

STATUTORY AUDIT REPORT FOR THE YEAR 2015-16

**CHATRA NAGAR PARISHAD**

**S Poddar & Co**  
Chartered Accountant

H O 2 Lal Bazar Todi Chamber  
Kolkata 700001

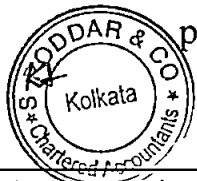


## AUDITORS REPORT

We have audited the accompanying financial statements of **Chatra Nagar Parishad**, which comprises the Balance Sheet as at 31<sup>st</sup> March, 2016 together with the Income & Expenditure Statement and Receipts and Payments account for the year ended on that date

We report that,

- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit,
- b) *Subject to our observation enclosed in Annexure 2*, in our opinion, proper books of accounts as required by the Act and Rules have been kept by the ULB so far as it appears from our examination of those books,
- c) *Subject to our observation enclosed in Annexure 2*, in our opinion, the Balance sheet of the ULB's, Income & Expenditure Statement, and Receipts and Payments Statement dealt with by the report are in agreement with the books of accounts,
- d) *Subject to our observation enclosed in Annexure 2*, in our opinion and according to information and explanations given to us, an appropriate internal controls has been adhered to by the ULB,
- e) *Subject to our observation enclosed in Annexure 2*, in our opinion and according to the information and explanations given to us, all the payments have been made in accordance with the law,
- f) In our opinion and according to the information and explanations given to us, no such deficiency or loss has been incurred that appears to have been caused by the gross negligence or misconduct of any person,





- g) In our opinion and according to the information and explanations given to us, the sum receive for and on behalf of the ULB which ought to have been brought into account of the ULB by any person has been properly brought, and
- h) *Subject to our observation enclosed in Annexure 1 &2*, in our opinion, no such other material impropriety or irregularity has been observed by us during the course of our audit of the accounts
- 1) The Financial statement give true and Fair view,
- a In Case of Balance sheet of the state of affairs of the ULB as at 31<sup>st</sup>March, 2015 and
  - b In case of Income & Expenditure Account of the Deficit of the parishad for the year ended on that date

Additional matters required to be reported by us is annexed herewith in Annexure 1 & 2

For S Poddar & Co  
Chartered Accountants,

FRN 320294E



Khusboo Tayel

Partner

Membership No 069828

Date 06<sup>th</sup> June 2017

Place Kolkata



**Annexure-1**

**ANNEXURE TO THE AUDITOR REPORT OF THE CHATRA NAGAR  
PARISHAD**

- 1) In our opinion and according to information and explanation given to us, all the expenditure incurred by the ULB are authorised by appropriate provision in the sanctioned budget, whether made originally or subsequently *except otherwise mentioned in the Annexure 2*
- 2) In our opinion and according to information and explanation given to us, all sums due to and received by the ULB have been brought to account within the prescribed time limits *except otherwise mentioned in the Annexure 2*
- 3) In our opinion and according to information and explanation given to us, all transactions (incomes, expenditures, assets and liabilities) are correctly classified *except otherwise mentioned in the Annexure 2*
- 4) In our opinion and according to information and explanation given to us, 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 that no deviation has been made from the sanctioned plans and the estimates without the sanction of the competent authority *except otherwise mentioned in the Annexure 2*
- 5) In our opinion and according to information and explanation given to us, the amounts received as specific grants have been utilised for the purposes as stated in the grant sanction order *except otherwise mentioned in the Annexure 2*
- 6) In our opinion and according to information and explanation given to us, the Special Funds have been created as per the provision of relevant statutes and the Special Funds have been utilised for the purposes for which created
- 7) In our opinion and according to information and explanation given to us, the ULB is not maintaining proper records showing full particulars,





