

**INTERNAL AUDIT REPORT**

**OF**

**BERHAMPUR MUNICIPAL**

**CORPORATION**

*FOR THE HALF-YEARLY ENDING 31<sup>ST</sup> MARCH, 2017 OF FY-2016-17*

***CONDUCTED & PREPARED BY***

**PAMS AND ASSOCIATES**

**CHARTERED ACCOUNTANTS**

PLOT NO. 506, BEHIND OF BAYABABA MATH,

UNIT-IX, BHUBANESWAR-751022

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## I. STATUTORY RELATED

### 1. TDS

#### Observations:

We have verified the Income Tax Deducted at source for the 2<sup>nd</sup> half year of FY 2016-17 and found that in some cases TDS have been deducted but not deposited within the due date as per the **Table-I.1.1** & **Table-I.1.2** given here under, subject to observations as here under and also found as per concerned department quarterly TDS return has been filed but such challans were not provided to us for verification.

**Table-I.1.1**

NO/SHORT DEDUCTED OF TDS AMOUNT						
V.NO.	PARTY NAME	BILL AMT	DEDUCTED AMT	TO BE DEDUCTED	DIFF.	REMARKS
1547/10	AKASH DALAI	1,78,092.00	-	1,781.00	-1,781	TDS Rs. 1781/- is not deducted at all.
1560/10	ASHIRBAD PRAKASHAN PVT LTD	2,000.00	-	40.00	-40	TDS Rs. 40/- is not deducted at all.
1566/10	PRATIDIN	2,000.00	-	40.00	-40	DO
1567/10	ODISHA BARTA	3,000.00	-	60.00	-60	TDS Rs. 40/- is not deducted at all.
1568/10	UCHHABA MULTIMEDIA PVT LIMITED	2,000.00	-	40.00	-40	DO
1569/10	JUGABDA	2,000.00	-	40.00	-40	DO
1571/10	NEW AGE MEDIA & PUBLICATIONS PVT LTD	2,000.00	-	40.00	-40	DO
1572/10	SRUTI	2,000.00	-	40.00	-40	DO
1574/10	ABHIJIT PUBLICATIONS PVT LTD	2,000.00	-	40.00	-40	DO
1575/10	RADHA KRUSHNA PUBLICATIONS PVT LTD	2,000.00	-	40.00	-40	DO
1576/10	DHAWANI PRATIDHWANI	2,000.00	-	40.00	-40	DO
1577/10	THE LOKANATH	2,000.00	-	40.00	-40	DO
1578/10	NILANCHAL PUBLICATIONS	2,000.00	-	40.00	-40	DO
1579/10	THE GOLMAL	2,000.00	-	40.00	-40	DO
1580/10	DEEJANSHU MEDIA PVT LTD	2,000.00	-	40.00	-40	DO
1581/10	BISWABANI	2,000.00	-	40.00	-40	DO
1595/10	UCHHABA MULTIMEDIA PVT LIMITED	2,000.00	-	40.00	-40	DO
1663/10	DNS FUNTECH	52,323.00	-	1,046.00	-1,046	TDS Rs. 1046/- is not deducted at all.
1684/10	NBCC	353,68,295.00	3,53,683.00	7,07,366.00	-3,53,683	Amount of Rs. 353683/- is short deducted
1816/11	BRIDGE AND ROOF CO INDIA LIMITED	230,18,576.00	2,30,186.00	4,60,372.00	-2,30,186	Amount of Rs. 230186/- is short deducted

1881/11	ADYAPRAN SUBUDHI	38,48,227.00	-	38,482.00	-38,482	TDS Rs. 38482/- is not deducted at all.
1897/11	MS SAMAL EQUIP	5,21,590.00	-	5,216.00	-5,216	TDS Rs. 5216/- is not deducted at all.
1935/11	SUTAR PHARMACHEMICALS PVT LTD	1,03,649.00	1,036.00	2,073.00	-1,037	Amount of Rs. 1037/- is short deducted
1943/11	NBCC	124,56,427	1,24,564.00	2,49,129.00	-1,24,565	Amount of Rs. 124565/- is short deducted
2035/12	UMASANKAR PANIGRAHI	37,664.00	-	377.00	-377	TDS Rs. 377/- is not deducted at all.
2055/12	U B MARKETING AND SERVICES PVT LTD	1,11,829.00	1,118.00	2,237.00	-1,119	Amount of Rs. 1119/- is short deducted
2094/12	MS UB MARKETING & SERVICES PVT LTD	76,318.00	763.00	1,526.00	-763	Amount of Rs. 763/- is short deducted
2139/12	BRIDGE AND ROOF CO INDIA LIMITED	204,91,496.00	18,629.00	4,09,830.00	-3,91,201	Amount of Rs. 391201/- is short deducted
2144/12	NBCC INDIA LIMITED	271,83,676.00	2,47,124.00	5,43,674.00	-2,96,550	Amount of Rs. 296550/- is short deducted
2345/01	RAMESH CHANDRA BARIK (ADVANCE)	40,000.00	-	400.00	-400	TDS Rs. 400/- is not deducted at all.
2386/02	BHARAT SANCHAR NIGAM LIMITED	4,05,798.00	-	8,116.00	-8,116	TDS Rs. 8116/- is not deducted at all.
2394/02	BSNL LIMITED	10,00,000.00	-	20,000.00	-20,000	TDS Rs. 20000/- is not deducted at all.
2400/02	NBCC INDIA LIMITED	381,31,900.00	3,81,319.00	7,62,638.00	-3,81,319	Amount of Rs. 381319/- is short deducted
2583/02	HINDUSTAN STEEL WORKS CONST. LIMITED	107,92,576.00	98,114.00	2,15,852.00	-1,17,738	Amount of Rs. 117738/- is short deducted
2686/02	UB MARKETING SERVICES PVT LTD	1,24,124.00	1,241.00	2,482.00	-1,241	Amount of Rs. 1241/- is short deducted
2731/03	BRIDGE AND ROOF CO INDIA LIMITED	336,12,815.00	3,36,128.00	6,72,256.00	-3,36,128	Amount of Rs. 336128/- is short deducted
2733/03	GALAXY TOUR AND TRAVELS	10,000.00	-	100.00	-100	TDS Rs. 100/- is not deducted at all.
2751/03	UB MARKETING SERVICES PVT LTD	37,693.00	377.00	754.00	-377	Amount of Rs. 377/- is short deducted
2790/03	NAGESWARA SUBUDHI	57,507.00	-	575.00	-575	TDS Rs. 575/- is not deducted at all.
2834/03	SIBA RAMA BEHERA	43,952.00	-	440.00	-440	TDS Rs. 440/- is not deducted at all.
<b>TOTAL</b>		<b>2077,37,527.00</b>	<b>17,94,282.00</b>	<b>41,07,382.00</b>	<b>-23,13,100</b>	

**Management Reply:-1. In the most of the cases where invoice value is less than 30,000/- so TDS amount is not deducted & also total amount paid during the year to party is not crossing the limit of Rs.75000/- as provided provision under income tax act. & those are crossed, we will deduct tds in next bills with previous bill Tds amount.**

**2. In the case of NBCC, Bridge & Roof co.India Ltd.,Hindustan Steel Works const.Ltd. The tds amount deducted 10% on professional fees portion of the total payment instead of 2% on the total payment . It is so deducted because of agreement made between the BeMC & the above Central PSEs(CPSE) is in the nature of deposit contract on turnkey basis.The CPSE are engaged to get the work done on behalf of BeMC by making tender process at their level..All statutory dues like VAT,TDS,Labour Cess & Royalty etc. are liable to comply from the bill of contractors are engaged by them to execute the work .the Contract amount consisting 90% is related to contract work which is deposited to the CPES so no Tds deducted in our end & 10% is for PMC charges is the amount charged by CPSE which is subject to TDS @10% under 194J is properly deducted.**

