

LOCAL FUND AUDIT, KHURDA, ODISHA

CATEGORY : N A C,General

Audit Report No : 455212/AR/2018-2019-KHURDA

PARA: 1 TITLE SHEET

1	Name of the Institution :	Khandapada NAC
2	Year of Accounts under Audit :	2017-2018
3	Name of the Local Authority during the year of A/Cs :	1.DR.SRIKANTA KUMAR DASH FROM 01.04.17 TO 31.07.17 2.TRILOCHAN BEHERA,A.E.E.,PHD KHANDAPADA INCHARGE E.O. FROM 01.08.17 TO 31.01.18 3.ITISHREE SARANGI FROM 01.02.18 TO 31.03.18
	Name of the Local Authority at the time of Audit :	ITISHREE SARANGI
4	Duration of Audit :	13-03-2019 To 15-04-2019 (Mandays Consumed :- 20)
5	Name of the Auditors :	DEBARAJ NAYAK - Lead Auditor(13-03-2019 to 13-04-2019) AJAY KUMAR PATTNAIK - Auditor(13-03-2019 to 13-04-2019)
6	Name of the Reviewing Officer :	TRILOCHAN PRADHAN(Audit Superintendent)
7	Date of submission of report by Reviewing officer :	17-05-2019
8	Entry Conference Date :	06-03-2019
9	Exit Conference Date :	22-05-2019
10	Name of the District Audit Officer :	BRAHMANANDA BHANJADEO
11	Date of approval of report by District Audit Officer :	10-06-2019

PARA: 2 PHYSICAL VERIFICATION

S/no	Items	Date Of Physical verification Before / After Transaction	Physical Balance	Balance As per Cash Book / Stock Register	Reference To The Page No Of Cash Book / Stock Register	Discrepancies If Any
1	Measurement Books	13.03.2019	0	0	49	
2	Cash in hand	13.03.2019	0.00	0.00	174	
3	Miscellaneous Receipt Books	13.03.2019	08 Nos	08 Nos	10	
4	ServicePostage Stamps	13.03.2019	10.00	10.00	59	
5	Holding,Light, Water Receipt Books	13.03.2019	09 Nos	09 Nos	27	
6						

Comments

As required under Rule 20 of Odisha local fund Audit Rule, 1951, the Physical verification of hand cash, unused receipt books, Unused Measurement Books and service postage stamp has been conducted on the date of commencement of Audit i.e., on 13.03.2019 before transaction and the result of verification is given above.

The periodical physical verification of above items has not been conducted in regular interval which violates O.M Rule ,1951

In response to Audit Objection Statement, the local authority stated "Noted for future guidance."

During the exit conference the Local Authority replied that **noted for future guidance**

However steps need be taken to conduct the periodical physical verification of stock and stores in regular interval henceforth.

PARA: 3 LIST OF VERIFIED RECORDS
A : List Of Verified Records/Register

Sino	List Records/Register	Rules	Form No
1	Measurement Book	Rule 365	Form W-VIII
2	Stock & Store Register of Municipality	Rule 346	Form W-VII
3	Contract Certificate	Rule 343	Form W-IV
4	Contract Agreement Form	Rule 341	Form W-III
5	Nominal Muster Roll (NMR)	Rule 340	Form W-II
6	Stock account of Receipt Forms	Rule 196	Form L
7	Tax collector's daily collection register	Rule 192	Form K
8	Stock Register of Stationery	Rule 172	Form No. XLIV
9	Stamp Account	Rule 172	Form No. XLIV
10	Stock account of Tickets used for daily collection of Market fees	Rule 171	Form No. XLIII
11	Register of Grants	Rule 80	Form No. XLII
12	Daily Collection Register	Rule 171	Form No. XL
13	Register of Rents for which there is fixed demand	Rule 163	Form No. XXXVI
14	Miscellaneous Receipts	Rule 157	Form No. XXXIV
15	Cash Book of the municipality	Rule 125	Form No. XIV
16	Periodical Increment Certificate	Rule 99	Form No. XI
17	Absentee Statement	Rule 97	Form No. X
18	Salary Bills	Rule 97	Form No. IX
19	Subsidiary Cash Book	Rule 128 A	Form No. V-A
20	Cashier's Cash Book	Rule 81	Form No. V
21	Budget Estimate	Rule 74	Form No. I

B : List of Records/Registers not Maintained

Sino	List Records/Register	Rules	Form No
1	Register of Distrained property & sales	Rule 204	Form S
2	Warrant register	Rule 202	Form R
3	Form of inventory & Notice	Rule 203	Form Q
4	Distrain Warrant Register	Rule 202	Form P
5	Notice of demand for tax u/s-161 of OM Act	Rule 202	Form O
6	Progress statement of collection of taxes	Rule 200	Form N
7	Tax Receipt Form	Rule 188	Form I
8	Arrear Demand Register	Rule 187	Form H
9	Mutation Register	Rule 184	Form G
10	Arrear List	Rule 170	Form No. XXXIX
11	Ledger of Lessees	Rule 170	Form No. XXXVIII
12	Jamabandi Register	Rule 170	Form No. XXXVII
13	Register of Lands	Rule 160	Form No. XXXV

C : List of Records/Registers not Produced to Audit

Sino	List Records/Register	Rules	Form No
1	Register of Works	Rule 345	Form W-VI
2	Register of Estimates & Allotments	Rule 332	Form W-I
3	Tax collector's Ledger	Rule 198	Form M
4	Register of writes off of demands	Rule 190	Form J
5	Register of Petitions	Rule 183	Form F
6	Form of appeal petition	Rule 183	Form E
7	Demand and Collection Register	Rule 178	Form B
8	Tax Ledger (personal A/C of Tax Payers)	Rule 178	Form B(I)
9	Assessment List	Rule 177	Form A
10	License Register for Drivers and Owners of Carriages plying for hire	Rule 156	Form No. XXXIII
11	Application for License for Carriage, Cart, Horses and Other animals	Rule 152	Form No. XXXI

12	License for Carriages, Carts, Horses Other and animals	Rule 154	Form No. XXX
13	Register of the Tax on Carriages, Carts, Horses and Other animals	Rule 151	Form No. XXIX
14	Establishment Audit Register	Rule 146	Form No. XXV
15	Annual Account of Receipts and Expenditure	Rule 145	Form No. XXIV
16	Register of Quarterly & Annual account of Expenditure	Rule 144	Form No. XXIII
17	Register of Quarterly & Annual account of Receipt	Rule 144	Form No. XXII
18	Register of outstanding deposits	Rule 143	Form No. XXI
19	Deposit Ledger	Rule 142	Form No. XX
20	Register of Outstanding Advances	Rule 140	Form No. XIX
21	Advance Ledger	Rule 136	Form No. XVIII
22	Register of adjustments	Rule 132	Form No. XVII
23	Abstract Register of Expenditure	Rule 129	Form No. XVI
24	Abstract Register of Receipts	Rule 129	Form No. XV
25	Order Book	Rule 96	Form No. VIII
26	Register of Bills	Rule 96	Form No. VII
27	Challan	Rule 87	Form No. VI
28	Subsidiary account of special taxes	Rule 79	Form No.-IV
29	Schedule for the Budget Estimate	Rule 77	Form No. III
30	Abstract of the Budget Estimate	Rule 74	Form No. I-A

D : List of Records/Registers not Required

Sno	List Records/Register	Rules	Form No
1	Miscellaneous Supply Bill	Rule 343	Form W-V
2	Stock account of License Number Plates	Rule 155	Form No. XXXII
3	Appropriation Register of Loan Funds	Rule 150	Form No. XXVIII
4	Loan Register	Rule 149	Form No. XXVII
5	Register of Investments	Rule 148	Form No. XXVI
6	Voucher of Recoupment of Permanent Advance Account	Rule 110	Form No. XIII
7	Permanent Advance Account	Rule 108	Form No. XII

Comments

NON-PRODUCTION/NON-MAINTENANCE OF SOME IMPORTANT RECORDS

As listed above some important records prescribed in Odisha Municipal Rules-1953 are not maintained at all, some are produced and others are not produced to audit. As a result it was time taking and difficult exercise on the part of the audit to work out the mandatory data in respect of receipts, expenditures, advance, grants, Ucs and physical and financial achievement of the NAC for the year 2017-18 in the absence of required documents. The transparency in the working of the NAC is lacking due to negligence of local authority in maintenance of records.

In response to the audit objection memo, the local authority replied "Noted for future guidance."

During exit conference the Local Authority replied that action is being taken to maintain the same henceforth.

The local authority is suggested to maintain the above prescribed records/registers as per O.M Rules ,1953 hence forth.

PARA: 4 FINANCIAL POSITION

Khandapada NAC - 2017-2018

S/no	Name of the Cash Book	OB as on Date	Opening Balance(In Rs:)	Receipt during the Year under Audit(In Rs:)	Total(In Rs:)	Expenditure during the Year under Audit(In Rs:)	Closing Balance as per Audit (DD MM YYYY)	Closing Balance(In Rs:)	Closing Balance as per (DD MM YYYY) Cash Book	Closing Balance(In Rs:)(CASH BOOK)	Difference (In Rs:)	Remarks
1	ACCOUNTANT CASH BOOK	01-04-2017	5058418 9.16	33489430. 00	84073619. 16	32355201. 30	31-03-2018	5171841 7.86	31-03-2018	5105141 1.10	667006.76	
	GRAND TOTAL		5058418 9.16	33489430. 00	84073619. 16	32355201. 30		5171841 7.86		5105141 1.10	667006.76	

Comments

Para 4.1

Reconciliation between Audit figure and Cash Book of closing balance as on 31.03.18

Due to non-account of Rs.667006.76 in the opening balance of the Accountant cash book the following discrepancy has been raised.

Sl.No.	Particulars	Amount
1	Closing Balance as per Cash Book as on 31.03.18 (Omitted from O.B. on 21.10.16)	51051411.10
2	Add:-Post Office Balance Rolling out side the cash book	350.36
3	Add:- G.P. Advance (S.Money)	4917.40
4	Add:- Civil Deposit	6050.00
5	Add:- G.P. old investment	2310.00
6	Add:-Permanent Advance	3.00
7	Add:- T.D.R.	653376.00
8	Closing Balance as per Audit as on 31.03.18	51718417.86

In spite of several instruction raised in last and previous Audit, Rs 667006.76 has not yet been reconciled by the local authority which causes the actual closing balance of NAC has not been ascertained at a glance.

On issue of Audit objection statement and during exit conference, the local authority stated that step is being taken to reconcile the same and produced to next Audit.

However effective steps need be taken to reconcile the same and produced to next Audit.

Para- 4.2

Analysis of closing balance as per Accountant Cash Book as on 31.03.18-

Sl.No.	Particulars	Amount
1	Cash	0.00
2	Bank	36597069.10
3	Treasury	14454342.00
	TOTAL	51051411.10

Para 4.3 Details of Receipt and Expenditure for the year 2017-18-

The Receipts and Expenditure for the year 2017-18 is given below.

RECEIPT EXPENDITURE STATEMENTS OF KHANDAPADA NAC FOR THE YEAR 2017-18

Sl.no	Head of Account	Receipt during the year 2016-17	Receipt during the year 2017-18
I	Rents & Taxes		
	1.(a) Holding Tax(Arrear)	29412.00	28334.00
	(b)Holding Tax (Current)	28671.00	31398.00
	2.(a) Water Tax(Arrear)	19097.00	15968.00
	(b) Water Tax(Current)	18621.00	16909.00
	3.(a) Light Tax(Arrear)	65269.00	47564.00
	(b)Light Tax (Current)	47886.00	52516.00
	4.(a) Drainage Tax(Arrear)	0.00	0.00
	(b)Drainage Tax (Current)	0.00	0.00
	TOTAL	208956.00	192689.00
II	License & Other Fees		
	1.License Fees for Projection & Erections	0.00	0.00
	2.License Fees for Offensive &Dangerous	10000.00	0.00
	3. NOC Fees for water Supply connection & others	13800.00	8400.00
	4. Empanelment & Regd. Contractors	0.00	0.00
	5.User Fees	0.00	400.00
	6.Trade License	0.00	21000.00
	TOTAL	23800.00	29800.00
III	Revenue derived from municipal property & powers apart from Taxation		
	1. Rent of Lands , buildings,Dharmasalas, Kalyan Mandap etc.	0.00	24000.00
	2. Revenue Receipts(Utha shop Fees)	15011.00	15785.00
	3. Fees from Markets	4200.00	0.00
	4. Fees from Slaughter Houses	0.00	0.00
	5.Fees from Taxi Stand	0.00	0.00
	6.Interest	1672881.00	1450703.00
	7. Building Plan Approval	5470.00	27000.00
	8.Auction tank	10850.00	100150.00
	9.Auction of Patha	0.00	0.00
	10. Auction of Slaughter House	0.00	3500.00
	11. Auction of Mango orchad	29922.00	0.00
	12. Auction of Kaju orchard	132000.00	18000.00
	13.Auction of Municipality Properties (for the year 18-19)	0.00	270653.00
	TOTAL	1870334.00	1909791.00
IV	Grants & Contributions for General & Purposes(From Govt)		
	1. Motor Vehicle/Road Tax	0.00	364000.00
	2. Devolution	2497000.00	2474000.00
	3. AWC	0.00	0.00
	4. Octorai Compensation	7314828.00	7395000.00
	5. Maintenance of Non-Residential Building	0.00	0.00
	6. SGSRY/OULM/NULM	1298585.00	444400.00

7. Road Development	896000.00	0.00
8. 13 th/14 th FCA	6048000.00	4203000.00
9. MLALAD	50000.00	650000.00
10. MPLAD	500000.00	0.00
11. Road & Bridges	0.00	1035000.00
12. Salary Grant Accountant & MIS	0.00	0.00
13. Solid Waste Management	0.00	0.00
14. Metering of water supply	0.00	0.00
15. 4th SFC	0.00	589000.00
16. Performance Incentive	0.00	0.00
17. TA/DA/ Sitting allowance for Elected person	45000.00	46950.00
18. Capital Asset Revenue Generation	0.00	949000.00
19. Capital Asset Maintenance	0.00	227000.00
20. NFBS	0.00	0.00
21. Harischandra Yojana	100000.00	200000.00
22. OAP/ODP	3082700.00	3445600.00
23. SPF	2400000.00	0.00
24. Swachha Bharat Mission	0.00	2619650.00
25. Arrear Pension & Basic Services	0.00	3381000.00
TOTAL	24232113.00	28023600.00
V MISCELLANEOUS		
1. Marriage Certificate	0.00	1900.00
2. National Population Register	29750.00	0.00
3. Cost of Advertisement	0.00	0.00
4. Hire Charges of Cess poll	31000.00	37200.00
5. Hire charges of Water Tanker	5500.00	0.00
6. Cost of EMD	4000.00	0.00
7. Income Tax	69727.00	139305.00
8. Royalty	166935.00	325541.00
9. VAT	371748.00	203352.00
10. EGB	20415.00	43339.00
11. SD (works)	385226.00	696515.00
12. SD (Auction)	0.00	10300.00
12. Contractor license	12000.00	7000.00
13. Census	0.00	0.00
14. NFSA	0.00	0.00
15. Labour Cess	61477.00	139305.00
16. Tender Paper	138270.00	9050.00
17. Audit Recovery	4793.00	45219.00
19. Investor Awareness Camp	5000.00	0.00
20. Old News Paper	0.00	0.00
21. CPF recovery of Staff	341205.00	340558.00
22. PT recovery of Staff	25000.00	14625.00