- including quantitative details and situation of fixed assets *except otherwise mentioned in the Annexure 2,*
- a) *The physical verification report of Fixed Assets was not made available to us, hence we are unable to comment on whether physical verification of fixed assets has been conducted or not*
- b) *As the report of Physical verification of fixed assets were not available Also, Fixed Assets register was not maintained Hence, we are unable to comment on the material discrepancies noticed on such verification and book records*
- 8) *According to information and explanation given to us, no physical verification of stores was conducted in the ULB as there is neither any store keeper to maintain the stores nor details of the same were maintained*
- 9) *In our opinion, a reasonable steps to be taken to maintain store records and a procedure to be adopted for physical verification of stores as there is neither any store keeper to maintain the stores nor details of the same were maintained*
- 10) *In our opinion, neither store records are maintained nor was physical verification conducted Hence, we are unable to comment on material discrepancies on physical verification of stores as compared to books records*
- 11) *In our opinion, no store records are maintained, hence we are unable to comment on the valuation of stores*
- 12) *In our opinion and according to information and explanation provided to us, no loans or advances in the nature of loans have been given by the ULB to any parties Hence, the clause is not applicable*
- 13) *In our opinion and according to information and explanations, no such adequate internal control procedure exists for the purchase of stores, including components plant and machinery, equipment and other assets as neither store records maintained nor fixed asset register is maintained*





- 14) *In our opinion no such procedures exists to identify any unserviceable or damaged stores and no provision for the loss in this respect, if any, has been made in the accounts*
- 15) *In our opinion and according to information and explanation given to us, Professional tax is not deducted from the Salary of the employees The Provident Fund deducted and ULB's own contribution towards Provident Fund is deposited in separate bank account of employees*
- 16) *In our opinion and according to information and explanation given to us, there has been delay in depositing tax deducted as source and works contract tax and other statutory dues with appropriate authorities by the ULB*
- 17) *In our opinion and according to information and explanation given to us, no personal expenses have been charged to revenue account*
- 18) *In our opinion and according to information and explanation provided to us, Demand Register, Collection Register, Grant Register & Fixed Asset Register is not maintained properly Hence, the below mentioned audit observations are based on the information provided to us*

For S Poddar & Co  
Chartered Accountants,  
FRN 320294E



Khusboo Tayel

Partner

Membership No 069828

Date 06<sup>th</sup> June 2017

Place Kolkata



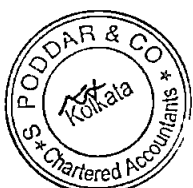
## Annexure 2

- 1) The following Registers are prescribed by the Accounting Manual We found that the below registers have been maintained or not in the format and method prescribed in the Accounting Manual For e g , the daily collection registers have been made on a monthly basis

It was observed that Stock Register, Fixed Asset Register, Demand register, Holding Tax Register, Cheque Register etc were not maintained by the ULB

We recommend that a special initiative be taken to guide and educate the ULB in maintaining the registers properly

Sl No.	Books of Records Maintained	Updated till	Manually/ Computerised
1	Cash Book	31 03 2016	Manual
2	Grant register	31 03 2016	Manual
3	Stores Register	Not Maintained	-
4	Holding tax register	Not Maintained	-
5	Cheque Register	Not Maintained	-
6	Cashier Cashbook	31 03 2016	Manual
7	TDS IT CT CESS	Not	-





	Statement	Maintained	
8	Security Deposit Register	Not Maintained	-
9	Measurement Book	Maintained	Manual
10	Demand Register	Not maintained	-
11	Fixed Asset register	Maintained	Computerised
12	Bank Reconciliation Register	Not Maintained	-
13	Treasury Register	31 03 2016	Manual
14	Water Fee received	Maintained	Manual
15	Health Cess	Not Maintained	-
16	Education Cess	Not Maintained	-
17	Sales Tax	Not Maintained	-
18	Collection Register	31 03 2016	Manual

Sl. No.	Forms to be maintained	Updated till	Manually/ Computerised
	<b>Immovable Property</b>		
1	Land (Form 1)	31 03 2016	Computerised
2	Building (Form 2)	31 03 2016	Computerised
3	Roads, streets, lanes and footpaths (Form 3)	31 03 2016	Computerised
4	Bridges, culverts, flyovers, subways and causeways (Form 4)	31 03 2016	Computerised
5	Drains including underground drains (Form 5)	31 03 2016	Computerised
6	Water Works Distribution (Form 6)	31 03 2016	Computerised
7	Public Lighting System (Form 7)	31 03 2016	Computerised