**Table-I.1.2**

DELAY/ NO DEPOSIT OF DEDUCTED TDS AMOUNT						
V. NO.	PARTY NAME	BILL AMT	TDS AMT	DUE DATE	PMT DATE	DELAY IN DAYS
1604/10	M/S KSLR INFRATECH LTD	349,78,350.00	6,99,568.00	07-Nov-16	Not made	144
1627/10	JAGANNATH SAHU	3,94,305.00	3,943	07-Nov-16	Not made	144
1630/10	SRI DURGA CHARAN MISHRA	6,73,831.00	6,738	07-Nov-16	Not made	144
1632/10	SRI ADIKANDA SABAT	9,100.00	91	07-Nov-16	Not made	144
1721/10	AJIT KUMAR CHOUDHURY	4,55,235.00	4,552	07-Nov-16	Not made	144
1652/10	HINDUSTAN STEEL WORKERS	73,08,960.00	73,090	07-Nov-16	08-Nov-16	1
1684/10	NBCC	353,68,295.00	3,53,683	07-Nov-16	08-Nov-16	1
1534/10	DURGA RAMAN PATTANAİK	12,45,377.00	12,454	07-Nov-16	03-Dec-16	26
1535/10	JITENDRA KUMAR PANDA	1,86,144.00	1,861	07-Nov-16	03-Dec-16	26
1871/11	SRI LALATENDU MOHARANA	10,23,437.00	10,234	07-Dec-16	Not made	114
1873/11	ARUN KUMAR PANDA	3,93,321.00	3,933	07-Dec-16	Not made	114
1885/11	NARAYANA PADHI	5,78,251.00	5,783	07-Dec-16	Not made	114
1887/11	JITENDRA KUMAR PANDA	2,55,650.00	2,557	07-Dec-16	Not made	114
1851/11	PRANAYA RANJAN KHANDANGA	6,12,169.00	6,122	07-Dec-16	04-Mar-17	87
1852/11	BHASKAR MISHRA	21,86,935.00	21,869	07-Dec-16	04-Mar-17	87
1854/11	SMT SANCHALA SAHU	8,36,488.00	8,365	07-Dec-16	04-Mar-17	87
1855/11	HARI BEHERA	3,03,537.00	3,035	07-Dec-16	04-Mar-17	87

1856/11	ANNAPURNA ELECTRICAL & CO	2,98,971.00	5,980	07-Dec-16	04-Mar-17	87
1857/11	SAMAL EQUIP	25,21,590.00	50,432	07-Dec-16	04-Mar-17	87
1864/11	SIMANCHAL MISHRA	4,83,070.00	4,831	07-Dec-16	04-Mar-17	87
1866/11	SIMANCHAL MISHRA	11,63,070.00	11,631	07-Dec-16	04-Mar-17	87
1868/11	SUSANTA KUMAR SETHI	13,08,375.00	13,084	07-Dec-16	04-Mar-17	87
1870/11	SUDHANSHU SEKHAR PANDA	12,47,779.00	12,478	07-Dec-16	04-Mar-17	87
1879/11	SRIKANTA KUMAR SABAT	20,53,051.00	20,531	07-Dec-16	07-Feb-17	62
1995/12	SRI DURGA SUPPLIERS AND DECORATORS	18,000.00	180	07-Jan-17	Not made	83
2037/12	RAKRUSHNA SAHU	76,521.00	765	07-Jan-17	Not made	83
2066/12	RAJ COMPUTER ELECTRONICS	32,900.00	658	07-Jan-17	Not made	83
2132/12	BSNL	891.00	18	07-Jan-17	Not made	83
2148/12	THE SAMAJ	1,980.00	40	07-Jan-17	Not made	83
2150/12	ANIL WINDING WORKS	3,360.00	34	07-Jan-17	Not made	83
2204/01	SMT SAMITA RANI	1,25,024.00	1,250	07-Feb-17	Not made	52
2286/01	TIMES OF INDIA	66,000.00	1,320	07-Feb-17	Not made	52
2311/01	SRI BHARAT NAYAK	7,500.00	75	07-Feb-17	Not made	52
2346/01	NIIT LIMITED	4,21,200.00	46,800	07-Feb-17	04-Mar-17	25
2587/02	BIBAYAKA SAHU	4,72,998.00	4,730	07-Mar-17	Not made	24
2588/02	MS SARAT KUMAR PANIGRAHI	39,272.00	786	07-Mar-17	Not made	24
2589/02	KURSHNA CHANDRA PANDA	4,07,772.00	4,078	07-Mar-17	Not made	24
2591/02	SIDESH PRASAD SAHU	27,178.00	544	07-Mar-17	Not made	24
2595/02	BHAGABAN PANDA	1,47,567.00	1,476	07-Mar-17	Not made	24
2600/02	ASHOK KUMAR PATTANAIK	8,75,041.00	8,750.00	07-Mar-17	Not made	24
2602/02	SRI BIKRAM KHATEL	10,41,401.00	10,414.00	07-Mar-17	Not made	24
2604/02	SRIKANTA KUMAR SETHI	6,27,040.00	6,270.00	07-Mar-17	Not made	24
2686/02	UB MARKETING SERVICES PVT LTD	1,24,124.00	1,241	07-Mar-17	Not made	24
2400/02	NBCC INDIA LIMITED	381,31,900.00	3,81,319	07-Mar-17	06-Apr-17	30
2435/02	PRATYUSH	2,37,800.00	4,756	07-Mar-17	07-Apr-17	31
2436/02	PRATYUSH	2,37,800.00	4,756	07-Mar-17	07-Apr-17	31
2437/02	PRATYUSH	2,29,190.00	4,584	07-Mar-17	07-Apr-17	31
2438/02	PRATYUSH	2,29,190.00	4,584	07-Mar-17	07-Apr-17	31
2439/02	PRATYUSH	1,94,750.00	3895	07-Mar-17	07-Apr-17	31
2440/02	PRATYUSH	1,94,750.00	3,895	07-Mar-17	07-Apr-17	31
2441/02	PRATYUSH	1,66,870.00	3,337	07-Mar-17	07-Apr-17	31
2442/02	PRATYUSH	1,66,870.00	3,337	07-Mar-17	07-Apr-17	31
2443/02	PRATYUSH	2,30,112.00	4,602	07-Mar-17	07-Apr-17	31

2444/02	PRATYUSH	2,30,112.00	4,602	07-Mar-17	07-Apr-17	31
2445/02	PRATYUSH	3,26,155.00	6,523	07-Mar-17	07-Apr-17	31
2446/02	PRATYUSH	3,26,155.00	6,523	07-Mar-17	07-Apr-17	31
2447/02	PRATYUSH	2,00,900.00	4,018	07-Mar-17	07-Apr-17	31
2448/02	PRATYUSH	2,00,900.00	4018	07-Mar-17	07-Apr-17	31
2449/02	PRATYUSH	2,58,095.00	5,162	07-Mar-17	07-Apr-17	31
2450/02	PRATYUSH	2,58,095.00	5,162	07-Mar-17	07-Apr-17	31
2451/02	PRATYUSH	2,44,155.00	4,883	07-Mar-17	07-Apr-17	31
2452/02	PRATYUSH	2,44,155.00	4,883	07-Mar-17	07-Apr-17	31
2647/02	THE SAMAJ	9,504.00	190	07-Mar-17	07-Apr-17	31
2648/02	THE SAMAJ	19,800.00	396	07-Mar-17	07-Apr-17	31
2649/02	THE SAMAJ	18,721.00	374	07-Mar-17	07-Apr-17	31
2650/02	THE PRAMEYA	17,275.00	346	07-Mar-17	07-Apr-17	31
2651/02	TEAM MEDIA AND HOSPITALITY PVT LTD	5,280.00	106	07-Mar-17	07-Apr-17	31
2655/02	EASTERN MEDIA LIMITED	9,261.00	186	07-Mar-17	07-Apr-17	31
2656/02	DHARITRI	9,715.00	194	07-Mar-17	07-Apr-17	31
2667/02	HARISH CHANDRA SETHI	3,28,369.00	3,284	07-Mar-17	07-Apr-17	31
2676/02	HINDUSTAN CONSERVANCY	2,21,482.00	4430	07-Mar-17	07-Apr-17	31
2687/02	LINGARAJ	38,984.00	390	07-Mar-17	07-Apr-17	31
2689/02	SUTAR PHARAMETICALS PVT LTD	1,03,649.00	1036	07-Mar-17	07-Apr-17	31
2751/03	UB MARKETING SERVICES PVT LTD	37,693.00	377	30-Apr-17	Not made	0
2776/03	SRI GRAPHICS AND BOOK CENTRE	27,895.00	229	30-Apr-17	Not made	0
2777/03	MISC	2,000.00	20	30-Apr-17	Not made	0
<b>TOTAL</b>		<b>1435,58,642.00</b>	<b>19,02,671.00</b>			

**Management Reply:-** As per present procedure for some schemes dual signature of both commissioner & PD is required to authorize the payment. The liability entry for TDS.VAT,Royalty & labour Cess is made on the date of sign of commissioner in the system but actual payment will be made after the signed by PD ( Project Director). So this delay in making payment as shown in system is not real delay payment. We are making payment on the same day of PD signature or within due date of next month.