	23. EPF recovery of Staff	183095.00	195934.00
	24. LIC recovery of Staff	401956.00	401956.00
	25. Bank Personal Loan Recovery	469339.00	417600.00
	26.HBA	9420.00	0.00
	27. Recovery of Festival advance of Staff	294200.00	287500.00
	28.Work Cess	1584.00	6208.00
	29. Auction of Damaged Wheel	0.00	0.00
	30.RTI	539.00	82.00
	31.Sale Tax	120.00	0.00
	32.Audit Compliance	11234.00	0.00
	33. Education Cess	1584.00	5914.00
	34. Photograph	448.00	5147.00
	TOTAL	3045565.00	3333550.00
VI	Extra Ordinary & Debt		
	1. Others	0.00	0.00
	2. Advance	0.00	0.00
	3. Security deposits	0.00	0.00
	TOTAL	0.00	0.00
	TOTAL RECEIPTS	29380768.00	33489430.00
	Opening Balance	45469210.76	50584189.16
	O.B + Total Receipts	74849978.76	84073619.16
SI.No	Head of Accounts	Expenditure during 2016-17	Expenditure during 2017-18
I	General Administration & Collection Charges		
	1. General Administration		
	a. Office Establishment	2536672.00	2540556.00
	b. Contingencies	129620.00	80611.00
	c. Travelling Allowance	10165.00	540.00
	d. Hon. Of CP &VCP	23200.00	25000.00
	e.Sitting Allowance	21000.00	48200.00
	TOTAL	2720657.00	2694907.00
	2. Collection of Taxes & Fees		
	a. Establishment	650817.00	770919.00
	b. Contingencies	0.00	0.00
	TOTAL	650817.00	770919.00
	3. Octroi Establishment		
	a. Establishment	0.00	0.00
	TOTAL	0.00	0.00
	4. Pension & Gratuity	966506.00	389760.00
II	Public Safety		
	a. Establishment	134120.00	125210.00
	b. Contingencies	0.00	0.00
	c. Equipment	197093.00	202031.00

	d. Street Light Energy Charges	681964.00	477849.00
	e. Office Building Energy Charges	8141.00	114005.00
	TOTAL	1021318.00	919095.00
III	Public Welfare		
	1. Public Health		
	a.Establishment Charges	3289368.00	2767042.00
	b. Sanitation Contingency	135585.00	34353.00
	c. Pollution Control Charges	0.00	0.00
	TOTAL	3424953.00	2801395.00
	2. Fares, Festivals,National Day Celebration & exhibition		
	a. Independence Day	10355.00	11125.00
	b. Republic Day	12057.00	11800.00
	c. Samant Jayanti	22908.00	22536.00
	d. LSG Day	177932.00	180814.00
	e. Car Festival	11610.00	7070.00
	f. Assistance for cultural programme	15000.00	0.00
	TOTAL	249862.00	233345.00
	3. Drainage & Sewerage Works		
	a. Original	1170857.00	1941636.00
	b. Repair	0.00	0.00
	TOTAL	1170857.00	1941636.00
	4. Water supply & Water works		
	a. Original	0.00	0.00
	b.Repairs	0.00	0.00
	TOTAL	0.00	0.00
	5. Conservancy		
	KI DEFENCE	0.00	0.00
	TOTAL	0.00	0.00
	6. Road Clearing & Road watering		
	a. Establishment	0.00	0.00
	b. Other charges	0.00	0.00
	TOTAL	0.00	0.00
	7. Disposal of night soil & rubbish etc.		
	a. Establishment	0.00	0.00
	TOTAL	0.00	0.00
	8. Markets, Cart,stands & slaughter houses		
	a.Establishment Charges	0.00	0.00
	TOTAL	0.00	0.00
IV	MEDICAL		
	a.Establishment Charges	0.00	0.00
	TOTAL	0.00	0.00
V	PUBLIC CONVEYANCE		
	1. Planting of Trees & Maintenance of Garden	0	

	a. Establishment	0.00	0.00
	b. Soil Testing	0.00	0.00
	TOTAL	0.00	0.00
	2. Public Works		
	a. Establishment	283798.00	284985.00
	b. Work Contingency	0.00	0.00
	TOTAL	283798.00	284985.00
	3. Building		
	a. Original	3803315.00	3781454.00
	b.Repairs	0.00	50000.00
	TOTAL	3803315.00	3831454.00
	4. Roads		
	a.Original	2580821.00	7899121.00
	b. Repairs	0.00	258222.00
	TOTAL	2580821.00	8157343.00
VI	MISCELLANEOUS		
	a. Law Expenditure	25000.00	2000.00
	b. OAP/ODP	3699434.00	3699700.00
	c. NFBS	30000.00	100000.00
	d.Contingency	0.00	0.00
	e. Loan Expenditure of Staff	469339.00	417600.00
	f. Jalachhatra	14240.00	26105.00
	g.Harischandra Yojana	141000.00	110000.00
	h. SJSRY/OULM/NULM	588560.00	36290.00
	i. E.M.D	10000.00	0.00
	j. Census	0.00	0.00
	k. Income Tax	75818.00	148377.00
	l. Royalty	66554.00	325541.00
	m. VAT	150688.00	0.00
	n. Advertisement	48048.00	155830.00
	o. Festival Advance to Staff	190000.00	300000.00
	p.Labour Cess	0.00	0.00
	q. Bank Charges	1792.60	1190.30
	r. Telephone/Internet	19657.00	19184.00
	s. Furnitures	8433.00	0.00
	t.Professional Tax	25000.00	14625.00
	u.Vehicle hire charges	8870.00	0.00
	v. Vehicle Repair	0.00	133156.00
	w. POL	22103.00	202877.00
	x. NFSA	1441.00	0.00
	y. Road Tax	5130.00	5316.00
	z. Salary Advance to Staff	0.00	0.00
	aa. CPF contribution	678411.00	681116.00

	ab. EPF of Staff	390756.00	391867.00
	ac.LIC of Staff	401956.00	401956.00
	ad.Refund of SD(Auction)	33165.00	3300.00
	ae. Refund of SD(Works)	122657.00	324887.00
	af.D.S.C.	0.00	3500.00
	ag. Computer stationery	9368.00	22215.00
	ah. Refund of OULM/NULM to DSWO	0.00	90000.00
	ai.Refund of License to Contractor	1500.00	0.00
	aj.Swachha Bharat Mission	28026.00	1153730.00
	ak. Election	0.00	10000.00
	al.Installation of Iron Grill	91189.00	0.00
	am.National Population Register	29750.00	0.00
	an.Investor Awareness Camp	5000.00	0.00
	ao.Water supply & Metering	0.00	1500000.00
	ap.GPF	0.00	50000.00
	TOTAL	7392885.60	10330362.30
VII	Extraordinary & Debt		
	a.Advances	0.00	0.00
	b. Deposits	0.00	0.00
	c. Refund of Loan	0.00	0.00
	d. Security Deposit	0.00	0.00
	TOTAL	0.00	0.00
	TOTAL EXPENDITURE	24265789.60	32355201.30
	C.B as on 31.03.17/31.03.18	50584189.16	51718417.86
	Grand Total	74849978.76	84073619.16

Para 4.4 Non Implementation of Double Entry Accrual Based Accounting System(DEBAS)

As per H & UD Department Letter No.24970/HUD BBSR dated.07.08.13 and as per Odisha Municipal (Accounts) Rules 2012, double entry accrual based accounting system (DEBAS) shall be effective in all the Municipality /NAC with effect from 01.10.2013.

But from verification of Accounts, it was found that DEBAS has not been implemented in full fledged manner during the year under audit.

As per Rule 67 of Odisha Municipal(Accounts) Rules 2012,cheque signing authorities and the Executive officer should ensure maintenance of all records and registers as per requirement under DEBAS before signing and issue of cheques. It has been categorically instructed that any payment /issue of cheques without resorting to DEBAS w.e.f 01.10.2013 shall attract disciplinary action against the erring official concerned. It has also been directed in the said letter that non implementation of the DEBAS in accordance to Odisha Municipal(Accounts) Rules 2012 as stated above shall also attract with holding of grants-in –aid by Govt. to the defaulting ULBs.

On issue of audit objection statement the local authority replied that accounting in DEBAS is under progress.

The reply of the local authority is not satisfactory.

During exit conference the Local Authority replied that action is being taken to maintain the same henceforth.

Hence the local authority is suggested to maintain all the important records and registers in prescribed forms as per O.M rule 2012.

Para-4.5-BUDGET OF THE NAC-

Under Rule-104 of OM Rules,1953 at least two months before the close of the year, the chair person shall present before the Municipality/ NAC a complete account of its probable receipts and expenditure for the following financial year together with that of the actual of the current year. Under Rule-107 of OM Rules,1953,after expiry of 14 days(

since presentation before the Municipality) the Municipality/ NAC shall sanction the estimate and submit forthwith to the State Government for its approval as provided under Rule-109 of OM Rules,1953 .

But on scrutiny of the Budget Estimate it was seen that

1.The preliminary Budget Estimate for the year 2017-18 has been approved by the Council vide Resolution No-19 dated 28.04.17and it was published for inviting suggestion or recommendation for a period of 14 days. The council approved the budget and finally sent to the Collector,Nayagarh vide office letter no-4033 dated 10.11.2017 for onward transmission to Govt. The Budget Estimate for the year 2017-18 has been approved by the Govt. in H & UD department on date 27.2.18.

4.7- Preparation of Unrealistic Budget

As per Rule-56 of Odisha Budget Manual, the estimation of fixed revenue should be based upon the actual demand including arrear and the probabilities of their realization during the year.Odisha Budget Manual read with section-108(a) of Odisha Municipal Act,1950 stipulates that the estimate of income and expenditure should be reasonable and proper. Further, as per section-56 of Odisha Budget Manual ,the estimation of fixed revenue should be based upon the actual demand including arrear and the probabilities of their realization during the year .Odisha Budget manual read with section-108(a) of the Odisha Municipal Act,1950 stipulates that the estimate of income and expenditure should be reasonable and proper.

Further, the said rule of the Odisha Budget Manual stipulates that the Budget estimates of revenue and receipts should be based on the existing rates of taxes, duties and fees etc, and no increase or reduction in such rates and no proposals for abandonment of revenue which have not been sanctioned by Government should be proposed in the estimates.

Further,Rule 78 of Odisha Municipal Rules,1953 states that in preparing the budget, provision shall be made for a minimum closing balance. The amount shall not ordinarily be less than one-sixth of the aggregate on account of establishment and fixed monthly charges for the whole year.

But on scrutiny of the budget estimate for the year 2017-18, it is seen that there is a variation in receipt and expenditure as details

RECEIPT				EXPENDITURE			
As per Budget	Actual	Deviation		As per Budget	Actual	Deviation	
		Amount	Percentage			Amount	Percentage
34111785.00	33489430.00	622355.00	1.82	31264218.00	32355201.30	1090983.30	3.49

As seen from the above table, the variation of actual receipt to that of budgeted receipt is 1.82% where as the deviation of actual expenditure from budgeted expenditure stands at 3.49% which proves that the budget is not realistic in nature. No revised budget has been made by this NAC to regularize the same and got approval from Govt. in H & UD Department.

On issue of audit objection statement and during exit conference the local authority replied that noted for future guidance.

The reply of the local authority is not satisfactory.

Therefore the local authority is suggested to prepare the realistic budget henceforth.

Para 4.8 - Non Creation of Sinking fund

As per Section 11 of O.M Act,1950 read with Rule-20(d) of O.M Rules,1951 a provision should have been made for creation of Sinking Fund which is to be utilized for redemption of huge outstanding loan.

On scrutiny of the account of Khandapada NAC,it was seen that there is no provision of sinking fund in this NAC.

During exit conference, the local authority replied that **noted for future guidance**.

Hence the local authority is suggested to constitute a sinking fund to meet the liabilities of NAC. **Para 4.9-Creation of depreciation fund**

No such fund has been created by this NAC to replenish assets.

During exit conference, the local authority replied that **noted for future guidance**.

Hence, the local authority is suggested to create depreciation fund henceforth.

4.10-Parking of Municipal Funds in Ineligible Banks

On scrutiny of the accountant cash book with reference to different pass books, it was seen that all pass books belong to eligible banks as instructed vide letter no-2330/F/11.07.13.

Hence no money has been parked outside the eligible banks.

Para 4.11-Non-maintenance of Flexi Account

As per letter no. 35425/F, dtd. 12-10-12, all Departments were asked to instruct the implementing agencies which are authorized to keep the central share or only central share of centrally sponsored plan schemes in bank accounts, to keep them in flexi accounts so that higher interest accruals from the scheme funds can be ploughed back to expand the coverage of the scheme without effecting fund flow for the scheme.

Verification of the cash book revealed that the fund of centrally sponsored schemes are also kept in the Saving Bank Accounts instead of Flexi Accounts by not adhering to the instructions of the Govt. so that N.A.C lost the accrual of higher rate of interest.

On issue of audit objection statement the local authority replied noted for future guidance.

During exit conference, the local authority replied that **action is being taken to maintain the same henceforth.**

So the local authority is suggested to maintain the Flexi Accounts in the Banks for the fund relating to centrally sponsored schemes so as to get the benefit of higher rate of interest.

4.12- Non issue of Misc receipts against Cheques/ BDs

As per Rule 157 of OM Rules ,1953 for all receipts including those received in form of cheques or BDS, acknowledgement is to be made by the issuing receipts in Form no.XXXIV.

On verification of BD register with Misc.receipt books, it was seen that cheques and BDs were received without issuing misc.receipts.Though receipts were not issued,there is chance of not accounted for in cash book which leads to loss to the institution.

During exit conference, the local authority replied that **noted for future guidance.**

Hence the local authority is suggested to issue misc.receipt against cheque and BD received from other sources.

Para 4.13 Transactions not made through PL Account

As per Rule 85(1) of the OM Rules, 1953, all moneys received on account of the Municipality should be remitted intact to the Treasury immediately.

But during the year under audit, it was seen that funds collected through receipt of NAC were directly deposited in bank account without the same being remitted to the P.L account deviating the above provision of the said rule.

During exit conference, the local authority replied that **noted for future guidance.**

Hence the local authority is suggested to adhere to above said rules henceforth.

Para 4.14 Appropriation of funds towards expenditure, out of funds received without depositing the same

As per Rule 85(2) of the OM Rules, 1953, all moneys received on account of the Municipality should be remitted intact to the Treasury and shall on no account be appropriated directly towards expenditure.

