1108155	21360	24.07.2017	
	AnkitSaurabh	401309	2711	24.07.2017	
	Sudhir Kumar Parmar	920603	8685	24.07.2017	
	Shailendra Prasad Singha	4446767	42162	24.07.2017	
	Sudhir Singh	914229	13984	24.07.2017	A767260
	Rahul kumar	662066	13242	27.11.2018	
	Amitkumarsingh	718672	14714	27.11.2018	
	Priyankakumari	1453091	28702	27.11.2018	
	Arunkumarsingh	705046	14100	27.11.2018	
	Reenasingh	1890850	37017	27.11.2018	
	NeelamBai	471225	9425	27.11.2018	
	Rampukarsingh	412400	8048	27.11.2018	
	Rampukarsingh	360896	7218	27.11.2018	
	Ramanandsingh	510300	10206	27.11.2018	
	Ramanandsingh	464008	9280	27.11.2018	
	Ramanandsingh	718882	14378	27.11.2018	
	Ramanandsingh	719271	14385	27.11.2018	
	R P singh	414210	8284	27.11.2018	
	R P singh	360895	7218	27.11.2018	
Total		3,48,00,701	5,93,267		

d. DETAILS OF DEPOSIT OF LABOUR CESS ARE MENTIONED BELOW:

SN	Name of Party	Invoice Value	Amount of deduction	Actual Date of deposit	Cheque/Challan Number
	Departmental	347600	3476	24.07.2017	948284
	Departmental	591583	5916	24.07.2017	A826516
	Departmental	551227	5512	24.07.2017	
	Departmental	706104	7061	24.07.2017	
	Departmental	740800	7408	24.07.2017	
	Departmental	661088	6611	24.07.2017	
	Departmental	739100	7391	24.07.2017	
	Departmental	658000	6580	24.07.2017	
	Departmental	462449	4624	24.07.2017	
	Departmental	665500	6655	24.07.2017	
	Departmental	700332	7003	24.07.2017	
	Departmental	740600	7406	24.07.2017	A826514
	Rahul Pipe agency	163310	278	24.07.2017	
	Departmental	74160	7406	24.07.2017	A826516
	Departmental	748900	7489	24.07.2017	
	Departmental	347092	3471	24.07.2017	A826514
	Akhileshwar Builder Pvt. Ltd	1385282	13853	24.07.2017	
	M/s S R construction	2086089	20861	24.07.2017	
	Vivekkumar	512762	8128	24.07.2017	
	M/s Lakshit construction	1762328	17623	24.07.2017	
	Rajiv Kumar Singh	722268	7223	24.07.2017	

4	Salary register contains all elements of salary	
5	Maintenance of Salary Deduction register	Yes, Maintained in quittance register
6	Whether deduction of PF/ESI made from contract employee	Yes, Maintained in quittance register
7	Whether biometric devices and payroll software is implemented in ULB. If Yes, then is it integrated with accounting software	Not Deducted
		Not Implemented

**10. UTILISATION OF GRANT AND REPORT ON UTILISATION CERTIFICATES
(REFER ANNEXURE)**

11. PHYSICAL VERIFICATION OF INVENTORY/STORES

Refer point 31-40 PART-B (d). ULB did not follow the practice of physical verification of stock.
(Refer Discussion Note)

12. ADVANCES, THEIR ADJUSTMENT & RECOVERY

Refer point 35-36 PART-B (d), ULB did not give loan/advance, hence there are no case of adjustment and recovery. (Refer Discussion Note)



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III. PART-C

Sl. No.	Particulars	Complied or Not
A	Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GoB; Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Complied Refer-PART-B(3)
B	Auditor should Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	Complied Refer-PART-A(c)
C	Auditor should report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR :	Complied Refer-PART-B(4)
	Rule 22: All moneys to be brought to account	
	Rule 27: Collections to be deposited into Bank on the same day	
	Rule 69: Grant Related Compliance	
	Rule 120-121: Monthly Receipt & Payment Account and Trial Balance	
	Rule 130: Audit to be completed & reported within 6 month	
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Complied Refer-PART-B(3)
E	Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairatetc;	Complied Refer-PART-A(a)
F	Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.	Complied Refer-PART-B(b)
G	Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Complied Refer-PART-B(b)
H	Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any	Complied Refer-PART-B(10)