## 2. Royalty

### Observations:

We have verified the Royalty for the 2<sup>nd</sup> half year of FY 2016-17 and found that Royalty has been properly deducted and deposited with the same within due date properly however in some cases we have observed that Royalty has not been deposited as mentioned below:

**Table-I.2.1**

NON DEPOSIT OF ROYALTY AMT				
V.NO.	PARTY NAME	BILL AMT	DEDUCTED AMT	REMARKS
1627/10	JAGANNATH SAHU	3,94,305.00	892.00	Deducted but not deposited
1630/10	SRI DURGA CHARAN MISHRA	6,73,831.00	9,219.00	-Do-
1632/10	SRI ADIKANDA SABAT	9,100.00	6.00	-Do-
1658/10	SMT PAPI SAHU	59,764.00	1,998.00	-Do-
1724/10	JAGILI SETHI	31,162.00	1,998.00	-Do-
1873/11	ARUN KUMAR PANDA	3,93,321.00	5,236.00	-Do-
1879/11	SRIKANTA KUMAR SABAT	20,53,051.00	82,629.00	-Do-
1885/11	NARAYANA PADHI	5,78,251.00	7,644.00	-Do-
1887/11	JITENDRA KUMAR PANDA	2,55,650.00	3,919.00	-Do-
2011/12	RAMESH DAS	62,764.00	2,322.00	-Do-
2037/12	RAKRUSHNA SAHU	76,521.00	853.00	-Do-
2230/01	SRI AKUR BEHERA	14,000.00	1,998.00	-Do-
2557/02	BINU DAS	59,264.00	1,998.00	-Do-
2561/02	B SANYASI AMA	59,095.00	1,998.00	-Do-
2567/02	SMT UPI DAS	56,488.00	1,998.00	-Do-
2573/02	KAILASHA DAS	58,764.00	1,998.00	-Do-
2574/02	RAMA CHANDRA DAS	50,595.00	1,998.00	-Do-
2575/02	BABULA DAS	62,764.00	1,998.00	-Do-
2576/02	JYOTI DAS	52,595.00	1,998.00	-Do-
2587/02	BIBAYAKA SAHU	4,72,998.00	6,241.00	-Do-
2589/02	KURSHNA CHANDRA PANDA	4,07,772.00	6,432.00	-Do-
2595/02	BHAGABAN PANDA	1,47,567.00	3,269.00	-Do-
2600/02	ASHOK KUMAR PATTANAIK	8,75,041.00	22,281.00	-Do-
2602/02	SRI BIKRAM KHATEL	10,41,401.00	43,308.00	-Do-
2604/02	SRIKANTA KUMAR SETHI	6,27,040.00	7,340.00	-Do-
2793/03	DEPARTMENTAL EXECUTION	2,16,388.00	2,990.00	-Do-
2794/03	DEPARTMENTAL EXECUTION	2,15,473.00	1,859.00	-Do-
2805/03	JAMBU DAS	39,264.00	1,998.00	-Do-
<b>TOTAL</b>		<b>90,44,229.00</b>	<b>2,28,418.00</b>	



**Management Reply:-** As per present procedure for some schemes dual signature of both commissioner & PD is required to authorize the payment. The liability entry for TDS.VAT, Royalty & labour Cess is made on the date of sign of commissioner in the system but actual payment will be made after the signed by PD ( Project Director). So this delay in making payment as shown in system is not real delay payment. We are making payment on the same day of PD signature or within due date of next month.

### 3. WCT

**Observations:**

We have verified the Vouchers and documents related to Works Contracts for the 2<sup>nd</sup> half year of financial year 2016-17 and found the following observations given in Table-I.3.1.

**Table-I.3.1**

DELAY/ NO DEPOSIT OF WORK CONTRACT TAX AMOUNT						
V. NO.	PARTY NAME	BILL AMT	WCT AMT	DUE DATE	PMT DATE	DELA Y IN DAYS
1604/1 0	M/S KSLR INFRATECH LTD	349,78,350.00	13,99,134.0 0	21-Nov-16	Not made	130
1632/1 0	SRI ADIKANDA SABAT	9,100.00	364.00	21-Nov-16	Not made	130
1721/1 0	AJIT KUMAR CHOUDHURY	4,55,235.00	18,209.00	21-Dec-16	Not made	100
1534/1 0	DURGA RAMAN PATTANAIAK	12,45,377.00	49,815.00	21-Nov-16	03-Dec-16	12
1535/1 0	JITENDRA KUMAR PANDA	1,86,144.00	7,446.00	21-Nov-16	03-Dec-16	12
1816/1 1	BRIDGE AND ROOF CO INDIA LIMITED	230,18,576.00	9,20,743.00	21-Dec-16	Not made	100
1871/1 1	SRI LALATENDU MOHARANA	10,23,437.00	40,937.00	21-Dec-16	Not made	100
1873/1 1	ARUN KUMAR PANDA	3,93,321.00	15,733.00	21-Dec-16	Not made	100
1885/1 1	NARAYANA PADHI	5,78,251.00	23,130.00	21-Dec-16	Not made	100
1887/1 1	JITENDRA KUMAR PANDA	2,55,650.00	10,226.00	21-Dec-16	Not made	100
1935/1 1	SUTAR PHARMACHEMICALS PVT LTD	1,03,649.00	4,146.00	21-Dec-16	Not made	100
1943/1 1	NBCC	124,56,427	4,98,257.00	21-Dec-16	Not made	100
1851/1 1	PRANAYA RANJAN KHANDANGA	6,12,169	24,487.00	21-Dec-16	04-Mar-17	73
1852/1	BHASKAR MISHRA	21,86,935		21-Dec-	04-Mar-	73

1			87,477.00	16	17	
1854/1 1	SMT SANCHALA SAHU	8,36,488	33,460.00	21-Dec-16	04-Mar-17	73
1855/1 1	HARI BEHERA	3,03,537	12,141.00	21-Dec-16	04-Mar-17	73
1856/1 1	ANNAPURNA ELECTRICAL & CO	2,98,971	11,959.00	21-Dec-16	04-Mar-17	73
1864/1 1	SIMANCHAL MISHRA	4,83,070	19,323.00	21-Dec-16	04-Mar-17	73
1866/1 1	SIMANCHAL MISHRA	11,63,070	46,523.00	21-Dec-16	04-Mar-17	73
1868/1 1	SUSANTA KUMAR SETHI	13,08,375	52,335.00	21-Dec-16	04-Mar-17	73
1870/1 1	SUDHANSHU SEKHAR PANDA	12,47,779	49,911.00	21-Dec-16	04-Mar-17	73
1879/1 1	SRIKANTA KUMAR SABAT	20,53,051	82,182.00	21-Dec-16	07-Feb-17	48
1995/1 2	SRI DURGA SUPPLIERS AND DECORATORS	18,000	720.00	21-Jan-17	Not made	69
2037/1 2	RAKRUSHNA SAHU	76,521.00	3,061.00	21-Jan-17	Not made	69
2139/1 2	BRIDGE AND ROOF CO INDIA LIMITED	204,91,496.00	8,19,660.00	21-Jan-17	Not made	69
2144/1 2	NBCC INDIA LIMITED	271,83,676.00	10,87,347.00	21-Jan-17	Not made	69
2150/1 2	ANIL WINDING WORKS	3,360.00	134.00	21-Jan-17	Not made	69
2386/0 2	BHARAT SANCHAR NIGAM LIMITED	4,05,798.00	16,232.00	21-Mar-17	Not made	10
2587/0 2	BIBAYAKA SAHU	4,72,998.00	18,920.00	21-Mar-17	Not made	10
2588/0 2	MS SARAT KUMAR PANIGRAHI	39,272.00	1,571.00	21-Mar-17	Not made	10
2589/0 2	KURSHNA CHANDRA PANDA	4,07,772.00	16,311.00	21-Mar-17	Not made	10
2591/0 2	SIDESH PRASAD SAHU	27,178.00	1,087.00	21-Mar-17	Not made	10
2595/0 2	BHAGABAN PANDA	1,47,567.00	5,903.00	21-Mar-17	Not made	10
2600/0 2	ASHOK KUMAR PATTANAIAK	8,75,041.00	35,002.00	21-Mar-17	Not made	10
2602/0 2	SRI BIKRAM KHATEL	10,41,401.00	41,656.00	21-Mar-17	Not made	10
2604/0 2	SRIKANTA KUMAR SETHI	6,27,040.00	25,082.00	21-Mar-17	Not made	10
2667/0 2	HARISH CHANDRA SETHI	3,28,369.00	13,135.00	21-Mar-17	31-Mar-17	10
2751/0 3	UB MARKETING SERVICES PVT LTD	37,693.00	1,508.00	21-Apr-17	Not made	0
2583/0 2	HINDUSTAN STEEL WORKS CONST. LTD.	107,92,576.00	<b>4,31,703.00</b>	<b>NOT DEDUCTED</b>		
<b>TOTAL</b>		<b>1481,72,720.00</b>	<b>59,26,970.00</b>			