But during the year under audit, it was seen that funds collected through receipt of NAC were directly shown as expenditure without the same being remitted to the P.L account deviating the above provision of the said rule.

During exit conference, the local authority replied that **noted for future guidance.**

Hence the local authority is suggested to adhere to above said rules henceforth.

4.15- NON-PRODUCTION OF DOCUMENTS RELATING TO ADVANCE,TDR,POSTAL DEPOSIT & CIVIL DEPOSIT

On scrutiny of the Cash books of the NAC,it is revealed that a total sum of Rs 667006.76 has been rolling in the closing balance figure of the consolidated NAC Fund for long time as per the details furnished below. In spite of issue of written memo and several verbal requests, the local authority failed to produce the relevant records pertaining to the said amounts to verify the physical existence and ascertain current status of the same.

Sl.No.	Particulars	Amount
1	Add:-Post Office Balance Rolling out side the cash book	350.36
2	Add:- G.P. Advance (S.Money)	4917.40

3	Add:- Civil Deposit	6050.00
4	Add:- G.P. old investment	2310.00
5	Add:-Permanent Advance	3.00
6	Add:- T.D.R.	653376.00
	TOTAL	667006.76

In response to audit objection memo, the local authority furnished no reply.

During exit conference, the local authority replied that **step is being taken to trace out the same and produced to next Audit.**

Hence the local authority is suggested to produce the same to next audit.

Para No.4.16 Irregularities in maintenance of Accountant Cash book(OSP No.29)

On scrutiny of Accountant cash books relating to the year 2017-2018 the following irregularities were found in maintenance of cash book which required rectification.

- The voucher No and date of payment has not been reflected on the body of the cash book
- The paid voucher has not been kept in voucher guard file.
- The actual payment date has not been reflected in the cash book but the date of debit from pass book has been charged as expenditure in cash book.
- At the end of each month the abstract of receipt and expenditure has not been done
- The abstract register of annual receipts and expenditures has not been worked out
- The work paid vouchers has not been kept in voucher guard file

On issue of Audit Objection Statement and during exit conference the Local Authority stated that **Noted for future guidance.**

Hence effective steps need be taken to rectify the above irregularities henceforth.

Para 4.17 ASSETS & LIABILITIES

The details of Assets and Liabilities as on 31.03.18 is furnished below.

LIABILITIES	VALUE	ASSETS	VALUE
Salary payable to Staff	384947.00	Investments	2310.00
Deposits Refundable	347713.00	Outstanding Advance	714487.00
Un-remitted govt dues	104154.00	Closing Balance as on 31.3.2017	51718417.86
Unspent Grants	47563147.00	Outstanding Taxes & Rents	382811.00
TOTAL	48399961.00	TOTAL	52818025.86
Assets over liability	4418064.86	Liability over asset	0.00

From the above matrix of assets and liabilities, it is seen that the assets of this NAC is excess over liability by a tune of Rs.4418064.86 only, which speaks that the financial position of this NAC is not sound enough. However the local authority is suggested to take adequate steps for better collection of taxes, rent and fees etc. so as to enhance financial status of the NAC. Further the assessment and collection of taxes need to be regulated in accordance with Rule-175 to 206 of O.M Rules-1953. The council is suggested to take effective steps for revaluation of holding, light and water taxes as required under section 145 of OM ACT 1950. Apart from that no wasteful expenditure should be incurred by the council without prior approval of the Govt. as per section 117(A) of said OM Act.

PARA: 5 DETAILS OF CLOSING BALANCE AS PER BANK PASS BOOKS & CASH BOOK BANK BALANCE FIGURE

Khandapada NAC - 2017-2018

S/no	Name of the Bank	A/C No.	Closing Balance Date As on (dd/mm/yyyy)	Closing Balance in Pass Book(In Rs:) (A)	Closing Balance in Bank Date Cash Book (dd/mm/yyyy)	Closing Balance in Bank as mentioned in Cash Book(In Rs:) (B)	Difference(In Rs:)(A-B)	Remarks
1	UCO Bank, Khandapada	4180100005023	31-03-2018	1596020.00	31-03-2018	1596020.00	0.00	Road Maintenance
2	UCO Bank, Khandapada	41801000063736	31-03-2018	41453.00	31-03-2018	41453.00	0.00	Salary of MIS and Accountant
3	UCO Bank, Khandapada	4180100063729	31-03-2018	1964365.00	31-03-2018	1964365.00	0.00	VAT CESS ROYALTY
4	UCO Bank, Khandapada	41801000058923	31-03-2018	582593.00	31-03-2018	582593.00	0.00	MLA LAD
5	UCO Bank, Khandapada	4180100005503	31-03-2018	4484340.00	31-03-2018	4484340.00	0.00	OULM NULM
6	UCO Bank, Khandapada	4180100009785	31-03-2018	12656320.00	31-03-2018	12656320.00	0.00	TFC
7	UCO Bank, Khandapada	4180100091425	31-03-2018	89117.60	31-03-2018	89117.60	0.00	SBM
8	UCO Bank, Khandapada	4180100005818	31-03-2018	163315.00	31-03-2018	163315.00	0.00	Devolution Fund
9	UCO Bank, Khandapada	4180100000769	31-03-2018	26909.00	31-03-2018	26909.00	0.00	OULM NULM
10	UCO Bank, Khandapada	4180200000219	31-03-2018	0.00	31-03-2018	12885.00	-12885.00	Current Account
11	NDCCB Khandapada	3053003197	31-03-2018	750215.00	31-03-2018	750215.00	0.00	Own Source
12	SBI Khandapada	31044804193	31-03-2018	769238.50	31-03-2018	769238.50	0.00	OAP ODP NOAP
13	SBI Khandapada	31387210756	31-03-2018	7272371.00	31-03-2018	7272371.00	0.00	13th FCA
14	HDFC Bank Nayagarh	50100059326004	31-03-2018	1025239.00	31-03-2018	1025239.00	0.00	Road Development
15	HDFC Bank Nayagarh	50100059325961	31-03-2018	2799392.00	31-03-2018	2799392.00	0.00	AWC
16	HDFC Bank Nayagarh	50100083139720	31-03-2018	364286.00	31-03-2018	364286.00	0.00	MP LAD
17	HDFC Bank Nayagarh	50100083156181	31-03-2018	1845410.00	31-03-2018	1845410.00	0.00	SPF
18	SBI Khandapada	37355054448	31-03-2018	26400.00	31-03-2018	26400.00	0.00	OAP ODP NOAP
19	SBI Khandapada	37355055667	31-03-2018	127200.00	31-03-2018	127200.00	0.00	OAP ODP NOAP
	GRAND TOTAL			36584184.10		36597069.10	-12885.00	

Reconciliation

Para 5.1 Reconciliation

- As per Rule 128 of O.M Rules,1953, the cash book shall be balanced at the close of every month and signed by the Executive Officer in token of the correctness of every entry made therein. The balance brought out shall be stated both in words and figures and shall be agreed with the balance shown in the pass book of the municipality.
- As per Letter No.15847/F, dtd 27.04.2013 of Finance Department, the DDO shall maintain a Register for reconciliation of receipts and disbursements of scheme funds.

The local authority failed to produce the register of reconciliation.

As seen from the above table there is difference of bank balance figure as on 31.03.18 between pass book and cash book is Rs (-) Rs 12885.00 . The said difference occurred due to non production of 01 nos of bank pass books by the local authority till close of Audit.

On issue of audit objection statement the local authority stated that it would be reconciled after collection of transaction statements from the concerned bank and produced during exit conference.

During exit conference, the local authority replied that **produced**.

But actually not produced.

Hence the local authority is suggested to produce the same to next Audit.

Para 5.2 NON-PRODUCTION OF BANK PASS BOOKS

In spite of issue of audit objection statements and several verbal approaches to the local authority, the following bank pass books/statements could not be produced till close of audit. In absence of the said pass books there is every possibility of pilferage/misappropriation in bank accounts.

Sl.No.	Name of the Bank	A/C No.	Closing Balance in Bank as mentioned in Cash Book(In Rs:) (B)	Remarks
1	UCO,Khandapada	4180200000219	12885.00	Current account
	GRAND TOTAL		12885.00	

In response to Audit objection statement, the local authority stated that it will be produced to next Audit.

During exit conference, the local authority stated that the pass book (UCO-4180200000219) not produced.

Immediate steps may be taken to produce the said pass book to next Audit. Till production of the same, Rs 12885.00 is kept under objection.

Para 5.3 ONE SCHEME ONE ACCOUNT NOT MAINTAINED

As per govt. instruction there should be only one account for one scheme. But it is noticed from the accounts of NAC that 02no of schemes as per details furnished below are operated by multiple bank accounts violating the above said Govt. instruction.

Sl.No.	Name of the Bank	A/C No.	Remarks
1	UCO,Khandapada	4180100005503	OULM/NULM
2	UCO,Khandapada	4180100000769	OULM/NULM
3	SBI,Khandapada	31044804193	OAP,ODP
4	SBI,Khandapada	37355054448	OAP,ODP
5	SBI,Khandapada	37355055667	OAP,ODP

In response to Audit objection statement, the local authority stated that noted for future guidance.

During exit conference, the local authority replied that **noted for future guidance**.

However, effective steps need be taken to follow the Govt. instruction hence forth.

Para 5.4 PL ACCOUNT & TREASURY PASS BOOK POSITION

The PL Account and Treasury Pass book Position as on 31.03.18 is given below.

PL Account Position as on 31.03.18 as per Accountant Cash Book	Rs 14454342.00
As per Treasury Pass Book as on 31.03.18 Account No-8448	Rs 14454342.00
Difference	NIL

PARA: 6 STOCK POSITION

Khandapada NAC - 2017-2018

S/no	Material/ Item	Opening Balance	Receipt	Issued	Closing Balance As per Audit	As per stock register	Remarks
1	Tractor	02	0	0	2.00	02	SRP-03
2	Cess pole Tanker	01	0	0	1.00	01	SRP-03
3	Water Pump	02	0	0	2.00	02	SRP-20
4	Cycle	01	0	0	1.00	01	SRP-106
5	Jet Water Pump set	01	0	0	1.00	01	SRP-20
6	Almira Wooden	01	0	0	1.00	01	SRP-35
7	Almira Steel	23	0	0	23.00	23	SRP-35
8	Table Wooden	07	0	0	7.00	07	SRP-35
9	Iron Table	15	0	0	15.00	15	SRP-35
10	Ceiling Fan	16	02	0	18.00	18	SRP-30, 48
11	Stand Fan	02	0	0	2.00	02	SRP-30
12	Moving Chair	01	0	0	1.00	01	SRP-35
13	Plastic Chair	68	0	0	68.00	68	SRP-35
14	AC Machine	01	0	0	1.00	01	SRP-30
15	Computer	05	0	0	5.00	05	SRP-9
16	Meeting Hall Round Table	01	0	0	1.00	01	SRP-15
17	Meeting Hall Lock Almira	02	0	0	2.00	02	SRP-15
18	Meeting Hall Councillors Chair	14	0	0	14.00	14	SRP-15
19	Water Pump set 3HP	01	0	0	1.00	01	SRP-20
20	Iron Rack	04	0	0	4.00	04	SRP-50
21	Inverter	01	0	0	1.00	01	SRP-30
22	Kent Water Filter	01	0	0	1.00	01	SRP-50
23	Foam Chair	15	0	0	15.00	15	SRP-35
24	Chair Wooden	17	0	0	17.00	17	SRP-35
25	Type Writer	01	0	0	1.00	01	SRP-50
26	Gas Light	01	0	0	1.00	01	SRP-50
27	Petromax Light	01	0	0	1.00	01	SRP-50
28	High Max Light	02	0	0	2.00	02	
29	Coupling	01	0	0	1.00	01	SRP-03
30	Printer	04	0	0	4.00	04	SRP-09
31	Camera	01	0	0	1.00	01	SRP-193
32	Calculator	02	0	0	2.00	02	SRP-63
33	Tiffin Carrier	02	0	0	2.00	02	SRP-159, 168
34	Almira NULM	01	0	0	1.00	01	SRP-163
35	Belcha	01	0	0	1.00	01	SRP-192

Comments

Para 6.1 Non conduct of physical verification of cash and stock and stores-

As per Rule-106 of O.G.F.R., an inventory of the dead stock should be maintained in all Government offices in form O.G.F.R. 6 showing the number received, the number disposed of (by transfer,sale,loss,etc.) and the balance in hand for each kind of article.

As per Rule-106(iii) of O.G.F.R., the inventory should be checked by the competent administrative authority once a year and a certificate of the result of check recorded.

As per Rule-106(iv) of O.G.F.R., articles of dead stock should be verified at least once a year and result of verification recorded on the inventory. All discrepancies noticed must be proper investigated and brought to account immediately so that the inventory may represent the true account.

As per Rule 111 of O.G.F.R., a physical verification of all stores should be made at least once in every year by the Head of Office concerned or such other as may be specially authorized by him.

But neither the physical cash has been verified by the Head of Office concerned nor the physical verification of stores has been conducted by the Head of Office concerned or such other as may be specially authorised by him as required under rule as mentioned above.

On issue of audit objection statement and during exit conference the local authority replied that noted for future guidance.

Hence the local authority is suggested to follow the above guidelines.

Para 6.2 Not Keeping Security Deposit-

As per Rule 269 of O.G.F.R., subject to any special rules or order made by Government in this behalf, every cashier, store-keeper and other subordinate who is entrusted with the custody of cash or stores should be required to furnish security, the amount being regulated according to circumstances and to local conditions in each case under the sanction of competent authority and to execute bond setting forth the conditions under which government will hold the security and may ultimately refund or appropriate it.

But no security has been kept from the cashier, store-keeper and other subordinate who is entrusted with the custody of cash or stores as required under rule as mentioned above.

On issue of audit objection statement and during Exit Conference ,the local authority replied noted for future guidance.

The reply of the local authority is not satisfactory.

Hence the local authority is suggested to follow the above guidelines.

PARA: 7 INVESTMENT

Khandapada NAC - 2017-2018

S/no	Opening Balance of Investment as on (DD MM YYYY)	Opening Balance(In Rs:)	Amount Encashed during the Year under Audit(In Rs:)	Total(In Rs:)	Amount Invested during the Year under Audit(In Rs:)	Closing Balance as per (DD MM YYYY) Audit	Closing Balance Audit(In Rs:)	Closing Balance as per (DD MM YYYY) Investment Ledger	Closing Balance Investment Ledger(In Rs:)	Difference(In Rs:)	Remarks
1	01-04-2017	2310.00	0.00	2310.00	0.00	31-03-2018	2310.00	31-03-2018	2310.00	0.00	
	GRAND TOTAL	2310.00	0.00	2310.00	0.00		2310.00		2310.00	0.00	

DETAILS OF CB ON INVESTMENT & Comments :

ParaNo.7.1 Details of Investment as on 31.03.2018

It is seen from the last and previous Audit Reports that the following investments were made by the Gram Panchayat before formation of this N.A.C. In support of the said investment the investment ledger and T.D.R.could not made available to verification.