	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.	
I	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied Refer-Audit Recommendation
J	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Complied Refer-PART-B(b)
K	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies	Complied Refer-PART-B(b)
L	Auditor will report on that the fixed deposit and other funds should be in nationalized Banks/Approved financial institutions and should earn maximum interest at their gestation period.	Complied Refer-PART-B(4)
M	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	Complied Refer-PART-A(a)
N	Auditor will report on that all kind of tax deductions i.e. Commercial tax, Income tax, provident fund etc. Should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	Complied Refer-PART-B(6)
O	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.	Complied Point-03 of Detailed Audit Report



INTERNAL AUDIT REPORT FOR F.Y. 2017-18

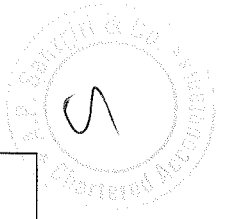
**ULB- NAGAR PARISHAD AURANGABAD
ANNEXURE-1 REPORT ON DELAY DEPOSIT OF PROPERTY TAX**

- 1. Late deposit of property tax:** As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made. In case of *Aurangabad Municipal Council*, during verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 15 to 30 days.

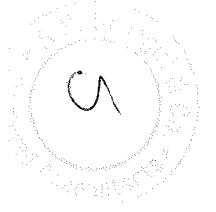
S.N	Serial Number	Amount of Tax	Date of Collection as per Receipts Booked	Amount Deposited with Cashier	Date of deposit with cashier	Delay in deposit with cashier	Date of Deposit into Bank as per Deposit Slip	Delay in deposit with Bank
1	32 (No. of Property Holder)	80161	31.03.2017 to 01.04.2017	80161	24.04.2017	1-23	26.04.2017	2
2	38 (No. of Property Holder)	50131	19.05.2017	50131	15.06.2017	27	19.06.2017	4
3	12 (No. of Property Holder)	35890	15.06.2017	35890	03.08.2017	50	18.08.2017	15
4	16 (No. of Property Holder)	9468	July'17	9468	01.08.2017	1-15	10.08.2017	9
5	15 (No. of Property Holder)	21362	July'17	21362	21.08.2017	1-38	25.08.2017	4
6	4 (No. of Property Holder)	23553	July'17	23553	24.08.2017	1-28	29.08.2017	5
7	20 (No. of Property Holder)	16697	08.08.2017	16697	28.08.2017	20	29.08.2017	1



8	20 (No. of Property Holder)	12808	08.08.2017	12808	12.09.2017	21	15.09.2017	3
9	14 (No. of Property Holder)	12240	17.08.2017	12240	18.09.2017	31	26.09.2017	7
10	14 (No. of Property Holder)	15361	30.08.2017	15361	26.09.2017	26	06.10.2017	9
11	17 (No. of Property Holder)	22054	19.09.2017	22054	13.10.2017	24	20.10.2017	7
12	16 (No. of Property Holder)	67849	17.10.2017	67849	28.10.2017	11	02.11.2017	5
13	22 (No. of Property Holder)	40524	30.10.2017	40524	01.11.2017	2	02.11.2017	1
14	16 (No. of Property Holder)	69759	31.10.2017	69759	07.11.2017	7	09.11.2017	2
15	26 (No. of Property Holder)	28986	09.11.2017	28986	13.11.2017	4	15.11.2017	2
16	12 (No. of Property Holder)	16377	15.11.2017	16377	20.11.2017	5	22.11.2017	2
17	13 (No. of Property Holder)	23906	31.11.2017	23906	04.12.2017	4	05.12.2017	1
18	17 (No. of Property Holder)	41575	16.11.2017	41575	05.12.2017	19	05.12.2017	-
19	17 (No. of Property Holder)	27966	21.11.2017	27966	06.12.2017	15	06.12.2017	-
20	17 (No. of Property Holder)	17007	Nov'17	17007	12.12.2017	1-14	12.12.2017	-
21	22 (No. of Property Holder)	24366	01.12.2017	24366	13.12.2017	12	13.12.2017	-
22	3 (No. of Property Holder)	29862	04.12.2017	29862	18.12.2017	14	18.12.2017	-
23	16 (No. of Property Holder)	24317	09.12.2017	24317	21.12.2017	12	23.12.2017	2
24	26 (No. of Property Holder)	50413	04.01.2018	50413	15.01.2018	11	19.01.2018	4