*Management Reply:- As per present procedure for some schemes dual signature of both commissioner & PD is required to authorize the payment. The liability entry for TDS.VAT,Royalty & labour Cess is made on the date of sign of commissioner in the system but actual payment will be made after the signed by PD ( Project Director). So this delay in making payment as shown in system is not real delay payment. We are making payment on the same day of PD signature or within due date of next month.*

#### 4. VAT

**Observations:**

We have verified all vouchers and documents related to Value Added Tax and found that while Tender paper sale is made, it is inclusive of 5% VAT, but ULB has deposited an amount of Rs. 60,573/- instead of Rs. 60,513/- and such amount is not deposited within statutory period. The details are given here under:-

**Table-I.4.1**

TENDER PAPER SALE						
MONTH	BID AMOUNT	VAT	DUE DATE	CHALLAN NO.	PMT DATE	DELAY IN DAYS
Oct-16	37,200.00	1,860.00	21-Nov-16	0000048	30-Mar-17	129
Nov-16	78,168.00	3,908.00	21-Dec-16	0000048	30-Mar-17	99
Dec-16	4,03,200.00	20,160.00	21-Jan-17	0000048	30-Mar-17	68
Jan-17	6,21,200.00	31,060.00	21-Feb-17	0000048	30-Mar-17	37
Feb-17	-	-	-	-	-	-
Mar-17	70,500.00	3,525.00	21-Apr-17	0000049	11-Apr-17	-
<b>TOTAL</b>	<b>12,10,268.00</b>	<b>60,513.00</b>				

*Management Reply:- As per present procedure for some schemes dual signature of both commissioner & PD is required to authorize the payment. The liability entry for TDS.VAT,Royalty & labour Cess is made on the date of sign of commissioner in the system but actual payment will be made after the signed by PD ( Project Director). So this delay in making payment as shown in system is not real delay payment. We are making payment on the same day of PD signature or within due date of next month.*

## 5. Labour Cess

### Observations:

We have verified the Vouchers and documents related to Labour Cess for the 2<sup>nd</sup> half year of FY-2016-17 and found the following observations given in table:

**Table-I.5.1**

NON DEPOSIT OF LABOUR CESS AMT				
V.NO.	PARTY NAME	BILL AMT	DEDUCTED AMT	REMARKS
1627/10	JAGANNATH SAHU	3,94,305.00	3,943.00	Deducted but not deposited
1630/10	SRI DURGA CHARAN MISHRA	6,73,831.00	6,738.00	do
1632/10	SRI ADIKANDA SABAT	9,100.00	91.00	do
1816/11	BRIDGE AND ROOF CO INDIA LIMITED	230,18,576.00	2,30,186.00	do
1864/11	SIMANCHAL MISHRA	4,83,070.00	4,831.00	do
1871/11	SRI LALATENDU MOHARANA	10,23,437.00	10,234.00	do
1873/11	ARUN KUMAR PANDA	3,93,321.00	3,933.00	do
1885/11	NARAYANA PADHI	5,78,251.00	5,783.00	do
1887/11	JITENDRA KUMAR PANDA	2,55,650.00	2,557.00	do
1935/11	SUTAR PHARMACHEMICALS PVT LTD	1,03,649.00	1,036.00	do
1943/11	NBCC	124,56,427	1,24,564.00	do
1959/11	KARTIK ROUT	89,705.00	897.00	do
1995/12	SRI DURGA SUPPLIERS AND DECORATORS	18,000.00	180.00	do
2028/12	SIDESH PRASAD SAHU	42,000.00	840.00	do
2037/12	RAKRUSHNA SAHU	76,521.00	765.00	do
2139/12	BRIDGE AND ROOF CO INDIA LIMITED	204,91,496.00	18,629.00	do
2144/12	NBCC INDIA LIMITED	271,83,676.00	2,47,124.00	do

2150/12	ANIL WINDING WORKS	3,360.00	34.00	do
2587/02	BIBAYAKA SAHU	4,72,998.00	4,730.00	do
2589/02	KURSHNA CHANDRA PANDA	4,07,772.00	4,078.00	do
2595/02	BHAGABAN PANDA	1,47,567.00	1,476.00	do
2600/02	ASHOK KUMAR PATTANAİK	8,75,041.00	8,750.00	do
2602/02	SRI BIKRAM KHATEL	10,41,401.00	10,414.00	do
2604/02	SRIKANTA KUMAR SETHI	6,27,040.00	6,270.00	do
2751/03	UB MARKETING SERVICES PVT LTD	37,693.00	377.00	do
<b>TOTAL</b>		<b>909,03,887.00</b>	<b>6,98,460.00</b>	

*Management Reply:- As per present procedure for some schemes dual signature of both commissioner & PD is required to authorize the payment. The liability entry for TDS.VAT,Royalty & labour Cess is made on the date of sign of commissioner in the system but actual payment will be made after the signed by PD ( Project Director). So this delay in making payment as shown in system is not real delay payment. We are making payment on the same day of PD signature or within due date of next month.*

**Observations:**

- We have verified all accounting transactions related to Service Tax and found that the ULB has not deposited the service tax within due date and service tax on hoarding bill is not deposited at all during the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarter and also not yet filed the half yearly Return in which return due date was 25<sup>th</sup> April 2017. However we have certain observations regarding the service tax as listed below:

**Table-I.6.1**

DELAY IN PARKING FEES SERVICE TAX DEPOSITS							
MONTH	GROSS AMT	SERVICE TAX	KKC IS NOT COLLECTED	DUE DATE	PMT DATE	DELAY IN DAYS	CHALLAN NO.
Oct-16	1,30,948.00	18,988.00	655.00	06-11-2016	24-12-2016	48	00219
Nov-16	1,30,948.00	19,642.20	-	06-12-2016	07-01-2017	32	03275
Dec-16	82,550.00	12,382.50	-	06-01-2017	17-03-2017	70	01621
Jan-17	82,550.00	12,382.50	-	06-02-2017	17-03-2017	39	01621
Feb-17	46,650.00	6,997.50	-	06-03-2017	11-05-2017	66	02269
Mar-17			-	31-03-	11-05-	41	02269

	1,16,380.00	17,457.00		2017	2017		
<b>TOTAL</b>	<b>5,90,026.00</b>	<b>87,849.70</b>	<b>655.00</b>				

**Table-I.6.2**

<b>DELAY IN KALYAN MANDAP SERVICE TAX DEPOSITS</b>						
<b>MONTH</b>	<b>GROSS AMT</b>	<b>SERVICE TAX</b>	<b>DUE DATE</b>	<b>PMT DATE</b>	<b>DELAY IN DAYS</b>	<b>CHALLAN NO.</b>
Oct-16	2,49,273.00	37,391.00	06-11-2016	07-12-2016	31	03387
Nov-16	96,353.00	14,453.00	06-12-2016	07-12-2016	1	03387
Jan-17	1,61,553.00	24,233.00	06-02-2017	08-02-2017	2	00641
Mar-17	2,81,480.00	42,222.00	31-03-2017	16-05-2017	46	02021
<b>TOTAL</b>	<b>11,35,932.00</b>	<b>1,70,390.00</b>				

**Management Reply:-** we have already opened a new bank to make all statutory payments through online on the date of due date itself so the delay deposit of statutory payment will be avoided .