In response to Audit Objection Statement the Local Authority stated steps is being taken to trace out the same and produce to next Audit.

Immediate steps need be taken to trace out the same and produce to next Audit and compliance reported .

Sl.No.	Particulars	With whom invested	Amount (in Rs.)
1	Loand Bond No.CA-019245 of Govt.of Odisha	Govt.of Odisha	100.00
2	P.S. Sugar Factory share No.49/13.11.1963	Sugar Factory,Khandapara	200.00
3	N.D.C.No.-B-7/340597	Section officer Electrical,Khandapara	10.00
4	Co-Operative Sugar Factory share Receipt No.-154/23.6.1983	Co-Operative Sugar Factory,Nayagarh	2000.00
	Total		2310.00

As per section 115 of Odisha Municipal Act,1950 provides that the Municipality may invest any money not required for immediate expense either in Government security or in any other form with approval of the State Govt.

No fresh investment has been made during the period under Audit.

Para No.7.2 No-maintenance of Investment Register

As per Rule 148 of Odisha Municipal Rule,1951 a register of Government and other securities held by the Municipality should be maintained the total amount of the securities in custody of A.G.(O) should be verified along with custody of the Chairman himself.

But during the period under Audit no investment Register in Form No.XXV has been maintained.

On issue of Audit Objection statement the Local Authority stated "**noted for future guidance**".

During exit conference, the local authority replied that **action is being taken to maintain the same henceforth.**

The reply of the Local Authority is not to the point.

The Local Authority is suggested to maintain the same in Form No.XXV and produce to next Audit.

PARA: 8 ADVANCE

Khandapada NAC - 2017-2018

S/no	Advance Outstanding as on (DD MM YYYY)	Cashbook Name	Advance Outstanding (In Rs:)	Advance Paid during the Year under Audit(In Rs:)	Total(In Rs:)	Advance adjusted during the Year under Audit(In Rs:)	Advance Outstanding as per (DD MM YYYY) Audit	Advance Outstanding Audit (In Rs:)	Advance Outstanding as per (DD MM YYYY) Cash Book	Advance Outstanding Cash Book(In Rs:)	Difference (In Rs:)	Remarks
1	01-04-2017	Accountant cash book	789517.00	296100.00	1085617.00	371130.00	31-03-2018	714487.00	31-03-2018	714487.00	0.00	
	GRAND TOTAL		789517.00	296100.00	1085617.00	371130.00		714487.00		714487.00	0.00	

Comments :

Para No.8.1.Details of Outstanding advances as on 31.03.2018

The details of Outstanding Advances as on 31.03.2018 in respect of Khandapada N.A.C. is furnished below.

Sl.No.	Name & Designation of the advance Holder	Ref.to the Vr.No/date of payment of advance	Amount of advance outstanding			Purpose of Advance	Name & Designation of officers responsible for payment of the advance
			For more than one year	For less than one year	Total		
1.	2.	3.	4.	5.	6.	7.	8.
1	Unclassified Adv. As on 31.3.12		399587.00	0.00	399587.00		
2	Kishore ch.Nayak,N.W	131/4.6.13	10000.00	0.00	10000.00	Meducak	Kartuj Chabdra Mishra,E.O
3	Sumitra Mukha,Sweeper	355/7.10.13	6000.00	0.00	6000.00	F.A	-do-
4	Halu Mukhi,Sweeper	355/7.10.13	7000.00	0.00	7000.00	F.A	-do-
5	Halu Mukhi,sweeper	45/28.11.13	5600.00	0.00	5600.00	Medical	-do-
6	Kartika Ch.Mishra,E.O.	383/12.10.13,390/23.10.13 ,405/12.11.13,444/19.11.13	100000.00	0.00	100000.00	Phailin Restoration work	-do-
7	Saroj Kumar Sahoo,T.C	214/28.8.14	40000.00	0.00	40000.00	L.S.G Day	Kunjaban Pradhan,EO
8	Saroj Kumar Sahoo,T.C	224/1.9.14	30000.00	0.00	30000.00	L.S.G.Day	-do-
9	Nibedita Mishra,Councillor	298/1.10.14	300.00	0.00	300.00	T.A.	-do-
10	Saroj Kumar Pradhan,Councillor	298/1.10.14	300.00	0.00	300.00	T.A	-do-
11	Pradipta Kumar Sahoo,Councillor	298/1.10.14	300.00	0.00	300.00	T.A	-do-
12	Gitanjali Choudhury,Concillor	298/1.10.14	300.00	0.00	300.00	T.A	-do-
13	Subash Ch.Das,peon	546/13.3.15	40000.00	0.00	40000.00	Marriage	Binayaranjan Mohapatra,E.O.
14	Lal Mohan Pattnaik,Jr.Asst.	540/11.3.16	11000.00	0.00	11000.00	Salary	-do-
15	Prakash Ch.Barik,Jr.Asst.	541/11.3.16	12000.00	0.00	12000.00	Salary	-do-
16	Ajit Mukhi,Sweeper	333/14.10.15	2000.00	0.00	2000.00	F.A.	-do-
17	Bishu Mukhi,Sweeper	333/14.10.15	2000.00	0.00	2000.00	F.A.	-do-
18	Kunjabihari Naik,Sweeper	333/14.10.15	2000.00	0.00	2000.00	F.A.	-do-
19	Prasanta Kumar Rout,DEO	261/27.10.17	0.00	1700.00	1700.00	D.S.C. for Tender	Trilochan Behera,E.O
20	Prakash Ch.Barik,Jr.Asst.	343/20.2.18	0.00	30000.00	30000.00	Harishchandra Yojan	-do-
21	Indumati Sahoo,C.O	362/22.3.18	0.00	14400.00	14400.00	Capacity Building	-do-
	Total		668387.00	46100.00	714487.00		

Para No.8.2. Year wise break up of outstanding advances as on 31.03.18

The year wise break up of outstanding advances as on 31.03.2018 is furnished below.

Year	Amount (In Rs.)
Prior to 2011-2012	399587.00
2012-2013	0.00
2013-2014	128600.00
2014-2015	111200.00
2015-2016	29000.00
2016-2017	0.00
2017-2018	46100.00
Total	714487.00

Para No.8.3 Previous Advance adjusted during the year 2017-2018

Sl.No.	Name & designation	Vr.No/Date of payment	Amount paid	Vr.No./Date of adjustment	Amount adjusted	Ppurpose
1	2.	3.	4.	5.	6.	7.
1	L.M.Pattanaik,Jr.Asst.	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
2	P.C.Barik,Jr.Asst.	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
3	Harihar Mishra,work sarkar	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
4	R.K.Mohanty,Driver	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
5	L.N.Sahoo,OTC	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
6	Prasanti Devi,Peon	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
7	K.C.Nayak,Watchman	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
8	Subash Ch.Das,Peon	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
9	Champa Naik,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
10	Chandra Mukhi,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
11	Indumati Paarida,C.O	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
12	S.S.Mishra,M.I.S.	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
13	Rajani Dei,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
14	Laxmi Naik,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
15	Mahendra Mahara,sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
16	D.K.Acharya,OTC	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
17	M.R.Rath,OTC	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
18	R.K.Mohanty,OTC	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
19	P.K.Rout,Comp. operator	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
20	R.K.Mishra,Peon	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
21	R.K.Sahoo,Peon	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
22	R.K.Barik,Elect.Helper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
23	S.K.Barik,Store keeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
24	L.Das,Driver	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
25	Rabindra Naik,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
26	Mini Dei,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
27	Subashi Dei,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
28	Sana Mukhi,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
29	Sita Naik,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
30	Sanatan Naik,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
31	Pankaj Naik,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
32	Laxmidhar Naik,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
33	Sadasiv Naik,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
34	Sanju Naik,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
35	Suma Mahara,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
36	Bharati Naik,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
37	Janaki Mukhi,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
38	Gauri Naik,Sweeper	400/6.10.17	2500.00	168/1.8.17	2500.00	F.A
39	Subash Ch.Das,peon	58/7.3.17	20000.00	124/19.6.17	20000.00	Harish Chandra Yojana

40	P.C.Barik,Jr.Asst.	69/21.3.17	1000.00	21/18.4.17	1000.00	Postage stamp
41	R.K.Mohanty,Driver	72/29.3.17	5130.00	82/3.4.17	5130.00	Vehilce tax
	Total		121130.00		121130.00	

Para No.8.4 Non adjustment of long outstanding advance-

As per provisions of SR-509 of Orissa Treasury Code (Vol-I) and Rule 136 to 140 of OM Rules,1953 and instruction of the Finance Department, advance granted to contractors and individuals for departmental and other purpose were required to be promptly adjusted within one month from the date of its isbursement of advance by submitting detailed accounts and refunding balances, if any. An advance ledger is to be maintained in each ULB recording person wise separate accounts of such advance as the same is to be balanced and signed by the Executive Officer on quarterly basis. The Drawing and Disbursing Officer is responsible for any deviation of the same. Rule 14 of OGFR –I provides that every officer whose duties to render accounts on returns in respect of public money is responsible for their completeness and strict accuracy. According to the Govt. instructions, each item of out standing advances as appearing in the cash book of DDO is to be analysed and get adjusted within one month as delay in tendering detailed accounts may lead to misappropriation of funds. Besides this, the Govt. in Finance Deptt. in their Circular No.114/f. dt.05.01.2004 has clearly instructed that advance against Govt. transaction cash book of P.s, ULBs and other organization is also come under surcharge proceedings .

On checking of the advance position, it is revealed that Rs.714487.00 remained unadjusted as on 31.03.2018 though the period of pending ranges from 1 to 20 years and even more.

On issue of Audit Objection Statement, the Local Authority stated that action is being taken to adjust the same outstanding advances very soon.

During exit conference, the local authority replied that **step is being taken to adjust the same very soon.**

Immediate steps need be taken to adjust the same and compliance reported to Audit.

Para No.8.5 Non-adjustment of salary advance from the regular salary bill

As per the provisions of Rule 259(1) of O.G.F.R Vol- I, read with F.D.O.M.No.29686-Codes-57/59/F Dt.20.06.1979, pay advance equal to one month basic pay is admissible to an employee in case of transfer and the same will be recovered in 3 equal monthly instalments commencing from the succeeding months. Besides above, the H & UD Department instructed all the Urban Local Bodies vide its Letter No.Audit(U)74/2009/28808/HUD dt.25.11.2009 that " Salary advances to the staff except on transfer should be stopped forthwith. Since the municipality is facing fund constraints and unable to pay monthly salary to the staff in due time and govt. grant is being encroached for day to day activities,the payment of such unauthorised advance negatively affects the developmental work as well as the basic core activities of the municipality. "

On verification of the relevant records and registers , it was seen that Rs.23000.00 as detailed below was paid as salary advance during 2015-16 but the same was not yet adjusted after completion of more than two years.

Sl.No.	Name & Designation	Vr.No/Date	Amount	Pur
1	Lalmohan Pattnaik,Jr.Asst.	540/11.3.16	11000.00	Sal
2	Prakash Chandra Barik,Jr.Asst.	541/11.3.16	12000.00	Sal
	Total		23000.00	

On issue of Audit Objection Statement, the Local Authority stated that action is being taken to adjust the same outstanding advances very soon.

During exit conference, the local authority replied that **step is being taken to adjust the same during the month of Jun 2019.**

Hence immediate steps need be taken to adjust the same and compliance reported to Audit.

Para No.8.6 Non Maintenance of Advance and Outstanding advance ledger

As per Rule 136 to 140 of Odisha Municipal Rules,1953 an 'Advance ledger' is to be maintained in each ULB recording person wise separate accounts of such advances. Advances shall be regularly and promptly adjusted and any unspent balance of an advance shall be immediately refunded. The different accounts in the advance ledger shall be balanced quartely and signed by the Executive Officer & thus an ' Outstanding Advance ledger' is to be maintained on quarterly basis . But neither advance ledger nor outstanding advance ledger has beenmaintained by this NAC.

In response to Audit Objection Statement and During exit conference the Local Authority stated that noted for future guidance.

Necessary steps need be taken to maintain the same and produce to next Audit.

Para No.8.7. Irregularities in maintenance of advance account-

On checking of the Accountant cash book and payment of advance , the following major irregularities are noticed in the maintenance of advance account.

1. Advances are booked as final expenditure in the cash book.
2. Adjustment of advances were not reflected in the cash book.
3. Outstanding advances has not been shown in the closing balance of the cash book.

Asked through Audit objection Statement the reason of such irregular maintenance of advance position in the cash book the Local Authority failed to produce any reply.

During exit conference, the local authority replied that **noted for future guidance**.

However, effective steps need be taken to maintain the advance position as per O.M.Rules,1951 and compliance reported to Audit.

Para No.8.8. Advance outstanding for more than one year

Nil

PARA: 9 GRANTS
Khandapada NAC - 2017-2018

S/no	Grants Outstanding as on (DD MM YYYY)	Grants Outstanding (In Rs:)	Grants Received during the Year under Audit(In Rs:)	Total(In Rs:)	Grants Spent during the Year under Audit(In Rs:)	Grants unspent as on (DD MM YYYY)	Grants unspent (In Rs:)	Remarks
1	01-04-2017	48351936.00	28023600.00	76375536.00	28812389.00	31-03-2018	47563147.00	
	GRAND TOTAL	48351936.00	28023600.00	76375536.00	28812389.00		47563147.00	

Comments :

Para 9.1-Details of receipt and expenditure of Govt Grants of khandapada nac for the year 2017-18

Sl.No	Name of the Grant	O.B as on 01.04.17	Receipt during 2017-18	Total	Expenditure during 2017-18	C.B as on 31.03.18	% of expenditure out of available fund
1	113/14th FCA	13807962	4203000	18010962	6740505	11270457	37.42
2	SRC	582328	0	582328	0	582328	0.00
3	Octrai Compensation	207903	7395000	7602903	7713779	-110876	101.46
4	Incentive/Ministadium	2367524	0	2367524	1611261	756263	68.06
5	SJSRY/OULM/NULM	1744227	444400	2188627	90000	2098627	4.11
6	MLA LAD	1699582	650000	2349582	1381169	968413	58.78
7	RD	1706786	0	1706786	468399	1238387	27.44
8	Parking	-54230	0	-54230	0	-54230	0.00
9	FDR	37993	0	37993	0	37993	0.00
10	Town Hall	116386	0	116386	0	116386	0.00
11	Office Building	303270	0	303270	0	303270	0.00
12	Maintenance of NRB	728828	0	728828	158766	570062	21.78
13	Unclassified	188962	0	188962	0	188962	0.00
14	MV Grant	-2199209	364000	-1835209	0	-1835209	0.00
15	Devolution Fund	6031558	2474000	8505558	271064	8234494	3.19
16	Spl. Grant UAG	-300764	0	-300764	0	-300764	0.00
17	Road & Bridges	2254655	1035000	3289655	1006096	2283559	30.58
18	SWM	-569439	0	-569439	0	-569439	0.00
19	Spl.Dev.Programme	-769672	0	-769672	0	-769672	0.00
20	Scavanger Awareness	13000	0	13000	0	13000	0.00
21	Election	194771	0	194771	0	194771	0.00

22	Salary	291600	0	291600	0	291600	0.00
23	Harischandra	78000	200000	278000	110000	168000	39.57
24	Pension	-1165	0	-1165	0	-1165	0.00
25	OAP/ODP	6694271	3445600	10139871	2931102	7208769	28.91
26	MPLAD	43326	0	43326	1125671	-1082345	2598.14
27	AWC	4500000	0	4500000	497204	4002796	11.05
28	NFBS	-130000	0	-130000	100000	-230000	-76.92
29	Swachha Bharat Mission	1157813	2619650	3777463	1153730	2623733	30.54
30	4th SFC	2477694	589000	3066694	1390683	1676011	45.35
31	SPF	3000000	0	3000000	100000	2900000	3.33
32	TA/DA/SF of CP & VCP	34400	46950	81350	73200	8150	89.98
33	Capital Asset Revenue Generation	156576	949000	1105576	0	1105576	0.00
34	Capital Asset Maintenance	457000	227000	684000	0	684000	0.00
35	Metering of Water Supply	1500000	0	1500000	1500000	0	100.00
37	Arrear Pension & Basic Service	0	3381000	3381000	389760	2991240	11.53
	Total	48351936.00	28023600.00	76375536.00	28812389.00	47563147.00	37.72

9.2- Low Level of Utilization of Grants (AOSP-98-100)

As per Rule 171(2) of O.G.F.R, unless it is otherwise ordered by Government, the grant will be spent upon the object within a reasonable time, if no time has been fixed by the sanctioning authority.