25	16 (No. of Property Holder)	28842	20.01.2018	28842	01.02.2018	12	05.02.2018	4
26	16 (No. of Property Holder)	19209	27.01.2018	19209	05.02.2018	9	12.02.2018	7
27	14 (No. of Property Holder)	85051	16.02.2018	85051	19.02.2018	3	28.02.2018	9
28	16 (No. of Property Holder)	24092	14.03.2018	24092	21.03.2018	7	21.03.2018	-
29	16 (No. of Property Holder)	53708	26.03.2018	53708	28.03.2018	2	31.03.2018	3
30	12 (No. of Property Holder)	18874	26.03.2018	18874	04.04.2018	9	04.04.2018	-

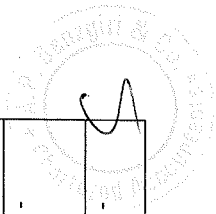


INTERNAL AUDIT REPORT FOR FY 2017-18

ULB- AURANGABAD MUNICIPAL COUNCIL

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

S.N	Name	W. N	H.N	Type of Use			Area (Sq. Fit.)			Tax Amount			Remarks	
				As per Tax Collector	As per Auditor	As per Collector	As per Tax Collector	As per Auditor	Diff.	As per Tax Collector	As per Auditor	Diff.		
1	Lalita Mauhar	3	456	See Note -1										
2	Raj Kumar	2	525											-
3	Urmila Devi	5	459	Commercial	Commercial	Commercial	17120	17120	-	-	85686	85686	-	-
4	Ravindra Singh	5	379	Commercial	Commercial	Commercial	10000	22400	12400	12400	40891	91596	50704	-
5	Murli Manohar Singh	5	385											-
6	Prameshwar Prasad	5	413	Commercial	Commercial	Commercial	2760	4754	1994	1994	13786	23746	9960	-
7	Mina Devi	5	411	Commercial	Commercial	Commercial	2760	4754	1994	1994	13786	23746	9960	-
8	Aman Ananad	5	414	Commercial	Commercial	Commercial	2760	4752	1992	1992	13786	23736	9950	-
9	Anita Devi	5	430	Commercial	Commercial	Commercial	12381	20116	7735	7735	49474	85354	35880	-
10	Bikash Kumar Singh	5	478	Comm. cum Residential	Comm. cum Residential	Comm. cum Residential	13904	21360	7456	7456	22885	35157	12272	-
11	Anil Kumar Singha	5		Comm. cum Residential	Comm. cum Residential	Comm. cum Residential	15684	15684	-	-	24844	24844	-	-
12	Haribansh,	8	13/261	Commercial	Commercial	Commercial	12197	12197	-	-	14594	14594	-	-




Aurangabad Nagar Parishad

Discussion Note

Date: 24.12.2019
Aurangabad Nagar Parishad
with
AP Sangziri & Co.
(Chartered Accountants)

Subject: Regarding confirmation of documents not maintained and management comment in Internal Audit Report for F.Y. 2017-18.

S.N.	Auditor observation	Management comment
1	AG Compliance Report for the period 2016-17 has not been prepared:	AG Report for the period of 2016-17 has not been received by Aurangabad Nagar Parishad after receiving of it, we will comply the same;
2	Non Preparation of Bank Reconciliation Statement in respect of Bank A/c (Refer Internal Audit Report For F.Y. 17-18):	It is under process and will be reconciled very soon;
3	Non maintenance of Advance Register:	ULB did not follow practice of giving advance;
4	Municipal Accounts committee has not been established:	"Municipal Accounts Committee" has been formed as on 20.08.2019 but no meeting held till date ;
5	Non Collection of Notice fee;	Currently not collecting, but it will be consider and collected accordingly to BMA, 2007;
6	Non levy of Taxes in IAR Para " I Part-A a) (1);	Not imposed by Aurangabad Nagar Parishad;
7	Late deposit of property Tax;	Every day small amount collected by tax collector. We deposit after accumulation of some days which is consider by Nagar Parishad.
8	Non Preparation of Payment Voucher	Invoice of Party shall be treated as" Payment Voucher"
9	Non Maintenance of "Grant Register"	It will be maintained 2019-20
10	Late deposit of statutory deduction of TDS;	Due to Lack of Staff/ Employees the same problem arise;
11	Delay in deposit of EPF	Account of ULB Employees has not been open, due to this delay in deposit of PF happen;
12	Non preparation of Complete UC details ;	It is under process and will be submit in coming next month;
13	Non practice of Stock valuation:	It will be follow as per rule and management will decide about reasonable period of valuation i.e. frequency of time for valuation;
14	Non maintenance of log book:	All running vehicle has been given on hire to" Taraqqee NGO & MD Aslam Deva Construction", a cleaning contractor, appointed by ULB to keep city clean, and ULB collect hire charges in that respect. Hence log book has not maintained due to right to operate has been transfer.