- It has been observed that the Corporation has not yet filed the Service Tax return for the half yearly ending 31<sup>st</sup> March of FY 2016-17. Further the corporation is advised to avail the ITC while filing the Service Tax return for respective 2 quarters with respect to service tax for Rs. **2,73,592/-** and Input tax credit for Rs. **4,750/-** paid on its input services during the 3<sup>rd</sup> and 4<sup>th</sup> quarter
- Calculation of Input Tax credit (CENVAT CREDIT) in which the ULB can avail ITC while filing the Service Tax return for 2 Qtrs are provided in the following tables.

**Table-I.6.3**

<b>CENVAT CREDIT CALCULATION FOR 3<sup>RD</sup> AND 4<sup>TH</sup> QUARTERS OF FY 2016-17</b>								
<b>MONTH</b>	<b>TOTAL OUTPUT (ST-14%)</b>	<b>OUTPUT KKC (0.5%)</b>	<b>TOTAL INPUT (ST-14%)</b>	<b>INPUT KKC (0.5%)</b>	<b>ST PAYABLE</b>	<b>ALREADY PAID</b>	<b>REST ST TO BE PAID</b>	<b>KKC PAYABLE</b>
(1)	(2)	(3)	(4)	(5)	(2-4)=(6)	(7)	(6-7)=(8)	(3-5)=(9)
Oct-16	98,986	2,880	42,828	468	56,158	56,379	(221)	2,412
Nov-16	1,47,097	5,236	58,072	1,036	89,025	33,441	55,584	4,200
Dec-16	2,22,497	7,947	54,550	594	1,67,947	42,339	1,25,608	7,353
Jan-17	64,898	2,318	21,917	107	42,981	36,615	6,366	2,211

Feb-17	34,851	1,245	79,379	2,121	(44,528)	29,131	(73,659)	(876)
Mar-17	90,635	3,237	16,846	425	73,789	59,679	14,110	2,812
<b>TOTAL</b>	<b>6,58,964</b>	<b>22,863</b>	<b>2,73,592</b>	<b>4,750</b>	<b>3,85,372</b>	<b>2,57,584</b>	<b>1,27,788</b>	<b>18,113</b>

Table-I.6.4

STATEMENT SHOWING INPUT SERVICE TAX					
MONTH	PARTY NAME	VOUCH. NO	BILL AMT	INPUT SERVICE TAX@14%	INPUT KKC @0.5%
OCT 16	M/S U.B. MARKETING & SERVICES PVT LTD	1510/10	81,922.00	8,736.00	-
	M/S U.B. MARKETING & SERVICES PVT LTD	1511/10	1,86,575.00	19,950.00	-
	TRISHUL TREAD PVT LTD	1513/10	7,070.00	882.48	-
	RELIANCE	1665/10	518.00	68.00	
	BSNL	1697/10	28,262.00	3,683.00	132.00
	BSNL	1698/10	891.00	108.00	-
	BAJAJ ALLIANZ	1733/10	77,220.00	9,401.00	336.00
	<b>SUB TOTAL</b>			<b>3,82,458.00</b>	<b>42,828.48</b>
NOV 16	GALAXY TOUR AND TRAVELS	1889/11	1,58,470.00	8,372.00	299.00
	GALAXY TOUR AND TRAVELS	1889/11	1,58,470.00	8,372.00	299.00
	HINDI AUTOMOBILES	1794/11	43,226.00	5,286.21	189.00
	FORTUNE SCALES AND INSTRUMENTS	1796/11	44,486.00	3,814.00	134.00
	HINUSTAN CONSERVANCEY	1825/11	2,20,244.00	13,960.00	
	BSNL	1835/11	13,176.00	161.00	
	BSNL	1848/11	1,431.00	146.00	
	BSNL	1933/11	28,852.00	3,217.20	114.90
	HINDUSTAN CONSERVANCY	1941/11	2,32,402.00	14,744.00	
	<b>SUB TOTAL</b>			<b>9,00,757.00</b>	<b>58,072.41</b>

DEC 16	THUMBANATHAM AND ASSOCIATES	1997/12	24,376.00	3,726.90	
	THUMBANATHAM AND ASSOCIATES	1998/12	24,376.00	3,726.90	
	ER SUDARSAN PANDA	1999/12	38,635.00	4,704.00	168.00
	ER SUDARSAN PANDA	2000/12	38,635.00	4,704.00	168.00
	U B MARKETING AND SERVICES PVT LTD	2055/12	1,11,829.00	11,806.00	
	MS UB MARKETING & SERVICES PVT LTD	2092/12	97,711.00	10,551.17	
	MS UB MARKETING & SERVICES PVT LTD	2094/12	76,318.00	7,977.00	
	BSNL	2132/12	891.00	116.00	
	BSNL	2133/12	24,063.00	2,922.00	104.00
	BAJAJ ALLIANZ	2158/12	34,555.00	4,316.00	154.00
	<b>SUB TOTAL</b>		<b>4,71,389.00</b>	<b>54,549.97</b>	<b>594.00</b>
JAN 17	MS UB MARKETING & SERVICES PVT LTD	2264/01	88,977.00	4,368.00	
	HINDSTAN CONSERVANCY	2307/01	2,25,603.00	14,566.00	
	BSNL LIMITED	2358/01	24,697.00	2,983.00	107.00
	<b>SUB TOTAL</b>		<b>3,39,277.00</b>	<b>21,917.00</b>	<b>107.00</b>
FEB 17	ER SUDARSAN PANDA	2390/02	38,635.00	4,704.00	168.00
	ER SUDARSAN PANDA	2390/02	38,635.00	4,704.00	168.00
	R. THUMBANATHAM	2392/02	24,376.00	2,981.52	
	R. THUMBANATHAM	2392/02	24,376.00	2,981.52	
	BSNL LIMITED	2608/02	23,944.00	2,814.00	101.00
	BAJAJ ALLIANZ	2617/02	1,73,071.00	21,074.67	752.67
	GALAXY TOUR AND TRAVELS	2619/02	1,75,377.00	8,689.33	310.33
	GALAXY TOUR AND TRAVELS	2620/02	1,75,377.00	8,689.33	310.33
	GALAXY TOUR AND TRAVELS	2621/02	1,64,470.00	8,689.33	310.33
	HINDUSTAN CONSERVANCY	2676/02	2,21,482.00	14,051.00	
	<b>SUB TOTAL</b>		<b>10,59,743.00</b>	<b>79,378.70</b>	<b>2,120.67</b>



<b>MARCH 17</b>	BSNL LIMITED	2780/03	22,949.00	2,795.33	99.83
	THUMBANATHAM AND ASSOCIATES	2823/03	23,771.00	2,740.14	
	THUMBANATHAM AND ASSOCIATES	2824/03	2,163.00	2,215.86	
	SUDARSHNA PANDA	2825/03	36,566.00	4,452.93	159.03
	SUDARSHNA PANDA	2826/03	36,566.00	4,641.47	165.77
	<b>SUB TOTAL</b>	-	<b>1,22,015.00</b>	<b>16,845.73</b>	<b>424.63</b>
	<b>GRAND TOTAL</b>	-	<b>32,75,639.00</b>	<b>2,73,592.00</b>	<b>4,750.00</b>

### OUTPUT SERVICE TAX DETAILS

**Table-I.6.5**

#### **SERVICE RELATING TO HORDING ADVERTISEMENT**

SRL. NO.	MONTH	CASH	CHQ AMT	TOTAL AMT	OUT PUT SERVICE TAX	OUT PUT KKC
					INCLUSIVE OF BILL AMOUNT	
1	Oct-16	2,53,920.00	1,21,920.00	3,75,840.00	45,754.00	1,634.00
2	Nov-16	72,050.00	8,75,730.00	9,47,780.00	1,15,886.00	4,121.00
3	Dec-16	77,790.00	14,25,275.00	15,03,065.00	1,82,982.00	6,535.00
4	Jan-17	1,10,380.00	1,42,000.00	2,52,380.00	30,725.00	1,097.00
5	Feb-17	62,935.00	-	62,935.00	7,662.00	274.00
6	Mar-17	22,260.00	2,64,700.00	2,86,960.00	34,934.00	1,248.00
<b>TOTAL</b>		<b>5,99,335.00</b>	<b>28,29,625.00</b>	<b>34,28,960.00</b>	<b>4,17,943.00</b>	<b>14,909.00</b>