As per Rule 171(3) (a) of O.G.F.R the reasonable time means one year from the date of issue of the letter sanctioning the grant even though the period extends beyond the financial year. Immediately on the expiry of the period of one year from the date of sanction, any unspent balance out of the grant should be duly surrendered to government.

It would be seen from the Grant Receipt/Utilization table that total amount of grants to tune of Rs 76375536.00 was available for utilization out which only Rs 28812389.00 has been spent towards development works and other tasks leaving huge balance of Rs 47563147.00 at the end of the financial year 2017-18. Approximate utilization of grant is as low as 37.72%. This indicates that the local authority is not serious and sincere for utilization of Govt grants in time.

In response to Audit objection statement, the local authority stated that due to dissolve of council body the tender process could not be completed in time which is the main reason of the poor utilization of maximum grants.

During exit conference, the local authority replied that **due to non-availability of regular J.E. the execution of work is poor.**

The reply furnished by the local authority is not to the point.

The local authority is suggested to utilize the Govt. grants in time.

Para 9.3 Negative Balance Shown in the Closing Balance of different Grants

It would be seen from the following table that expenditure have been made in some of the schemes without having funds resulting in negative figures in closing balance of the Grants.

Sl.No	Name of the Grant	O.B as on 01.04.17	Receipt during 2017-18	Total	Expenditure during	C.B as on 31.03.18
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					2017-18	
3	Octorai Compensation	207903	7395000	7602903	7713779	-110876
8	Parking	-54230	0	-54230	0	-54230
14	MV Grant	-2199209	364000	-1835209	0	-1835209
16	Spl. Grant UAG	-300764	0	-300764	0	-300764
18	SWM	-569439	0	-569439	0	-569439
19	Spl.Dev.Programme	-769672	0	-769672	0	-769672
24	Pension	-1165	0	-1165	0	-1165
26	MPLAD	43326	0	43326	1125671	-1082345
28	NFBS	-130000	0	-130000	100000	-230000
	Total	-3773250.00	7759000.00	3985750.00	8939450.00	-4953700.00

On issue of audit objection statement, the local authority replied that action is being taken to recoup some grant expenditures after scheme wise reconciliation of grant figures.

During exit conference, the local authority replied that **action is being taken to reconcile the same and produced to next Audit.**

The local authority is suggested to make the grant register up to date and reconcile the negative balance.

Para 9.4- Year Wise Breakup of unspent Grant

The year wise break up of unspent Grant was worked out basing on the previous Audit report and other documents/records made available to Audit which is furnished below.

YEAR	AMOUNT
Up to 2015-16	31246748
2016-17	0
2017-18	16316399
Total	47563147.00

PARA: 10 UTILISATION CERTIFICATE

Khandapada NAC - 2017-2018

S/no	U.C Outstanding as on (DD MM YYYY)	U.C Outstanding(In Rs:)	U.C due for submission during the period under Audit(In Rs:)	Total(In Rs:)	U.C Submitted during the period under Audit(In Rs:)	U.C needs to be submitted as on outstanding as on (DD MM YYYY)	U.C needs to be submitted as on outstanding (In Rs:)	Remarks
1	01-04-2017	77046048.00	13930433.00	90976481.00	0.00	31-03-2018	90976481.00	
	GRAND TOTAL	77046048.00	13930433.00	90976481.00	0.00		90976481.00	

Comments :

Para 10.1 Grant Expenditure during 2017-18 for which U.C. is due-

Total Grant Expenditure for the year 2017-18-	28812389
Less:-Non UC C.F.C. Expenditure	-820385
Less:-Non UC Octroi Compensation Expenditure	-7713779
Less:-Refund of Seed Money of NULM scheme to DSWO, Nayagarh	-90000
Less:-Non UC Harischandra Expenditure	-110000
Less:-Non UC OAP/ODP/NOAP Expenditure	-2931102
Less:-Non UC NFBS Expenditure	-100000
Less:-Non UC S.B.M. Expenditure	-1153730
Less:-Non UC Hon/SA Expenditure	-73200
Less:-Non UC Metering of Water Supply Expenditure	-1500000
Less:-Non UC Arrear Pension & Basic Services Expenditure	-389760
Only Grant Expenditure for which U.C. is due for the year 2017-18	13930433

Para-10.2 Non submission of U.C in due time-

As per Rule 170,171 and 173 of OGFR Vol –I grants received should be utilized within the same financial year in which it was sanctioned and UCs should be submitted by 30th June of the subsequent year to the funding agency as well as Principal Accountant General (A&E) Odisha. The F.D.L No.029539 dated 20.10.2014 gives emphasis upon submission of UCs to proper quarter by 30th June of the succeeding year. As timely submission of UC is relative to receipt of subsequent grants from GOI and non- submission / delay in submission of UC affects the amount of grant. Non-submission of UC of Rs.90976481.00 as on 31.03.18 speaks about the careless attitude of the NAC staff as well as E.O.

On issue of audit objection statement, the local authority replied that steps are being taken to utilize the grants within due period.

The reply of the local authority is not satisfactory.

Hence, local authority is suggested to take the matter on urgent basis to clear up all the pending UCs.

Para 10.3 Year wise Breakup of Pending UC-

YEAR	AMOUNT OF UC
2013-14	27578337.00
2014-15	18769152.00
2015-16	22621603.00
2016-17	8076956.00
2017-18	13930433.00
TOTAL	90976481.00

PARA: 11 MISAPPROPRIATION & DEFALCATION

11.1 - Amount collected through M.R. but not taken to D.C.R. and cash book OSP No.27						
On scrutiny of M.R. with reference to daily collection register and cash book, it is revealed that a sum of Rs 3676.00 as detailed bellow has been collected through M.R. towards auction sale of NAC properties and the same has not been taken to daily collection register as well as cashier cash book resulting shortage of cash.						
Book No	MR No	Date of Collection	Amount Collected	Amount taken to DCR/Cash book	Less Credit	Name of the Tax Collector
22	2114	27.2.19	1001	0	1001	Samerandra Barik
22	2116	27.2.19	2650	0	2650	do
22	2118	27.2.19	25	0	25	do
TOTAL			3676	0	3676	
During Exit conference the Local Authority produced the receipt book in which the said receipts were cancelled.						
On verification of the connected MRs/records during the exit conference, it is ascertained that the said MRs were cancelled along with the original money receipt kept in the receipt book and no amount was collected as detailed bellow .						
1-MR No.2114 Dated 27.02.2014 Rs 1001.00 issued in favour of Sri Sudarsan Dash towards Auction money of Padhiary Tota has been cancelled due to Auction has been finalised in favour of another Sri Babaji pradhan.						
2- MR No.2116 Dated 27.02.2019 Rs 2650.00 issued in favour of Sri Babaji Pradhan towards Auction money of Padhiary Tota has been cancelled as the same amount has been collected vide MR 2019 Dated 27.02.2019 Rs 2650.00 and taken to cash book.						
3- MR no 2118/27.02.2019-Rs 25.00 issued in favour of Sri Bibhuti Bhusan Mohapatra towrds SD of Auction sale has been cancelled due to Auction has been finalised in favor of another Person .						
The same were verified and para is dropped.						

PARA: 12 LOSS OF STOCK & STORE

12.1 - Less taken Diesel to Tractor Log Book OSP No.67-68							
While checking the Diesel purchased paid vouchers with reference to Tractor (bearing No.OR-25-A-3974) Log book relating to the year 2017-2018, it is found that on the following dates a total quantity of 110 liters of Diesel has been less taken to Tractor Log Book resulted shortage of Diesel which cost comes to Rs.6955.00 needs recovery from the persons concerned							
Date of purchased	Vr.No/Date	Amount paid	Quantity of diesel purchased	Quantity of diesel taken to Log Book	Less taken	Cost per liter	Less taken cost
24.8.17	256/7.10.17	4363.00	40 liters & M.oil 7 lit	20 liters & M. oil 7 lit	20 liters	61.59	1232.00
4.12.17	356/16.3.18	19425.00	75 liters	30 liters	45 liters	62.84	5723.00
3.1.18	356/16.3.18	19425.00	75 liters	30 liters	45 liters	64.34	
Total							6955.00
On issue of Audit Objection Statement the Local Authority stated that the amount will be recovered from the persons concerned.							
During exit conference, the local authority replied that the amount will be recovered from the person responsible.							
Till the recovery is effected the following officials are considered responsible.							

Person(s) Responsible for this paragraph				
Slno	Name	Designation	Adress	Amount(In Rs:)
1	Itishree Sarangi	Executive Officer	Khandapada NAC,Dist-Nayagarh	1907
2	Rajkishore Mohanty	Driver	AT,PO-Khandapada Dist-Nayagarh	2319
3	Satyajit Pani	Accountant	Khandapada N.A.C.,Dist-Nayagarh	2319
4	Sri Trilochan Behera	A.E.E, In charge E.O	PH Section, Khandapada. Dist-Nayagarh	410

PARA: 13 AUDIT OF RECEIPTS

13.1 - Non-Auction of Public Properties

During verification of auction (Public Property) files, it is observed that out of 59 nos of public properties owned by the NAC, auction was made for only 31 nos as per details furnished below. As a result the own source income of the ULB has been reduced.

Sl.No	Name of Property	Quantity	Quantity of property for which auction made	Quantity of property not auctioned
1	Tota	44	21	23
2	Kaju & Mango Tota	3	3	0
3	Kine house	1	0	1
4	Slaughter House	1	1	0
5	Daily Market	1	1	0
6	Pond	9	5	4

On issue of audit objection statement, the local authority replied that no person was interested to take lease due to poor crops during the year under audit.

During exit conference, the local authority replied that **step is being taken to take action in this regard.**

The local authority is suggested to reduce the upset price of the properties considering the crops output. All the properties should be auctioned to enhance the own source revenue of the N.A.C.

13.2 - NON-COLLECTION OF LICENSE FEES FOR INSTALLATION OF TELE COM.TOWERS

As per Notification No.6875-Gen(Tel)-06/2007.com dated 16.08.2007 vide Annexure A-clause-3, the fee structure(Non refundable) of Notified Area Council for permission to erect and operate TIT as follows

“ The License fee was Rs.10000.00 per tower and the annual Renewal fee was Rs.1000.00 per year. As per clause-7, in case the service provider fails for renewal of license in time, penalty @100/-per month shall be levied in addition to the renewal fee.”

As per Lr. no.-35742-1357-150010/2013/H&UD relating to ‘special regulation for installation of Telecom Towers in Urban area of Odisha, 2013’

The service provider has to obtain the permission from the Urban local body concerned before installation of towers and deposit the

prescribed fees. The initial permission is valid for a period of three years from the date of permission accorded. In case the service provider wants to continue the facilities he has to apply for renewal before three months of the expiry of the period of validity. It is further to mention here that, in case the service provider fails to apply for renewal of license in time, penalty at the rate of Rs 10,000/- per month of delay shall be levied in addition to the renewal fees”.

The License fee and Annual Renewal fee for permission & operate TIT has been changed vide HUD Notification No.28334/31.12.14 in which it was stated that the fees for granting permission for new approval in a N.A.C area was Rs.50000/- & as required vide para 13 of the above G.O, the renewal licence fee for interval of 3 years was 10% of the installation charges i.e Rs.5000/- for N.A.C area. Further it was stated in the above G.O that the penalty in case of non deposit of renewal license fee in time was rupees Rs.10000/- per month.

On issue of the audit objection statement, the local authority replied that there are 7 numbers of Towers owned by different telecom service providers are operating in this N.A.C area.

On scrutiny of the related file, it was seen that nothing is mentioned against date of erection of towers, collection of installation charges & collection of renewal fees from service providers.

On verification of the file, Vodafone Spacetel Ltd. BBSR had given renewal fees from 2015-16 to 2017-18 vide N.A.C M.R no-2983/31.03.15. In case of other telephone towers, the actual date of installation, collection of license fees and other related records were not produced to audit by the local authority. In future if any proof regarding collection of fee towards TIT is available, the officials involved in this case will be responsible for such collection.

The details of which are given below.

Sl.no	Name of the Telephone Tower Provider	No.of towers	Particulars of Telecom tower Location, Name, holding No., Ward No	Amount of revenue to be collected					Amount collected					Less Collection of License Fee	Remarks	
				License fee for granting permission / & Rs 50000/- Per Tower	Penalty for regularisation in case of delayed license fee for interval of 3 yrs Rs.5000/- Per Tower	Renewal Fee Rs.5000/- per 3years	Penalty	Total	Installation Charges	Penalty for License fee	Renewal Fees	Penalty for Annual Renewal Fee	Total			
1	Vodafone Spacetel Limited	1	Rama Chandra Surjagdev,45,5	0	0	0	0	0	0	0	0	0	0	0	0	M.R No-2983/31.03.15 -4000 for 2015-16 to 2017-18
2	Bharati Infratel Limited	1	Prativa Rani Singh Samant,31,3	0	5000	1667	12000	18667	0	0	0	0	0	0	18667	M.R No-2318/09.05.14 -1000 for 2014-15
3	Tata Docomo	1	Late Sibaprasad Singh Samanta,39,7	0	5000	1667	12000	18667	0	0	0	0	0	0	18667	
4	Aircel	1	Late Sibaprasad Singh Samanta,39,7	0	5000	1667	12000	18667	0	0	0	0	0	0	18667	
5	Reliance	1	Bibhuti Bhusan	0	5000	1667	12000	18667	0	0	0	0	0	0	18667	

			Singh Mardaraj,72,5											
6	Aircel	1	Subarna Pradhan,20,12	0	5000	1667	12000	18667	0	0	0	0	0	18667
7	BSNL	1	Govt of India,936	0	5000	1667	12000	18667	0	0	0	0	0	18667
	Toral													112002

On issue of audit objection statement, the local authority replied steps are to be taken to rectify the irregularities and recover the amount and comply in next audit.