8	Lakes and Ponds (Form 8)	31 03 2016	Computerised
9	Capital Work-in-Progress (Form 9)	31 03 2016	Computerised
	<b>Movable Property</b>		
10	Plant and Machinery (including machinery of Water Works and Drainage) (Form 10)	31 03 2016	Computerised
11	Vehicles (Form 11)	31 03 2016	Computerised
12	Furniture & Fixtures (Form 12)	31 03 2016	Computerised
13	Office Equipments (Form 13)	31 03 2016	Computerised
14	Other Equipments (Form 14)	31 03 2016	Computerised
15	Live Stock (Form 15)	31 03 2016	Computerised
16	<b>Investments (Form 16)</b>		Computerised
	<b>Current Assets</b>		
17	Cash Balance (Form 17)	01 04 2012	Computerised
18	Bank Balance (Form 18)	01 04 2012	Computerised
19	Details of Advances paid to suppliers / contractors (Form 19)	01 04 2012	Computerised
20	Details of Loans & Advances to employees (Form 20)	01 04 2012	Computerised
21	Receivables (including Taxes, Water charges, Rent etc ) (Form 21)	01 04 2012	Computerised
22	Grants Receivable (Form 22)	01 04 2012	Computerised

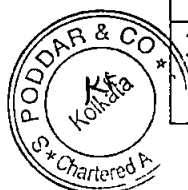




23	Department - wise Inventory (Form 23)	01 04 2012	Computerised
24	Consolidated Inventory Form (Form 23A)	01 04 2012	Computerised
25	Details of Deposits made (Form 24)	01 04 2012	Computerised
26	<b>Loans Payable (Form 25)</b>	01 04 2012	Computerised
27	<b>Unutilised Grants (Form 26)</b>	01 04 2012	Computerised
28	<b>Reserve Funds (Form 27)</b>	01 04 2012	Computerised
	<b>Current Liabilities</b>	01 04 2012	
29	Details of Deposits received (Form 28)	01 04 2012	Computerised
30	Bills and other payables details (Form 29)	01 04 2012	Computerised

## 2) Statement of Government Dues Payable as on 31 03 2016

Account code	Account Head	Opening Balance	Additions	Paid/Adjustments during the year	Balance Payable
35030-03	Royalty	2,66,561 00	2,21,217 00	2,88,981 00	1,98,797 00
35020-06	TDS from Contractors	11,869 00	16,03,376 00	4,97,341 00	11,17,904 00
35020-10	TDS from Suppliers	50,455 00	-	16,138 00	34,307 00
35020-10	Sales Tax	10,79,650 00	4,95,280 00	7,13,831 00	8,61,099 00





35020-13	Labour Cess	2,46,028 00	1,98,094 00	2,87,335 00	1,56,787 00
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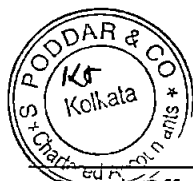
- a) Further, it has been observed that Provident Fund is not deducted from the salary of the Employees  
In case of temporary employees, amount of provident fund has not been deposited to appropriate authority and it has not been taken into books of accounts  
On being asked for pay bills of temporary employees to check whether Provident fund is being deducted or not, Vouchers were not presented regarding same
- b) Neither ESIC nor its own contribution has been deducted from salary with respect to ESIC fund and the same has not been taken into books of accounts only
- c) TDS Challans & TDS Returns were not made available to us for verification
- d) ULB has not yet taken PAN
- e) No Professional Tax has been deducted from the Salary of the employees
- f) As per TIN NSDL following TDS demand has been raised on the ULB

Financial Year	Processed Demand
2011-12	2,510 00
2012-13	12,930 00
2013-14	1,61,990 00
2014-15	1,21,060 00

- g) Further, it was observed that the return for F Y 15-16 has not been uploaded hence the outstanding demand can't be ascertained

### 3) Non collection of Health and Education Cess

The State Govt Under primary Education (Amendment) Act 1959 and Health Cess Ordinance 1972 amended from time to time, issue orders to the Urban Local Bodies in the state for collection of Health & Education





Cess However, it was noticed that Nagar parishad, Chatra is not collecting the above cess consequently

#### 4) Employee provident fund

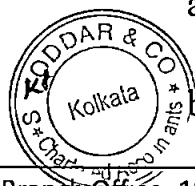
It is found that, during the F Y 2015-16, neither provident fund is deducted nor any ESI, TDS has been deducted from the salary of the employees

#### 5) Delay in payment of TDS deducted and related issues

Month	TDS Deducted	TDS Deposited	Date of Deposit	Balance
Till Previous Year	62,314 00			62,314 00
Apr-15	-	-	-	62,314 00
May-15	66,186 00	-	-	1,28,500 00
Jun-15	34,908 00	-	-	1,63,408 00
Jul-15	41,806 00	-	-	2,05,214 00
Aug-15	30,312 00	-	-	2,35,526 00
Sep-15	10,995 00	-	-	2,46,521 00
Oct-15	13,44,104 00	5,13,479 00	14 10 2015	10,77,146 00
Nov-15	42,984 00	-	-	11,20,130 00
Dec-15	9,429 00	-	-	11,29,559 00
Jan-16	9,255 00	-	-	11,38,814 00
Feb-16	13,397 00	-	-	11,52,211 00
Mar-16	-	-	-	11,52,211 00