**Table-I.6.6**

<b>SERVICE RELATING TO KALYAN MANDAP</b>			
MONTH	GROSS AMT	14% SERVICE TAX	0.5%KKC
Oct-16	2,49,273.00	34,899.00	1,246.00
Nov-16	96,353.00	13,489.00	482.00
Dec-16	1,99,713.00	27,959.00	999.00

<b>SERVICE RELATING TO PARKING FEES</b>			
MONTH	GROSS AMT	14% SERVICE TAX	0.5%KKC
Oct-16	1,30,948.00	18,333.00	-
Nov-16	1,30,948.00	17,722.00	633.00
Dec-16	82,550.00	11,556.00	413.00

Jan-17	1,61,553.00	22,617.00	808.00
Feb-17	1,47,560.00	20,658.00	738.00
Mar-17	2,81,480.00	39,408.00	1,407.00
<b>TOTAL</b>	<b>11,35,932.00</b>	<b>1,59,030.00</b>	<b>5,680.00</b>

Jan-17	82,550.00	11,556.00	413.00
Feb-17	46,650.00	6,531.00	233.00
Mar-17	1,16,380.00	16,293.00	582.00
<b>TOTAL</b>	<b>5,90,026.00</b>	<b>81,991.00</b>	<b>2,274.00</b>

**Recommendation -1**

- i. It is being advised that the ULB should pay all the statutory liability on or before due date.
- ii. Maintain centralized register with respect to all types of statutory due instead of only department wise register.
- iii. Reconcile periodically i.e. monthly or quarterly all types of statutory due with accounts department by the different department.

**Notes:**

- The Swachha Bharat Cess Paid on Input Service Can't be availed as CENVAT CREDIT & further it can't be paid by utilizing the credit of any other duty or tax as the SBC is not integrated into the CENVAT CREDIT chain as per CENVAT CREDIT rule 6, 2004. However the KrishiKalyanCess paid on Input service can be availed as Cenvat credit only on KKC output services.

**II. EMPLOYEES BENEFIT**

**1. EPF**

**Observations:**

EPF dues were found to be correctly computed but not deposited same amount within the due dates subject to observation which is given below:-

**Table-II.1.1**

DELAY DEPOSIT OF EPF AMT							
MONTH	EMPLOYER CONT.	EMPLOYEE CONT.	ADMIN.	TOTAL	DUE	PMT	DELAY
Oct-16	4,10,865.00	3,94,420.00	36,557.00	8,41,842.00	15-11-2016	21-11-2016	6
Dec-16	4,11,671.00	3,95,215.00	28,328.00	8,35,214.00	15-01-2017	28-01-2017	13
Feb-16	3,80,121.00	3,80,121.00	27,845.00	7,88,087.00	15-03-2017	20-03-2017	5
<b>TOTAL</b>	<b>12,02,657.00</b>	<b>11,69,756.00</b>	<b>92,730.00</b>	<b>24,65,143.00</b>			

**Table-II.1.2**

<b>FINANCIAL YEAR 2016-17 SHORT EPF DEPOSIT (ONLY EMPLOYEE PART)</b>			
<b>MONTH</b>	<b>DEDUCTED(AS PER ULB ENTRY)- REFER TABLE II.1.3</b>	<b>DEPOSITED</b>	<b>DEFF.</b>
<b>Apr-16</b>	1,24,962.00	3,86,621.00	-2,61,659.00
<b>May-16</b>	9,84,546.00	3,99,014.00	5,85,532.00
<b>Jun-16</b>	4,94,303.00	3,96,191.00	98,112.00
<b>Jul-16</b>	4,95,634.00	3,84,885.00	1,10,749.00
<b>Aug-16</b>	9,75,220.00	3,94,529.00	5,80,691.00
<b>Sep-16</b>	4,92,984.00	3,95,307.00	97,677.00
<b>Oct-16</b>	4,89,265.00	3,94,420.00	94,845.00
<b>Nov-16</b>	3,742.00	3,94,933.00	-3,91,191.00
<b>Dec-16</b>	9,87,033.00	3,95,215.00	5,91,818.00
<b>Jan-17</b>	-	3,91,154.00	-3,91,154.00
<b>Feb-17</b>	4,20,056.00	3,80,882.00	39,174.00
<b>Mar-17</b>	4,78,469.00	3,99,806.00	78,663.00
<b>TOTAL</b>	<b>59,46,214.00</b>	<b>47,12,957.00</b>	<b>12,33,257.00</b>

**Table-II.1.3**

<b>DETAILED LIST OF EPF DEDUCTION (VOUCHER WISE)</b>								
<b>Apr-16</b>	<b>ULB VCH. NO.</b>	<b>EPF DEDUCTED AMT</b>	<b>May-16</b>	<b>ULB VCH. NO.</b>	<b>EPF DEDUCTED AMT</b>	<b>Jun-16</b>	<b>ULB VCH. NO.</b>	<b>EPF DEDUCTED AMT</b>
16-04-2016	965	1,15,148.00	11-05-2016	1,519	6,12,187.00	01-06-2016	1,049	461.00
16-04-2016	968	812.00	11-05-2016	1,522	3,70,103.00	23-06-2016	1,401	4,93,842.00
16-04-2016	969	812.00	20-05-2016	1,004	2,256.00	-	-	-
16-04-2016	973	4,038.00	-	-	-	-	-	-
16-04-2016	974	4,152.00	-	-	-	-	-	-
<b>TOTAL</b>		<b>1,24,962.00</b>	<b>TOTAL</b>		<b>9,84,546.00</b>	<b>TOTAL</b>		<b>4,94,303.00</b>
<b>Jul-16</b>	<b>ULB VCH. NO.</b>	<b>EPF DEDUCTED AMT</b>	<b>Aug-16</b>	<b>ULB VCH. NO.</b>	<b>EPF DEDUCTED AMT</b>	<b>Sep-16</b>	<b>ULB VCH. NO.</b>	<b>EPF DEDUCTED AMT</b>
12-07-2016	1,807	4,95,634.00	01-08-2016	1,849	4,73,104.00	28-09-2016	1,882	4,92,984.00
			27-08-2016	1,154	2,786.00			
			31-08-2016	1,872	4,99,330.00			
<b>TOTAL</b>		<b>4,95,634.00</b>	<b>TOTAL</b>		<b>9,75,220.00</b>	<b>TOTAL</b>		<b>4,92,984.00</b>

Oct-16	ULB VCH. NO.	EPF DEDUCTED AMT	Nov-16	ULB VCH. NO.	EPF DEDUCTED AMT	Dec-16	ULB VCH. NO.	EPF DEDUCTED AMT
31-10-2016	1,942	4,89,265.00	02-11-2016	1,955	744.00	01-12-2016	2,061	4,82,297.00
-	-	-	02-11-2016	1,955	2,998.00	08-12-2016	2,101	1,197.00
-	-	-	-	-	-	08-12-2016	2,102	9,980.00
-	-	-	-	-	-	31-12-2016	3,167	4,92,952.00
-	-	-	-	-	-	31-12-2016	3,171	207.00
-	-	-	-	-	-	31-12-2016	3,173	400.00
<b>TOTAL</b>		<b>4,89,265.00</b>	<b>TOTAL</b>		<b>3,742.00</b>	<b>TOTAL</b>		<b>9,87,033.00</b>
Jan-17	ULB VCH. NO.	EPF DEDUCTED AMT	Feb-16	ULB VCH. NO.	EPF DEDUCTED AMT	Mar-16	ULB VCH. NO.	EPF DEDUCTED AMT
-	-	-	04-02-2017	3,140	4,19,320.00	08-03-2017	3,024	4,78,469.00
-	-	-	16-02-2017	2,835	736.00	-	-	-
<b>TOTAL</b>			<b>TOTAL</b>		<b>4,20,056.00</b>	<b>TOTAL</b>		<b>4,78,469.00</b>