During exit conference, the local authority replied that **step is being taken to collect the rent from the telecom towers.**

The local authority is suggested to collect the above said amount. Hence Rs.112002.00 is kept under objection till collection of the same.

13.3 - NON-COLLECTION OF GROUND RENT FROM CESCO/CESU

As per letter No-27638/HUD Dt.06.10.1975 addressed to State Electricity Board regarding payment of ground rent, it was clearly stated that all the roads and road margins are Municipal properties as provided under Section-121 of OM Act-1950. As such the municipal council is competent to levy license fees and ground rent for erection of electric polls by the board.

On checking of the M.R with reference to DCRs, it was seen that no such amount has been collected from CESU which is a loss to N.A.C. On issue of audit objection statement, the local authority replied steps are to be taken in this matter and comply in next audit.

During exit conference, the local authority replied that **step is being taken to collect the ground rent from CESU.**

The local authority is suggested to take immediate steps to collect the ground rent .

13.4 - DEMAND, COLLECTION & BALANCE POSITION OF TAXES

The Demand, Collection and Balance Position of the NAC in respect of Holding, Water and Light taxes as on 31.03.2018 is furnished below.-

Sl.No	Particulars	Demand			Collection			Rebate	Current + Rebate	Balance		
		Arrear	Current	Total	Arrear	Current	Total			Arrear	Current	Total
1	2	3	4	5	6	7	8	9	10(7+9)	11	12	13
1	Holding Tax	148098	50314	198412	28335	31397	59732	9419	40816	119763	9498	129261
2	Light Tax	220018	84924	304942	47564	52516	100080	15755	68271	172454	16653	189107
3	Water Tax	67579	34814	102393	15968	16909	32877	5073	21982	51611	12832	64443
	TOTAL	435695	170052	605747	91867	100822	192689	30247	131069	343828	38983	382811

It would be seen from the above DCB figure that out of total demand of taxes of Rs 605747.00 ,only a sum of Rs 91867.00 and Rs 100822.00(excluding rebate amount of Rs30247.00) have been collected in arrear and current tax heads respectively during the year under audit(i.e.2017-18), leaving a balance outstanding dues of Rs 382811.00.Thus the collection is 36.80% only which is far below the average expected revenue. Such a poor collection of tax, proves beyond doubt how ineffective and inefficient mechanism of tax collection and supervision in this place is.

In response to Audit objection statement the local authority replied that steps are being taken to collect the balance amount.

During exit conference, the local authority replied that **step is being taken to collect the same very soon.**

The reply of the local authority is not satisfactory.

The local authority is suggested to collect the outstanding taxes by implementing the methods such as allowing time bound rebate to defaulters

willing to clear their dues and incentives to sincere and dedicated tax collectors putting extra efforts for collection with due resolutions of the council. To some extent this process may help increasing tax collection and considerably reducing the volume of outstanding tax dues of the NAC .

13.5 - YEAR WISE BREAK UP OF OUT STANDING DUES

Based on the information available in previous audit report and verification of records available to audit the year wise breakup of the outstanding tax dues is worked out as below.

YEAR	AMOUNT
Up to 2010-11	242626
2011-12	31125
2012-13	34917
2013-14	0
2014-15	0
2015-16	0
2016-17	35160
2017-18	38983
TOTAL	382811

13.6 - DCB Position of Fixed Assets, AOSP-67

The details of Demand-Collection-Demand position of fixed Assets as on 31.03.2018 is furnished below.

Sl.No.	Properties	Demand			Collection			Balance		
		Arrear	Current	Total	Arrear	Current	Total	Arrear	Current	Total
1	Tank	22000	111000	133000	0	111000	111000	22000	0	22000
2	Kaju Orchard	0	150000	150000	0	150000	150000	0	0	0
3	Slaughter House	0	3500	3500	0	3500	3500	0	0	0
4	Mango Tota	0	29922	29922	0	29922	29922	0	0	0
5	Trade License US-290	0	21000	21000	0	21000	21000	0	0	0
6	Lease of Daily Market	0	15785	15785	0	15785	15785	0	0	0
7	Shop Rent (Prasan Kumar Rout & Ajaya Kumar Mohapatra)	10500	7200	17700	0	0	0	10500	7200	17700
	Total	32500	338407	370907	0	331207	331207	32500	7200	39700

It is noticed from the above table that Rs.39700.00 was outstanding for collection as on 31.03.2018. But no effective steps have been taken to realize the pending dues. Due to non-collection of revenue in time the council has sustained a loss of Rs.39700.00 for which no such effective action seems to have been taken by the local Authority .

In response to Audit objection statement, the local authority furnished no reply.

Hence Rs 7200.00 (Current balance) needs recovery from the person responsible.

Till the recovery is affected, following officials are responsible.

Person(s) Responsible for this paragraph

S/no	Name	Designation	Adress	Amount(In Rs:)
1	Dr. Srikanta Kumar Dash	Executive Officer	Directorate of Economics and Statistics, Bhubaneswar	2400
2	Itishree Sarangi	Executive Officer	Khandapada NAC, Dist-Nayagarh	1800
3	Sri Trilochan Behera	A.E.E, In charge E.O	PH Section, Khandapada. Dist-Nayagarh	3000

13.7 - Reconciliation of Fixed Assets DCB

The reconciliation of fixed Assets DCB figure is furnished below.

Sl.No.	Name of the Properties	Amount
1	Tank DCB Figure	111000
	Accounts Figure	100150
	Add:- Previous Collection	10850
	Total Demand	111000
2	Kaju Orchard DCB Figure	150000
	Accounts Figure	18000
	Add:- Previous Collection	132000
	Total Demand	150000
3	Mango DCB Figure	29922
	Accounts Figure	0
	Add:- Previous Collection	29922
	Total Demand	29922

PARA: 14 AUDIT OF EXPENDITURE

14.1 - Excess payment made to the supplier by way of erroneous calculation OSP No.68

Vr.No./Date of paymnet	Amount paid	Particulars of payment
285/17.11.17	80814.00	Paid to D.K.Acharya, OTC towards L.S G .Day 2017

On scrutiny of the sub-voucher No.5 of voucher No.285 dt. 17.11.17 that 300 Nos of invitation cards has been purchased @ Rs.14.50 per piece from Screen Art, Khandapara towards L.S.G.Day 2017 which cost comes to Rs.4350.00 as against of which Rs.7250.00 has been charged as expenditure in the said voucher. Resulted excess payment of Rs.2900.00 which needs recovery from the persons concerned.

On issue of Audit Objection Statement the Local Authority stated that **the amount will be recovered from the persons concerned.**

During exit conference, the local authority replied that **the amount will be recovered from the person responsible.**

Till the recovery is effected the following officials are considered responsible.

Person(s) Responsible for this paragraph

S/no	Name	Designation	Adress	Amount(In Rs:)
1	Satyajit Pani	Accountant	Khandapada N.A.C.,Dist-Nayagarh	966
2	Dillip Kumar Acharya	Tax Collector	Khandapara NAC,Dist-Nayagarh	967
3	Sri Trilochan Behera	A.E.E, In charge E.O	PH Section, Khandapada. Dist-Nayagarh	967

14.2 - Irregular payment of special sanitation charges OSP No.24-25

Voucher No./Date	Amount paid	Particulars of payment
20/18.4.170	16228.00	Paid to Dillip Kumar Acharya, sanitation supervisor towards cleaning of Drains
78/17.5.17	9600.00	-do-
79/16.5.17	2560.00	-do-
130/27.6.17	18200.00	-do-
188/9.8.17	19400.00	-do-
286/17.11.17	7010.00	-do-
303/8.12.17	4200.00	-do-
328/8.1.18	5800.00	-do-
Total	82998.00	

On scrutiny of the above paid vouchers with reference to Accountant cash book relating to the year 2017-2018, it is found that Rs.82998.00 was shown to have been paid to Dillip Kumar Acharya, sanitation supervisor towards cleaning of Drains and Roads in different dates over and above the salary of the regular sanitation employees working in the N.A.C.

Going through the records made available to Audit, the N.A.C. has engaged 22 Nos of sweepers who are more than sufficient to clean all 13 Nos of wards. There is no necessity to provide additional sweepers on daily wages basis for special cleaning of Road and Drains. The additional expenditure to the tune of Rs.82998.00 towards special sanitation by engaging daily wages labourers in different dates is wasteful expenditure for which the N.A.C. has sustained a loss of Rs.82998.00. thus needs recovery

On issue of Audit Objection Statement the Local Authority stated that **special sanitation charges has been made towards cleaning of Drains.**

During exit conference, the local authority replied that **the payment has been made as per council resolution.**

The reply furnished by the local Authority is not convincing to settle the objection and it is a loss to the Institution . Hence the objection stands for recovery from the following officials.

Person(s) Responsible for this paragraph

S/no	Name	Designation	Adress	Amount(In Rs:)
1	Satyajit Pani	Accountant	Khandapada N.A.C.,Dist-Nayagarh	27665
2	Dr. Srikanta Kumar Dash	Executive Officer	Directorate of Economics and Statistics,Bhubaneswar	15530

3	Dillip Kumar Acharya	Tax Collector	Khandapara NAC,Dist-Nayagarh	27666
4	Sri Trilochan Behera	A.E.E, In charge E.O	PH Section, Khandapada. Dist-Nayagarh	12137

14.3 - Irregular payment of advertisement charges OSP No.25-26

1 As per advertisement policy of Odisha 1998 (Odisha Gazette no. 1708, dt. 23-12-1998) vide item no.-6, it is clearly mentioned that all commercial classified and display advertisement by state govt. agencies under takings, corporations, Boards etc. will be routed through the Information and Public relation departments to eligible news papers/periodicals in the approved list, the budger provision of the under takings will be communicated to the information & P.R. department at the beginning of the year for keeping an effective watch on release of advertisements. Such budget provisions must be communicated with the first advertisement of the year if not communicated earlier. I. & P.R. department shall communicate approved rate in respect of each news paper or periodical to such advertisers in order to enable them to make payment directly to the news papers under intimation to I. & P.R. Department.

2.As per section 17(A) of Odisha Municipal Act, 1950, unless provision has been made in that behaf in the Municipal Budget as approved by the State Govt. no expenditure shall be incurred by the council without prior approval of the Director.From the above, it is clear that all the advertisements have to routed through the I. & P.R. department. But by violating the above guideline,advertisement was made and payment was allowed. The details of payments is given below.

Vr.No/Date	Amount paid	Particulars of payment
22/24.4.17	13023.00	Paid to Eastern Media Ltd. Towards Electrical Tender
23/9.6.17	4573.00	Paid to Summa Real Media towards Electrical Tender
33/8.6.17	4630.00	Paid to Eastern Media Ltd. towards constn. Of Mini stadium
34/18.5.17	6000.00	Paid to Uchhab Multimedia and entertainment Electrical tender
75,76,77/4.4.17	22573.00	Paid to Eastern Media Ltd. towards Electrical tender
78/5.4.17	6868.00	Paid to Odisha express towards solid waste management
79/26.5.17	2778.00	Paid to Pragatibadi towards solid waste management
80/11.5.17	3000.00	Paid to Media Anupama Ltd towards works tender
84/22.5.17	5054.00	Paid to Tilakraram Publication towards Repairing of Tractor
85/3.6.17	6593.00	Paid to Paid to Odisha Express Repairing of Tractor Trolley
121/19.6.17	4990.00	Paid to The Samaj towards Electrical tender
122/19.6.17	6732.00	-do-Electrical Tender
123/4.7.17	7128.00	-do- E;ectroca; Tender
136/4.7.17	4000.00	Paid to Odisha Express towards civil Tender
137/4.7.17	3000.00	Paid to Pragatibadi towards works Tender
138/4.7.17	5000.00	Paid to Pragati Badi towards works Tender
139/4.7.17	5000.00	Tilakaraj Publication towards works Tender
Total	110942.00	

On issue of Audit Objection Statement and during exit conference the Local Authority stated that **"Noted for future guidance"**

The reply furnished by the Local Authority is not to the point.

The Local Authority is suggested to follow the I & P.R.Department instruction henceforth. Till then Rs.110942.00 is kept under objection.

14.4 - Non-production of Security refund ledger and connected case records OSP No.26-28

While checking the expenditure side of Accountant Cash book relating to the year 2017-2018, it is found that Rs.324887.00 as detailed below has been refunded to the different executants towards r security deposits. In support of the said refund the security realization/refund ledger and connected case records may please be produced to Audit for verification.

Voucher No/Date	Amount Refund	Name of the executant
25/25.4.17	4000.00	Paid to Rajanikanta Patra
26/24.4.17	1775.00	Paid to D.R.Das
27/24.4.17	4546.00	Paid to D.R.Das
28/24.4.17	9816.00	Paid to S.N.Pradhan
29/24.4.17	9703.00	-do-
30/25.4.17	9881.00	Paid to J.M. Mishra

31/24.4.17	2660.00	Paid to J.R.Mishra
32/24.4.17	12750.00	Paid to J.Panigrahi
37/28.4.17	8395.00	B.C.Padhiary
38/4.6.17	49835.00	Paid to H.H.Sahoo
39/28.4.17	8496.00	-do-
42/5.5.17	3500.00	Paid to A.Moharana
43/5.5.17	2500.00	Paid to C.Pattnaik
45/5.5.17	1500.00	Paid to A.Behera
48/5.5.17	11205.00	Paid to B.P.Pani
61/9.5.17	5000.00	Paid to S.N.Mohanty
65/12.5.17	2500.00	Paid to S.Pradhan
66/12.5.17	2500.00	-do-
67/9.5.17	12486.00	Paid to S.S.Ram
68/9.5.17	14509.00	-do-
69/9.5.17	12730.00	Paid to S.S.Ram
70/9.5.17	9816.00	-do-
71/9.5.17	8817.00	-do-
72/9.5.17	8539.00	-do-
74/9.5.17	8391.00	-do-
81/20.5.17	24485.00	Paid to B.K.Sahoo
132/23.6.17	74552.00	Paid to S.B.Senapati
Total	324887.00	

On issue of Audit Objection Statement and during exit conference the Local Authority stated that "step is being taken to produce the same to next Audit"

In absence of the above bonafied records there is every possibility of double payment. Hence the Local Authority is suggested to produce the same at the time of exit conference. Till then Rs.324887.00 is kept under objection.