Further, following issues were found which are related to TDS -

- TDS has not been deducted from the salary of employee It is also not taken into books of accounts
- TDS has not been deducted from payment of advertisement bills





**6) Delay in payment of Sales tax Deducted and related issues**

Month	Sales tax Deducted	Sales Tax Deposited	Date of Deposit	Balance
Till Previous Year	1,079,650 00			1,079,650 00
Apr-15	-	-	-	1,079,650 00
May-15	1,58,310 00	-	-	12,37,960 00
Jun-15	69,789 00	-	-	13,07,749 00
Jul-15	31,512 00	-	-	13,39,261 00
Aug-15	60,543 00	-	-	13 99 804 00
Sep-15	21,977 00	-	-	14,21,781 00
Oct-15	7,244 00	-	-	14,29,025 00
Nov-15	85,953 00	-	-	15,14,978 00
Dec-15	16,444 00	-	-	15,31,422 00
Jan-16	18,512 00	-	-	15,49,934 00
Feb-16	24,996 00	-	-	15,74,930 00
Mar-16	-	7,13,831 00	29 03 2016	8,61,099 00

The Sales Tax from the bill of contractor is deducted throughout the year but deposited a random amount ( less than deduction) to the Department at the end of the year in the month of March





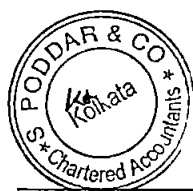
**7) Delay in payment of Royalty and related issues**

Month	Royalty Deducted	Royalty Deposited	Date of Deposit	Balance
Till Previous Year	266,561 00			266,561 00
Apr-15	-	-	-	266,561 00
May-15	58,817 00	-	-	3,25,878 00
Jun-15	26,754 00		-	3,52,132 00
Jul-15	17,894 00	-	-	3,70,026 00
Aug-15	21,962 00	-	-	3,91,988 00
Sep-15	13,895 00	-	-	4,05,883 00
Oct-15	3,477 00	-	-	4,09,360 00
Nov-15	50831 00	-	-	4,60,191 00
Dec-15	8,560 00	-	-	4,68,751 00
Jan-16	6,787 00	-	-	4,75,538 00
Feb-16	12,240 00	-	-	4,87,778 00
Mar-16	-	2,88,981 00	29 03 2016	1,98,797 00

The Royalty from the bill of contractor is deducted throughout the year but deposited a random amount ( less than deduction) to the Department at the end of the year in the month of March

**8) Delay in payment of Labour cess deducted and related issues**

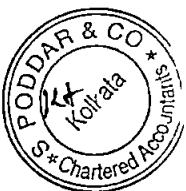
Building and other Construction Worker's Welfare cess are to be deducted from the contractor's bill @ 1% of value of work done as per





provision of section (3) of the building and other construction workers' welfare cess at 1996 and the 1998 rules framed there under As per provisions of rules and Govt Instruction, the collection was to be remitted to the Jharkhand Building and other construction workers welfare board But the same is not deposited

Month	Labour Cess Deducted	Labour Cess Deposited	Date of Deposit	Balance
Till Previous Year	246,028 00			246,028 00
Apr-15	-	-	-	246,028 00
May-15	31,915 00	-	-	2,77,943 00
Jun-15	97,734 00		-	3,75,677 00
Jul-15	7,878 00	-	-	3,83,555 00
Aug-15	15,099 00	-	-	3,98,654 00
Sep-15	5,615 00	-	-	4,04,269 00
Oct-15	1,820 00	-	-	4,06,089 00
Nov-15	23,665 00	-	-	4,29,754 00
Dec-15	4,161 00	-	-	4,33,915 00
Jan-16	3,615 00	-	-	4,37,530 00
Feb-16	6,592 00	-	-	4,44,122 00
Mar-16	-	2,87,335 00	29 03 2016	1,56,787 00





## 9) Issues Related to Loan Register

Loan Register is not maintained for financial year 2015-16 As such, up to date of position in respect of loan received, payable instalment along with interest accrued and amount repaid during the year could not be ascertained