### III. MAINTENANCE OF BOOKS OF ACCOUNTS

#### Observations:

- It is observed that the ULB has not updated some of the prescribed registers & records as per OMAR-2012 and is in the process of updating the same. Further the Corporation is needs to regularize and update the following registers;
  - Fixed Assets Registers with respect to Land, Immovable property, Public Lighting System & other assets.
  - Cheque Issue/Receipt Registers & Stale Cheque Registers.
  - Investment Register,
  - Service Tax Input Credit Registers, TDS Register, WCT register,
- As per OMAR, wherever the Books of Accounts are maintained manually, the Books of Accounts, Registers, Receipts, Bill books and other Accounting Records and Registers shall be affixed with the Seal of the Municipality and each of the pages of the aforesaid records shall be serially numbered and the number of pages of each Book or Register shall be certified in writing on the last page, after actual verification, by the proper authority or any other person duly authorized by him.
- It has been observed that the Corporation has maintained its books of account in multiple places in the premises of BeMC office which results in lack of timely proper co-ordination amongst the departments, which leads to failure in furnishing various Statutory Returns & payments on due date and also failure to maintain records as per OMAR.
- It is being found that at present the corporation is maintaining separate register for each department with respect to grant, utilization, advance, salary, cheque issue & stale cheque register, Investment Register, TDS Register, WCT register, etc.. However if the Corporation will maintain the consolidated register consisting under a single head of each department with respect to Grant Register, Utilization Certificate Register,

Advance register, Salary register, cheque issue & stale cheque register, Investment Register, TDS Register, WCT register, etc., proper timely reconciliation can be done with respect to the above.

- During vouching we found that the following voucher numbers were not provided to us. namely-

<b>MISSING VOUCHER NUMBERS</b>
1500, 1501, 1502, 1503, 1504, 1505, 1521, 1533, 1537, 1538, 1540, 1542, 1548, 1564, 1565, 1570, 1582, 1585, 1587, 1588
1596, 1605, 1606, 1607, 1614, 1615, 1616, 1617, 1618, 1621, 1622, 1628, 1631, 1637, 1641, 1642, 1646, 1647, 1649, 1651, 1653, 1656, 1661, 1678, 1679, 1680, 1681, 1682, 1685, 1686, 1687, 1688, 1689, 1701, 1704, 1714, 1715, 1716, 1717, 1718, 1719,
1720, 1721, 1723, 1729, 1736 TO 1758, 1760, 1761, 1762, 1763, 1764, 1768, 1769, 1775, 1776, 1780, 1826, 1843, 1844, 1845
, 1846, 1848, 1849, 1865, 1867, 1869, 1872, 1874, 1880, 1886, 1888, 1926 TO 1932, 1939, 1940, 1942, 1944, 1952, 1954
1955 TO 1957, 1962 TO 1988, 1990, 1991, 1992, 2002, 2075, 2076, 2077, 2079, 2090, 2091, 2093, 2099, 2205 TO 2208
2210, 2211, 2212, 2214, , 2029, 2034 TO 2240, 2254, 2261 TO 2263, 2266, 2267, 2269, 2270, 2273, 2275 TO 2283
2287, 2292, 2299, 2303, 2308, 2315 TO 2321, 2324, 2326, 2328 TO 2341, 2347, 2353, 2360, 2361, 2362, 2363, 2373
2376, 2385, 2401, 2403 TO 2428, 2430 TO 2434, 2453 TO 2489, 2503, 2505, 2506, 2507, 2508, 2518, 2519, 2533 TO 2538
2541, 2550, 2582, 2586, 2590, 2592, 2596, 2597, 2599, , 2601, 2603, 2623, 2624, 2625, 2630, 2631, 2632, 2652 TO 2654
, 2660 TO 2664, 2693 TO 2721, 2784, 2786, 2787, 2823, 2830, 2831,

***Management Reply-: 1. we are in the process of adoption of E-municipality & E-Filling for all the data updating so manual register are automatically recorded in soft forms.***

***2. We are in the process of adopting centralization of all works of particular dept at common place so that proper co-ordination could be made & all required data will be submitted by that particular centralized dept. to third parties without disturbing them.***

***3. As per missing vouchers list, all the vouchers are related to IHSDP which are held by respective JEs to make payment to beneficiaries. The vouchers quoted could not be submitted which are very much with the concerned officials of the Organization. But to avoid this type observation, we are intimated to respective JEs to submit all vouchers with short period of time after making the payments.***

***Recommendation -3***

- i. We recommend the corporation to maintain the aforesaid books of account & register for the betterment of the corporation and also recommend to maintain separate all statutory files like TDS, Service Tax, WCT/VAT, Cess, Royalty. Further it is being advised that the Corporation should go for Centralized Finance & Accounts department; thereby the corporation can enable better control over such failure and have better control over the accounts.*
- ii. We also recommend to Create respective asset ledger account which is included in the ledger of OTHER FIXED ASSET, consequently Individually assets can be measured in future.*
- iii. We also found most of the cases whenever payment is made to party, it is being maintained directly means the due entry of every expenditure is not made, as a result party wise tracking can not be smoothly, so we recommend to pass first the due entry and then payment made accordingly.*

**IV. FINANCIAL MANAGEMENT**

**1. GRANT**

**2. Observations:**

- As per OMAR, a Grant Register in Form G-1 is being maintained by the Municipality in respect of grants, to record receipts and utilization of grants thereof. However, the Corporation is advised to properly maintain the updated registers w.r.t. specific contributions received & utilization thereof for the purpose specified.
- It has been seen that the Corporation has multiple departments & each department has maintain their respective register, but it will be proper if there is timely reconciliation should be made of grant receipt & utilized by them with the accounts department.
- The Utilization register w.r.t. grant receipt are not properly maintained, needs to be updated.

We found that respective department are maintaining grant utilization as per due basis where as in Accounts, grants are maintaining cash basis so it is not tally with utilization certificate as compare to Accounts.

***Recommendation -4***

*Therefore we recommend to the corporation to reconcile the grant details of respective department with the accounts department. Also recommend that maintain detailed register.*

### 3. REVENUE (Including own source revenue)

#### 2. REVENUE (Including own sources)

##### Findings:

During our testing of the revenues we noted the followings.

- **Revenue from Business Licenses-:** The ULB had a total consumer of around 8,000 out of which trade license fees is being collected from around 4,000 consumers till date. The Municipality does not obtain from the Ministry of Trade and Industry the updated, total number of active business in the municipality. Therefore inactive or terminated business might be charged, while active or new businesses might not be charged.
- **Revenue from Advertisement-:** The tendering for advertisement are made each year by the ULB, however no party is interested to participate in the tendering process, as a result of which the ULB has collected the advertisement tax as per the rate fixed in this regard previously. Further since the Service tax return for the same year is not filed the ULB is advised to collect the Service tax portion from the respective parties and regularize.
- **Reconciliation of Revenues-:** The respective revenue department did not perform any formal reconciliation of revenues collected with the accounting department. As a result we have identified immaterial differences between the information received from each department and accounting records.
- **Revenue from Parking Fees-:** The ULB has leased out to 2nd parties the parking area for the collection of parking fees. As per the lease agreement between the ULB with the concerned party, the 2<sup>nd</sup> party should pay the lease collection to the ULB on or before 5<sup>th</sup> day of following month and also there is a penal clause for the default (i.e. the 2<sup>nd</sup> party will be allowed to deposit the money within a grace period of 24 days with a penalty of Rs. 20/- per day over the lease amount and no further grace period will be allowed and the respective agreement will be cancelled). However in most of the cases the 2<sup>rd</sup> party has failed to pay the fees on or before due date, but the ULB has not collect the penal amount from the lessee. Hence we advised to the ULB to take necessary actions to collect penalty from such defaulter parties in this regard.

A detailed of such failure by the concerned parties is annexed here under.