14.5 - Non-production of Paid vouchers OSP No.29-34

In spite of issue of Audit Objection Statement and several verbal approaches the following paid vouchers could not be made available to Audit for verification.

Voucher No/Date	Amount	Particulars
19/4.17	1800.00	Paid to to Prasanna Kumar Rout towards renewal of Dsc.
17/19.4.17	12325.00	GPF/P.T.deposit
18/19.4.17	12458.00	Pension contribution deposit
20.4.17	33284.00	Paid to Samanta filling station
4.7.17	14185.00	Paid to Lal Mohan Pattnaik towards labour payment
4.7.17	2500.00	T.D.S.Deposits
7.7.17	13150.00	G.P.F.deposits
7.7.17	12641.00	Pension contribution
13.7.17	1580.00	Paid to Dillip Kumar Acharya cost of brooms etc.
18.7.17	1170.00	Paid to BSNL
169/28.7.17	9070.00	Paid to Lal Mohan Pattnaik towards stationeries
170/28.7.17	1860.00	-do- towards council meeting
172/2.8.17	20373.00	T.D.S.deposit
2.8.17	12199.00	G.P.F.deposits
2.8.17	40074.00	Other deposits
184/5.8.17	1580.00	Paid to Dillip Kumar Acharya purchase of soap
180/5.8.17	12300.00	GPF deposits
5.8.17	1600.00	Paid P.Dash,chairperson towards T.A.
125/7.8.17	2000.00	Paid to B.K.Das,Advocate
10.8.17	958.00	Paid to BSNL
24.8.17	3680.00	Paid to Mobicom towards catridge
28.8.17	3446.00	Paid to D.K.Acharya towards repairing of wheel bar
203/28.8.17	100000.00	Paid to D.K.Acharya towards LSG day
206/7.9.17	10000.00	Paid to P.C.Barik,towards office expenditure
208/7.9.17	40749.00	T.D.S.Deposits
227/15.9.17	1580.00	Paid to D.K.Acharya towards sanitation
15.9.17	11125.00	Paid to P.C.Barik towards August 15 occasion

210/11.9.17	20000.00	Paid to L.N.Sahoo,T.C. Harischandra sahayata
232/23.9.17	3000.00	Paid to Hemanta Kumar Barik towards Loud speaker
233/23.9.17	2000.00	-do-
239/26.9.17	13000.00	Paid to P.C.Barik towards seating allowance
243/4.10.17	11062.00	TDS deposists
247/7.10.17	1600.00	Paid to P.Dash,Chairperson towards T.A
245/4.10.17	16800.00	Paid to Indumati Parida,C.O
251/11.10.17	1970.00	Paid to D.K.Acharya towards sanitation
254/11.10.17	510.00	Paid to Dillip Kumar Acharya towards towards cost of paper
265/27.10.17	11250.00	Paid towards NFSA-2013
261/27.10.17	1700.00	Paid to Prasanta Kumar Rout towards E-Tender digital signature
265/27.10.17	11250.00	Paid towards NFSA-13
6.11.17	980.00	Paid to Mobicom point towards cost of computer articles
7.11.17(C.B.P.160)	3080.00	Paid to D.K.Acharya towards repairing charges
7.11.17(C.B.P.160)	12845.00	Pension contribution deposits
7.11.17(CBP160)	3200.00	P.T.Deposits
7.11.17(C.B.P.160)	7972.00	TDS deposits
7.11.17(C.B.P.160)	5000.00	Paid to A.Das towards refund of S.D.
259/27.10.17	200.00	Paid to Lingaraj Book store towards cost of paper
283/17.11.17	700.00	Paid to P.Dash,Chair person towards payment of TA/DA
288/25.10.17	21300.00	S.B.M.Payments
266/30.10.17	1500000.00	Paid to Executive Engineer,Puri towards water supply dues
30.10.17(CBP1656)	171000.00	Adjustment
294/6.12.17	12845.00	Pension contribution
293/6.12.17	3075.00	P.T.deposits
300/6.12.17	4235.00	Paid to R.K.Barik towards repairing of wiring
299/6.12.17	1000.00	T.D.S.Deposits
285/17.11.17	80814.00	L.S.G.Day
302/8.12.17	1580.00	Paid to D.K.Acharya towards sanitation work
303/8.12.17	4200.00	-do-
282/17.11.17	1600.00	P.Dash,Chair person towards TA
305/8.12.17	470500.00	S.B.M.Payments
312/21.12.17	40000.00	Paid to P.C.Barik towards Harishchandra sahayata jojana
313/21.12.17	50000.00	Paid to P.C.Bsarik towards inauguration of Kalyan Mandap
310/21.12.17	800.00	Paid to P.C.Barik towards cost of paper
307/13.12.17	1660.00	Paid to Lal Mohan Pattnaik towards council meeting
308/13.12.17(CBP176)	36958.00	Paid to BSNL
309/21.12.17	698.00	Paid to Indumati Parida towards tiffin for meeting
311/21.12.17	3055.00	Paid to Mobicom towards repairing of works section computer
318/4.1.18	3075.00	P.T.Deposit
319/4.1.18	12845.00	Pension contribution deposit
323/4.1.18	3216.00	TDS deposit
327/8.1.18(CBP184)	1680.00	Paid to D.K.Acharya towards sanitation
328/8.1.18(CBP184)	5800.00	-do-
306/8.12.17(CBP185)	1380.00	Paid to S.K.Rout uploading of IHHL house
329/8.1.18(CBP186)	1445.00	Paid to P.C.Barik towards office maintenance
1.2.18(CBP190)	22536.00	Paid to P.C.Barik towards samanta Jayanti
20.2.18(CBP193)	30000.00	Paid to P.C.Barik towards Harishchandra Sahayata Jojana
20.2.18(CBP193)	12845.00	Pension contribution
20.2.18(CBP193)	3075.00	P.T.Deposit
20.2.18(CBP193)	1880.00	Paid to D.K.Acharya towards sanitation
22.2.18(CBP194)	1668.00	Paid to P.C.Barik towards officie maintenance
22.2.18(CBP194)	11800.00	-do- towards Republic day
14.3.18(CBP199)	825.00	Paid to Lingaraj Book store towards cost of paper
16.3.18(CBP200)	208663.00	Payment of Energy charges
16.3.18(CBP200)	19425.00	Paid to Swarna chasi seva Kendra cost of fuel
Total	3253284.00	

On issue of Audit Objection Statement the Local Authority stated that it will be produced to next Audit.

During exit conference the Local Authority failed to produce the said paid vouchers and replied that it will be produced to next Audit.

In absence of the paid vouchers the expenditure is not considered genuine.

Hence the local Authority is suggested to produce the same before Next Audit, Till Production of the documents Rs 3253284.00 is held under

objection.

14.6 - Irregular purchase of New Years Diary from N.A.C. fund OSP No.34

Voucher No/Date	Amount	Particulars of payment
Nil/22.2.18 (CBP194)	10380.00	Paid to Prakash Chandra Barik towards purchase of Diary for New year 2018

On scrutiny of the above paid voucher with reference to Accountant cash book relating to the year 2017-2018, it is found that Rs.10380.00 was shown to have been paid to Prakash Chandra Barik, Junior Asst. towards purchase of New Years Diary for 2018 out of N.A.C.Fund. The N.A.C. is consisting two Gazetted Officer one is Chair person and another is E.O. for which two Diary is required. But as against of which Rs.10380.00 has been spent.

Asked the Audit Objection Statement the authority on which basis the payment was made, no reply has been furnished by the Local Authority.

During exit conference, the local authority replied that **the payment has been made as per council resolution.**

Hence irregular spent of N.A.C. fund to the tune of Rs.10380.00 is not considered genuine thus needs recovery from the persons concerned.

Person(s) Responsible for this paragraph

S/no	Name	Designation	Adress	Amount(In Rs:)
1	Satyajit Pani	Accountant	Khandapada N.A.C.,Dist-Nayagarh	5190
2	Itishree Sarangi	Executive Officer	Khandapada NAC,Dist-Nayagarh	5190

14.7 - Non-production of Tractor Trolley Repairing File OSP No.35

Voucher No/Date	Amount	Particulars of payment
252/11.10.17	60000.00	Paid to Maa Bauti Engineering, Itamati, Nayagarh
Nil/27.11.17	57400.00	-do-
Total	117400.00	

While checking the expenditure side of Accountant Cash Book relating to the year 2017-2018, it is noticed that Rs.117400.00 was shown to have been paid to Maa Bauti Engineering, Itamati, Nayagarh towards repairing charges of Tractor Trolley. In support of the said repairing the following records could not be made available to Audit for verification.

1. Paid vouchers in support of repairing
2. Repairing file
3. Council Resolution
4. Approved estimate from the competent Authority
5. Date of last repairing and in support of connected records
6. Old parts stock register

On issue of Audit Objection Statement the Local Authority stated that it will be produced to next Audit.

During exit conference, the local authority replied that **it will be produced to next Audit.**

Hence till production of the same Rs.117400.00 is kept under objection.

14.8 - Excess salary payment made to consolidated staff OSP No. 69

The following circulars have been issued by the Govt. in Finance and H. & U.D. departments from time to time for engagement of employee on the basis of consolidated remuneration.

1. **Govt. in H & UD Department vide his letter No. 16880/HUD Dt.15.05.1999** has issued instruction to local bodies for allowing consolidated pay who have served less than ten year from the cutoff date i.e. **19.5.1997**

ii. For adoption of uniform scale of monthly remuneration for contractual employees Govt. in Finance Department has issued an instruction vide his **Lr. No. 32986(255)/F. Dt. 7.7.2008** that, the consolidated salary/ remuneration for such employees shall be the sum equivalent to the minimum of the pay scale admissible to the regular post against which such contractual engagement has been made. The same was communicated to all the Executive Officer of the Municipalities and NAC for information by the Govt. in H & UD Deptt. vide his **Lr. No.23894/HUD Dt. 6.9.2008**.

iii. The **Circular No. 32986/F Dt. 7.7.2008** was amended by Finance Department Lr. No. **40545(255)/F. Dt. 29.8.2009**. On the said order Govt in Finance Department has pleased to decide that the minimum pay of the corresponding post in the revised scale of pay in the corresponding pay band as indicated in **column 5** of the first schedule of ORSP Rule 2008 notified vide **SRO No. 638/2008 Dt. 24.12.2008** shall hence forth be applicable as contractual remuneration to contractual appointees engaged in different govt. Departments and government offices.

iv. The service condition of the employees of the ULBs are regulated with the rules and provisions of O.M. Act/Rules, which is governed under rules/ provisions applicable to the employees of the State Government. As per Rule 415 of the O.M. Rules-1953, the conditions of the employees of a municipal council shall not be more favorable than those of Government servants of similar standing and status in respect of

a. Salary and allowances,

b. Leave and leave salary

c. Travelling allowance and superannuation and retirement.

On checking of the Pay acquittance roll of the Contractual employees of the NAC, it reveals that 03 Nos. of employees are allowed enhanced remuneration by NAC resolution . The details of such payment are furnished below. The excess payment of Rs.331200.00 made during the year under audit i.e 2017-18 in contravention to above mentioned Govt. orders is loss to NAC fund and not admissible in Audit.

Sl.No.	Name & Desig.	Amount Due	Amount Paid	Excess Paid	Period
1	Dillip Kumar Acharya, TC	520012=62400	1440012=172800	110400	Mar 17 to Feb 18
2	Mohit Ranjan Rath, TC	520012=62400	1440012=172800	110400	Mar 17 to Feb 18
3	R.K.Mohanty, TC	520012=62400	1440012=172800	110400	Mar 17 to Feb 18

	TOTAL			331200	
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On issue of Audit objection Statement no reply furnished by the Local Authority

During exit conference, the local authority replied that **the payment has been made as per council resolution..**

Hence the Local Authority is suggested to follow the above Govt. Instruction henceforth. Till then Rs.331200.00 is kept under objection.

14.9 - Staff Position

The staff position of Khandapada N.A.C. for the year 2017-18 is given below.

Sl.No.	Category of post	Govt.Sanctioned strength	Staff in position	Remarks
1	Executive Officer	1	1	
2	Junior Asst.	2	2	
3	Tax Collector	1	4	3 consolidated basis
4	Work sarkar	1	1	
5	Peon	1	3	2 Consolidated basis
6	Orderly peon of E.O	1	1	
7	Tractor Driver	1	2	1 Consolidated basis
8	Watchman	1	1	
9	Sweeper	5	22	14 consolidated 3 daily wages
10	Junior Engineer	1	1	Contractual
11	C.O	1	1	Contractual
12	M.I.S.	1	1	Contractual
13	Accountant	1	1	Contractual
14	Data entry operator	0	1	Contractual
15	M.E	0	1	Part time
16	Store keeper	0	1	Consolidated
17	Electrician Helper	0	1	Consolidated
Total		18	45	

PARA: 15 AUDIT ON WORKS

15.1 - No.of work case record verified during the Audit.

Particulars	No.of case records	Amount involved	Remarks (Reasons for non-verification)
Total work case records due for verification	37	Rs.10004000.00	
Work case records verified by Audit	37	Rs.10004000.00	
Balance work case records that could not be verified by Audit	0	Rs.0.00	

15.2 - Excess payment made to the executant by way of erroneous calculation in M.B.OSP No.50-51

Name of the work	Constn.of C.C.Road from Ramesh Mohanty House to womens college in W-3
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C.R.No	21/A-17-18
Head of Account	14 th F.C.A
Estimated cost	395000.00
Voucher No./Date of payment	153/7.7.17 Rs.335789.00
Agency	D.K.Behera
J.E	Ghanashyam Tripathy
M.E	Rajesh Kumar Mandal
M.B.No.	6/85-90
Date of work order issued	No.530 dtd.18.4.17

1. Excess payment made to the executants by way of Erroneous calculation in M.B.

On scrutiny of the above work case record with reference to bill and M.B. it is found that due to erroneous calculation in C.C.(1:2:4) in M.B. a total sum of Rs.7866.00 as calculated below has been paid in excess to the executants .

Item of work done	Quantity of work done	Rate paid per cum	Measurement shown in M.B	Actua totaling	Difference	Excess payment
C.C.(1:2:4)	6.98 cum	5733.05	14.40x(3.09+4.70)/2x (0.125+0.075)/2=6.98	14.40x (3.09+4.70)/2x(0.125+0.075)/2=5.608	1.372	7866.00

b) Excess payment made to the executant by way of allowing higher rate towards cost of materials

On scrutiny of the above work case records with reference to bill and M.B.it is found that due to non-deduction of VAT from the work bill a sum of Rs.3204.00 as detailed calculated below has been paid in excess to the executant which needs recovery. . Going through the analysis attached to estimate that the estimate has been prepared by the J.E.with 5% VAT on stone product itmes. So during the bill payment the same has neither been deducted from the work bill nor withheld for which excess payment has been made to the executant to the tune of Rs.3204.00

Item of work & quantity of work done	Material consumed	Rate pad	VAT due	VAT deducted	Excess payment
C.C.(1:2:4)67.95	61.16 cum	1100.00	1100x100/105x61.16=64072.00 1100x61.16=67276.00 67276.00-64072.00=3204.00	0.00	3204.00

Hence total excess payment comes to Rs.11070.00 (7866.00+3204.00) need be recovered.