## 10) Fixed Assets

- a) Survey no of the land where community hall/latrines are located and the dimensions of the building were not made available Hence the same is not provided in Form 2
- b) The estimated date of completion of the project was not made available
- c) The capacity, current market values etc of the machines were not made available to us the same is not provided in Form 10

## 11) Provision for Doubtful debts

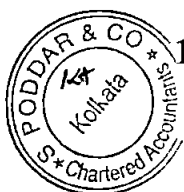
It has been observed that provision for doubtful debts on Receivables of holding Tax has been created on the standard basis @30% of total debtors However, as per Accounting Manual it should be computed as per below mentioned slab

for 2-3 years 25%

for 3-4 years 50%

for 4-5 years 75%

more than 5 years 100 %



## 12) Grants





All grants sanctioned or received by the corporation during the year have been accounted properly except mentioned elsewhere in the report and wherever any deductions are made out of such grants have been properly accounted

### **13) Revenue Recognition**

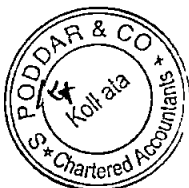
- a) We have not been provided with the explanations regarding the total revenue booked with respect to holding tax on residential building
- b) Further, Penalty has not been charged to debtors for non- payment of Revenue Tax by them
- c) All sums due to and received by the corporation have been brought into account and have been properly classified However, during our audit we found that incomes like Property tax, Water user charges were accrued in total basis but no document substantiating the calculation for total/ individual demand is provided to us for verification

### **14) Bank Accounts**

All bank account statements of the Chatra as provided to us for the year end Further on verification on sample basis, we found same has been accounted except mentioned elsewhere in the report

### **15) TDS Deduction from Salary**

TDS has not been deducted for permanent employees, but the same has been deducted for daily wage employees The daily wage register has been provided but it shows the payment made to them Hence, TDs deducted cannot be traced from the register While no entry has been provided for TDS deduction in tally





### **16) Expenses shown with No segregation**

Expenses have been booked in the name of other administrative expenses representing expenses for festival and miscellaneous expenses. The payment for these expenses have been shown in tally whereas neither any voucher or any receipt has been provided in against to this expense booked in profit and loss A/c

### **17) Proper utilisation of Grants**

During the Audit on being asked for sanction letter, estimate and measurement book for a works are not presented for verification. Therefore, we could not comment on the authenticity of amount utilised and the amount should have been utilised for grant. Rather, on sample check we found that accounting has been done for the utilisation of funds, but some of the funds are not appropriately used for the respective purpose.

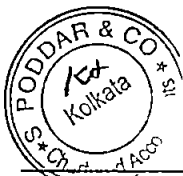
While in tally data it is shown as Grant for Civic amenities(Equip) as grant being used for construction of building. Hence, the grant should have been utilised for equipment purpose. Further, it was mentioned that there is error in name of grant but no further document or explanation is provided.

### **18) Refund of Security Deposit**

During the checking of vouchers of Security deposit, It is asked for respective file and measurement book with work completion certificate to check whether security deposit is refunded after prescribed time limit. But the required details were not provided. Neither the respective individual files were shown. While no register has been provided for the security deposit made.

### **19) Provision of Expenses**

Provision has been made for electricity expenses but as per the explanation provided, the Jharkhand manual allow for non payment of the





same Hence, provision has been booked but in future payment may not be required to make

## 20) Non-availability of certificates

The certificates required to be issued for completion of work and utilisation of grants was not provided Neither any further document was shown in response to this

Further, no documents were provided for checking the authenticity of the loans taken

## 21) Collection of Demand and taxes during the year

S No	Heads of Income	Arrear Demand	Current Demand	Collections during the year	Balance
1	Holding Taxes	18,87,498 91	6,58,527 00	6,81,220 73	18,64,805 18
2	Water Taxes	58,34,248 64	13,37,580 00	16,74,834 00	54,96,994 64

## 22) Comparison of Budgeted Expenditure and Actual Expenditure

Since, Expenditure in books has not been recorded as they are in budget Therefore, we are not able to provide comparison of budgeted and actual expenditure due to grouping and sub-grouping of heads

For S Poddar & Co  
Chartered Accountants,  
FRN 320294E

  
Khushboo Tayel  
Partner

Membership No 069828

Date 06<sup>th</sup> June 2017

Place Kolkata