 अहमद अली खान
 अहमद अली खान (अहमद)



Aurangabad Nagar Parishad

15	Electricity DPS:	Due to Non Availability of Fund the due amount has not been paid. Further there is dispute regarding holding tax, which is due on electricity department, and this amount has not been adjusted towards electricity due.
16	Maintenance of grant record with bifurcation like amount for Salary, water management, nail gali solid waste management and so on ;	It Will be provided;
17	Non maintenance of book refer to Para : II-PART B (a) ;	It is under process;
18	Difference in Holding Tax Amount as per Physical Measurement: ➤ Auditor found difference in area; as per self assessment form and actual measurement of property area there is difference for some cases selected on sample basis	
19	Non preparation of Receipt and Payment A/c, Trial Balance, Income and Expenditure A/C and Balance Sheet (Financial Statement)	Receipt and Payment A/c, Trial Balance, Income and Expenditure A/C and Balance Sheet will be prepare after implementation of Double Entry Accounting System.
20	Directives/ Circulars/ Notifications issued to ULB during F.Y. 2017-18	The same have been compiled
21	Non creation of Special Fund and Fund Mentioned in Chapter ix of BMA, 2007	ULB has not created such mentioned fund in the Act;
22	Non Maintenance Fixed Assets register	It is under process with the help of Agency appointed to implement " Double Entry Accounting System";
23	ULB Unable to Find out "Amount of Outstanding Taxes" Refer to PART-A (a) (4)	ULB not maintained such books of accounts from where outstanding income can be calculated;
24	Any Payment made out of Municipal Fund that is not covered by Budget	Payment made out of budget provision. No such payment made that is not cover by budget;
25	Non implementation of Biometric Devices and Payroll Software	It is under process;
26	Cheque Issue Register	It will be maintained;

Further we confirm/affirm the management comment given in Internal Audit report for 2017-18 is on behalf of Aurangabad Nagar Parishad.


 THE CHIEF EXECUTIVE OFFICER
 AURANGABAD NAGAR PARISHAD



AURANGABAD MUNICIPAL COUNCIL
STATUS OF UTILIZATION CERTIFICATION FOR FY 2017-18

S.No	Head	Approval order and date	Sanctioned Amount	Expenses Incurred	Balance Amount	UC Submitted against Expenses	UC Pending Against Expenses	% of UC Submitted against expenses	% of UC Pending against expenses	Letter No. & Date of Submission of Ucs
1	Chief Minister Urban Drain Street Paving Scheme	38/11.08.2017	141.78	141.78	-	141.78	-	100%	-	1830/14.08.18
2	EO (salary)	101/29.01.2018	3.00	3.00	-	3.00	-	100%	-	1830/14.08.19
3	14th Fin	97/24.01.2018	188.05	0.00	188.05	0.00	-	NIL	NIL	1830/14.08.20
4	Allowance payment	15/15.06.2017	7.74	7.74	-	7.74	-	100%	-	1830/14.08.21
5	Civil Liberties	43/24.08.2017	94.69	94.69	-	55.77	38.92	59%	41%	Not Provided
6	14th Finance	33/02.08.2017	188.55	94.27	94.28	94.27	-	100%	-	Transferred to PL A/c
7	Vocational item	23/30.06.2017	34.22	34.22	-	34.22	-	100%	-	Not Provided
8	5th Finance	46/14.09.2017	468.43	0.00	468.43	0.00	-	NIL	NIL	Transferred to PL A/c
9	EO SALARY	07/23.05.2017	5.00	5.00	-	5.00	-	100%	-	Not Provided
10	Chief Minister Urban Drain Street Paving Scheme	68/30.10.2017	121.49	121.49	-	121.49	-	100%	-	1830/14.08.18,3191/2 9.11.2018