**Table-III.2.1**

NO/SHORT PENALTY COLLECTED ON PARKING FEES							
MONTH	BILL AMT	MISC. RECEIPT NO.	COLLECTION DATE	DUE DATE	DIFF. IN DAYS	PENALTY	PENALTY COLLECTED
Sep-16	11,500.00	17/272	19-10-2016	05-10-2016	14	280.00	-
Sep-16	19,123.00	16/272	18-10-2016	05-10-2016	13	260.00	-
Oct-16	11,500.00	1/272	13-11-2016	05-11-2016	8	160.00	-
Oct-16	19,123.00	2/272	13-11-2016	05-11-2016	8	160.00	-
Oct-16	32,500.00	7/272	14-11-2016	05-11-2016	9	180.00	-
Oct-16	44,850.00	4/272	14-11-2016	05-11-2016	9	180.00	-
Oct-16		23/272	14-11-2016	05-11-	9		-

	22,975.00			2016		180.00	
<b>Nov-16</b>	11,500.00	2/272	13-12-2016	05-12-2016	8	160.00	-
<b>Nov-16</b>	19,123.00	21/272	17-12-2016	05-12-2016	12	240.00	-
<b>Nov-16</b>	32,500.00	22/272	24-12-2016	05-12-2016	19	380.00	-
<b>Nov-16</b>	44,850.00	97/557	17-12-2016	05-12-2016	12	240.00	-
<b>Nov-16</b>	22,975.00	24/272	17-02-2017	05-12-2016	74	1,480.00	-
<b>Dec-16</b>	22,975.00	32/272	22-02-2017	05-01-2017	48	960.00	600.00
<b>Dec-16</b>	13,300.00	26/272	10-02-2017	05-01-2017	36	720.00	600.00
<b>Dec-16</b>	35,900.00	28/272	14-02-2017	05-01-2017	40	800.00	600.00
<b>Dec-16</b>	10,375.00	30/272	22-02-2017	05-01-2017	48	960.00	600.00
<b>Jan-17</b>	22,975.00	33/272	22-02-2017	05-02-2017	17	340.00	-
<b>Jan-17</b>	13,300.00	27/272	10-02-2017	05-02-2017	5	100.00	-
<b>Jan-17</b>	35,900.00	29/272	14-02-2017	05-02-2017	9	180.00	-
<b>Jan-17</b>	10,375.00	31/272	22-02-2017	05-02-2017	17	340.00	-
<b>Feb-17</b>	22,975.00	35/272	16-03-2017	05-03-2017	11	220.00	-
<b>Feb-17</b>	13,300.00	34/272	08-03-2017	05-03-2017	3	60.00	-
<b>Feb-17</b>	35,900.00	39/272	12-04-2017	05-03-2017	38	760.00	600.00
<b>Feb-17</b>	10,375.00	36/272	30-03-2017	05-03-2017	25	500.00	-
<b>Mar-17</b>	22,975.00	40/272	17-04-2017	05-04-2017	12	240.00	-
<b>Mar-17</b>	13,300.00	38/272	10-04-2017	05-04-2017	5	100.00	-
<b>Mar-17</b>	35,900.00	45/272	11-05-2017	05-04-2017	36	720.00	600.00
<b>Mar-17</b>	10,375.00	43/272	06-05-2017	05-04-2017	31	620.00	600.00
<b>Mar-17</b>	22,000.00	41/272	03-05-2017	05-04-2017	28	560.00	600.00
<b>Mar-17</b>	44,205.00	37/272	07-04-2017	05-04-2017	2	40.00	-
<b>TOTAL</b>	<b>6,88,924.00</b>					<b>12,120.00</b>	<b>4,800.00</b>

*Management Reply:- We have intimated to concerned deptt.to collect the penalty & deposit the amount with in due date .*



### **Recommendations -5**

*We recommend the municipality*

- *Ensure proper application of municipal regulation related to fees and taxes for different services provided by the municipality.*
- *If computerized revenue collection process will be made as compare to manual process takes much time & resources, and accordingly the corporation can be save its resources and avoid any misappropriation in this regards.*

## **4. ASSETS & DEBTS**

### **Findings:**

- **Fixed Assets-** The ULB is advised to maintain the proper Fixed Assets Register showing the cost, date of installation/commissioning, life of the asset, nature, physical position, block of the assets to which it is belong. Further the organization is advised to conduct timely Physical Verification on Fixed Assets at regular intervals. The actual balance of the assets as compared to the book value of asset need to be reconciled.
- **Investments-** It is observed that the Health Section of the ULB is advised to maintain the Fixed Deposit Register in a proper manner showing the nos., period, amount, maturity value, etc for timely renew of FDR on maturity date.
- **Stores / Inventory-** It has been observed that there is no physical verification of stores (i.e. stationery and tools & equipment of electrical department) at periodically i.e. monthly or quarterly by the competent authority of the ULB. The valuation of stores needs to be reconciled as per physical verification report and necessary rectification entry needs to be passed for reconciling with the book balance. The ULB has also not introduced the mechanism of Surprise physical verification by any third party of Stores & Consumables during the period under audit.
- **Receivables-** With respect to Income generation, the ULB is maintaining its books of accounts on cash basis. However as per OMAR it should be on accrual basis to determine the receivable and ageing of the same. In the absence of accrual system of accounts w.r.t. income, the actual position of receivable can't be determined. Hence ULB is advised to maintain accrual basis of accounts for proper reflection of income and receivables.
- **Cash and Bank-** Some of the Bank accounts are remained un-reconciled like Salary and a step also not taken to reconcile such accounts. Old age pension's cash book needs to be reconciled. **We also found an account is being maintained for PF statutory payment but yet not included in the books of account, needs to update in the ULB books of account.**

**Management Reply:-**1.It has been instructed to maintain all fixed assets registers in soft form so that all future compliance can be made with any failure.

2. after establishment of Centralized dept of finance & establishment dept, all observation of Investment & Stores & inventory will be solved.

3. Since proper demand Information is still not able to development so we are mostly making entries in cash basis except house tax demand. We are trying to making records of all incomes in softcopy so that we can calculate demand amount of all incomes.

4. All banks are already reconciled & all unrecorded account are updated in the E-Municipality accounting module after audit observations.

**Recommendation -6**

- i. It is being advised that the municipality should properly maintain the following fixed asset registers comprising of land, buildings and all other infrastructure, immovable and movable properties which belong to the Municipality:—*
  - (a) Register of Land*
  - (b) Register of Immovable Properties*
  - (c) Register of Movable Properties*
  - (d) Register of Public Lighting System*
- ii. These registers should be maintained category wise in respect of lands, buildings, etc. The infrastructure assets like roads, bridges, culverts, drains, shall be recorded in such a manner as to identify location, measurements, etc. The registers should be maintained fund wise*
- iii. Any new asset that is capitalized, purchased or obtained by way of grant or gift shall be recorded in the register on the date the asset is capitalized, purchased or obtained by way of grant or gift shall be recorded in the register on the date the asset is capitalized, purchased or obtained.*
- iv. An Asset Replacement Register shall also be maintained which shall record the history of the asset in use in a Municipality. This shall capture the usage and depreciation details of the asset.*
- v. The ULB is required to verify the above assets in periodic interval.*
- vi. To introduce surprise check of liquid cash by the competent authority to check the cash position.*
- vii. All the pass book/ bank statement should be updated and bank reconciliation for each bank account needs to be done for obtaining the accurate bank balance position.*
- viii. It has been advised that, the ULB should take necessary steps with regard to outstanding advances, either to recover the advances, otherwise write-off the same.*
- ix. We found that in Health section saving Bank balance on 31<sup>st</sup> march 2017 is Rs. 86,29,545.00. It is advised that if such amount will be maintain as Fixed deposit, it will become better revenue as compare to saving bank accounts.*

## V. CONCLUSIONS

### 1. RECOMMENDATIONS

Recommendations have provided at last of each of the report of table content points.

### 2. Status of Prior year Recommendations

Our official letter, as at and for the financial year ended 2015-16, identified three main recommendations. None of these recommendations were addressed during the financial year 2016-17, namely:-

- *To maintain consolidated register consisting under a single head of each department with respect to Grant Register, Utilization Certificate Register, Advance register, Salary register, cheque issue & stale cheque register, Investment Register, TDS Register, WCT register, etc., proper timely reconciliation can be done with respect to the above.*
- *To properly maintain the following fixed asset registers comprising of land, buildings and all other infrastructure, immovable and movable properties which belong to the Municipality:—*
  - (a) Register of Land*
  - (b) Register of Immovable Properties*
  - (c) Register of Movable Properties*
  - (d) Register of Public Lighting System*
- *Bank reconciliation of salary account*

### 3. Overall conclusion on the Management of BeMC

**General Conclusions:** As discussed within this report, improvements need to be made in the areas of revenues, handling of receivables, payment of obligations within the required timeframe, measurement of capital and non capital asset etc.