In response to Audit Objection Statement and during exit conference, the Local Authority stated that the amount will be recovered from the S.D. of the executant.

Till the recovery is effected the following officials are considered responsible.

Sl.No.	Name and designation	Amount
1	Dr.Srikanta Das,E.O.	801.00
2	Rajesh Kumar Mandal,M.E	801.00
3	Ghanashyam Tripathy,J,E	801.00
4	Satyajit Pani,Accountant	801.00
	Total	3204.00

Person(s) Responsible for this paragraph

Slno	Name	Designation	Adress	Amount(In Rs:)
1	Sri Rajesh Kumar Mandal	M.E.	Office of the Superintendent Engineer, Minor Irrigation , Bhubaneswar	1967
2	Ghanashyam Tripathy	J.E	Khandapada N.A.C,Dist-Nayagarh	1966
3	Satyajit Pani	Accountant	Khandapada N.A.C.,Dist-Nayagarh	1966
4	Dr. Srikanta Kumar Dash	Executive Officer	Directorate of Economics and Statistics,Bhubaneswar	1967

15.3 - Excess payment made to the executant by way of non-deduction of VAT from the work bill OSP No.46-47

Name of the work	Constn.of C.C.Road and Drain from Magi Sahu House to Sri Chaitanya Mandir
C.R.No	17/A-17-18
Head of Account	4 th S.F.C.
Estimated cost	495000.00
Voucher No./Date of payment	230/23.9.17 Rs.360934.00
Agency	M.K.Swain
J.E	Ghanashyam Tripathy
M.E	Rajesh Kumar Mandal
M.B.No.	1/93-99
Date of work order issue	No.532/18.4.17

On scrutiny of the above work case records with reference to bill and M.B.it is found that due to non-deduction of VAT from the work bill a sum of Rs.3679.00 as detailed calculated below has been paid in excess to the executant which needs recovery. Going through the analysis attached to estimate that the estimate has been prepared by the J.E.with 5% VAT on stone product itmes. So during the bill payment the same has neither been deducted from the work bill nor withheld for which excess payment has been made to the executant to the tune of Rs.3679.00

Item of work & quantity of work done	Material consumed	Rate pad	VAT due	VAT deducted	Excess payment
Sand filling	10.80 cum	44.00	44.00x100/105x10.80=453.00		
C.C.(1:4:8)11.70cum (Metal)	11.23	593.00	593x100/105x11.23 =6342.00		
C.C.(1:2:4)69.01cum (Chips)	62.11	1100.00	1100x100/105x62.11=65067.00		
Sand for mortar	36.67	49.00	49.00x100/105x36.67= 1711.00		
Total			=73573.00	0.00	3679.00
			77252.00-73573.00=		
			3679.00		

In response to Audit Objection Statement and during exit conference, the Local Authority stated that the amount will be recovered from the S.D. of the executant.

Till the recovery is effected the following officials are considered responsible.

Sl.No.	Name and designation	Amount
1	Trilochan Behera,A.E.P.H.D. office,Khandapara	920.00
2	Rajesh Kumar Mandal,M.E	920.00
3	Ghanashyam Tripathy,J.E	920.00
4	Satyajit Pani,Accountant	919.00
	Total	3679.00

15.4 - Excess payment made to the executant by way of non-deduction of VAT from the work bill OSP No.47-48

Name of the work	Constn.of C.C.Road atSWM site at Khandapada in Ward No.1
C.R.No	27/A-17-18
Head of Account	C.C.Road
Estimated cost	551000.00
Voucher No./Date of payment	164/19.7.17 Rs.414298.00
Agency	A.K.Das
J.E	Ghanashyam Tripathy
M.E	Rajesh Kumar Mandal
M.B.No.	1/63-68
Date of work order issued	No.630 dt.11.5.17

On scrutiny of the above work case records with reference to bill and M.B.it is found that due to non-deduction of VAT from the work bill a sum of Rs.4385.00 as detailed calculated below has been paid in excess to the executant which needs recovery. Going through the analysis attached to estimate that the estimate has been prepared by the J.E.with 5% VAT on stone product itmes. So during the bill payment the same has neither been deducted from the work bill nor withheld for which excess payment has been made to the executant to the tune of Rs.4385.00

(a) Excess payment made to the executant by way of allowing higher rate towards cost of materials

Item of work & quantity of work done	Material consumed	Rate pad	VAT due	VAT deducted	Excess payment
Sand filling	55.85 cum	44.00	44,00x100/105x55.85=2340.00	0.00	117.00
C.C.(1:4:8)55.85cum	53.62	593.00	593x100/105x53.62=30283.00	0.00	1514.00
C.C.(1:2:4)55.85cum	50.27	1100.00	1100x100/105x50.27=52664.00	0.00	2633.00
Sand for mortar	51.94	49.00	49x100/105x51.94 =2424.00	0.00	126.00
Total			711.00 92096.00-87711.00=4385.00	0.00	4385.00

b) Irregular payment material test report charges

On verification of the above work case record with reference to bill and M.B. it is seen that Rs.3220.00 was shown to have been paid towards material test report charges in the work bill. In support of the said payment the connected testing paid voucher was not made available in the case record. Besides that as per analysis of rate 2006 the said expenditure need be met out of contractor profit Resulted excess payment made to the executant to the tune of Rs.3220.00 need be recovered.

Hence total excess payment comes to Rs.7605.00 (4385.00+3220.00) need be recovered from the executants.

In response to Audit Objection Statement and during exit conference, the Local Authority stated that the amount will be recovered from the S.D. of the executant.

Till the recovery is effected the following officials are considered responsible.

Sl.No.	Name and designation	Amount
1	Dr.Srikanta Das,E.O	1097.00
2	Rajesh Kumar Mandal,M.E	1096.00
3	Ghanashyam Tripathy,J.E	1096.00
4	Satyajit Pani,Accountant	1096.00
	Total	4385.00

Person(s) Responsible for this paragraph

Sln0	Name	Designation	Adress	Amount(In Rs:)
1	Sri Rajesh Kumar Mandal	M.E.	Office of the Superintendent Engineer, Minor Irrigation , Bhubaneswar	805
2	Ghanashyam Tripathy	J.E	Khandapada N.A.C,Dist-Nayagarh	805
3	Satyajit Pani	Accountant	Khandapada N.A.C.,Dist-Nayagarh	805
4	Dr. Srikanta Kumar Dash	Executive Officer	Directorate of Economics and Statistics,Bhubaneswar	805

15.5 - Excess payment made to the executant by way of non-deduction of VAT from the work bill OSP No.49-50

Name of the work	Constn.of C.C.Road and Drain from Gadabitar sahi Dobati in W-11
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C.R.No	18/A-17-18
Head of Account	14 th F.C.A
Estimated cost	616000.00
Voucher No./Date of payment	231/23.9.17 Rs.511956.00
Agency	D.K.Behera
J.E	Ghanashyam Tripathy
M.E	Rajesh Kumar Mandal
M.B.No.	3/ 83-88
Date of work order issued	No.574 dtd.28.4.17

On scrutiny of the above work case records with reference to bill and M.B.it is found that due to non-deduction of VAT from the work bill a sum of Rs.4776.00 as detailed calculated below has been paid in excess to the executant which needs recovery. Going through the analysis attached to estimate that the estimate has been prepared by the J.E.with 5% VAT on stone product itmes. So during the bill payment the same has neither been deducted from the work bill nor withheld for which excess payment has been made to the executant to the tune of Rs.4776.00

Item of work & quantity of work done	Material consumed	Basic rate	VAT due	VAT deducted	Excess payment
Sand filling	24.00 cum	44.00	44.00x100/105x24 =1006.00		50.00
C.C.(1:4:8)24.00cum	23.04 cum	593.00	593.00x100/105x23.04=13012.00		651.00
C.C.(1:2:4)84.00cum	75.60 cum	1100.00	1100.00x100/105x75.60=79200.00		3960.00
Sand for mortar	49.32 cum	49.00	49.00x100/105x49.32 =2302.00		120.00
Total			=95520.00	0.00	4776.00
			100296.00-95520.00=4776.00		

In response to Audit Objection Statement and during exit conference, the Local Authority stated that the amount will be recovered from the S.D. of the executant.

Till the recovery is effected the following officials are considered responsible.

Sl.No.	Name and designation	Amount
1	Trilochan Behera,E.O	1194.00
2	Rajesh Kumar Mandal,M.E	1194.00
3	Ghanashyam Tripathy,J.E	1194.00
4	Satyajit Pani,Accountant	1194.00
	Total	4776.00

15.6 - Excess payment made to the executant by way of non-deduction of VAT from the work bill OSP No.52-53

Head of Account	4 th F.C.A
Estimated cost	997000.00
Voucher No./Date of payment	199/9.8.17 Rs.782422.00
Agency	A.K.Das
J.E	Ghanashyam Tripathy
M.E	Rajesh Kumar Mandal
M.B.No.	1/26-42
Date of work order issued	No.522dtd.18.4.17
Date of commencement	22.6.17
Date of completion	27.7.17

On scrutiny of the above work case records with reference to bill and M.B.it is found that due to non-deduction of VAT from the work bill a sum of Rs.11159.00 as detailed calculated below has been paid in excess to the executant which needs recovery. Going through the analysis attached to estimate that the estimate has been prepared by the J.E.with 5% VAT on stone product itmes. So during the bill payment the same has neither been deducted from the work bill nor withheld for which excess payment has been made to the executant to the tune of Rs.11159.00

Item of work & quantity of work done	Material consumed	Basic rate	VAT due	VAT deducted	Excess payment
Sand filling	10.62 cum	44.00	44.00x100/105x10.62=445		
C.C.(1:4:8)15.21cum	14.60 cum	593.00	593.00x100/105x14.60=8246		
Sand for mortar	43.88 cum	49.00	49.00x100/105x43.88=2048		
Fly Ash Brick 23x11x8 50132 Nos	50.132 Nos	4450.00	4450x100/105x50.132=212464		

Total			=223203.00	0.00	11159.00
			234362.00-223203.00=11159.00		

In response to Audit Objection Statement and during exit conference, the Local Authority stated **that the amount will be recovered from the S.D. of the executant.**

Till the recovery is effected the following officials are considered responsible.

Sl.No.	Name and designation	Amount
1	Trilochan Behera,E.O	2790.00
2	Rajesh Kumar Mandal,M.E	2790.00
3	Ghanashyam Tripathy,J.E	2790.00
4	Satyajit Pani,Accountant	2789.00
	Total	11159.00

15.7 - Excess payment made to the executant by way of non-deduction of VAT from the work bill OSP No53-54

Name of the work	Constn.of C.C.Road & Drain from Laxmidhar Mohanty House to Saibaba Road in Ward No.1
C.R.No	29/A-17-18
Head of Account	14 th F.C.A
Estimated cost	413537.00
Voucher No./Date of payment	166/19.7.17 Rs.313187.00
Agency	A.K.Das
J.E	Ghanashyam Tripathy
M.E	Rajesh Kumar Mandal
M.B.No.	5/111-114
Date of work order issued	No.518dtd.18.4.17

On scrutiny of the above work case records with reference to bill and M.B.it is found that due to non-deduction of VAT from the work bill a sum of Rs.2785.00 as detailed calculated below has been paid in excess to the executant which needs recovery. Going through the analysis attached to estimate that the estimate has been prepared by the J.E.with 5% VAT on stone product itmes. So during the bill payment the same has neither been deducted from the work bill nor withheld for which excess payment has been made to the executant to the tune of Rs.2785.00

Item of work & quantity of work done	Material consumed	Basic rate	VAT due	VAT deducted	Excess payment
Sand filling	27.93 cum	44	44.00x100/105x27.93=1170		
C.C.(1:4:8)27.93cum metal	26.61 cum	593	593.00x100/105x26.61=15028		
Sand for mortar sand	34.47 cum	49	49.00x100/105x34.47=1609		
C.C.(1:2:4) 40.18 chips	36.16	1100	1100.00x100/105x36.16=37882		
Total			=55689.00	0.00	2785.00
			58474.00-55689.00=2785.00		

In response to Audit Objection Statement and during exit conference, the Local Authority stated **that the amount will be recovered from the S.D. of the executant.**

Till the recovery is effected the following officials are considered responsible.

Sl.No.	Name and designation	Amount
1	Dr.Srikanta Das,E.O	697.00
2	Rajesh Kumar Mandal,M.E	696.00
3	Ghanashyam Tripathy,J.E	696.00
4	Satyajit Pani,Accountant	696.00
	Total	2785.00

15.8 - Excess payment made to the executant by way of non-deduction of VAT from the work bill OSP No.55-56

Name of the work	Constn.of balance portion of C.C.Road at Bandha Mahadev in W-1.
C.R.No	28/A-17-18
Head of Account	4 th SFC
Estimated cost	627000.00
Voucher No./Date of payment	165/19.7.17 Rs.473635.00
Agency	A.K.Das0
J.E	Ghanashyam Tripathy
M.E	Rajesh Kumar Mandal
M.B.No.	1/69-75
Date of work order issued	No.628dtd.11.5.17

On scrutiny of the above paid voucher with reference bill and M.B.it is found that due to non-deduction of VAT from the work bill a sum of Rs.45047.00 as detailed calculated below has been paid in excess to the executant which needs recovery. Going through the analysis attached to estimate that the estimate has been prepared by the J.E.with 5% VAT on stone product itmes. So during the bill payment the same has neither been deducted from the work bill nor withheld for which excess payment has been made to the executant to the tune of Rs.5047.00

Item of work & quantity of work done	Material consumed	Basic rate	VAT due	VAT deducted	Excess payment
Sand filling	48.16 cum	44.00	44.00x100/105x48.16=2018		
C.C.(1:4:8)38.84cum metal	37.29 cum	593.00	593.00x100/105x37.29=21060		
Sand for mortar	49.00 cum	49.00	49.00x100/105x49.00=2287		
C.C.(1:2:4) 80.17 chips	72.15	1100.00	1100.00x100/105x72.15=75586		
Total			=100951.00	0.00	5047.00
			105998.00-100951.00=5047.00		

In response to Audit Objection Statement and during exit conference, the Local Authority stated **that the amount will be recovered from the S.D. of the executant.**

Till the recovery is effected the following officials are considered responsible.

Sl.No.	Name and designation	Amount
1	Dr.Srikanta Das,E.O	1262.00
2	Rajesh Kumar Mandal,M.E	1262.00
3	Ghanashyam Tripathy,J.E	1262.00
4	Satyajit Pani,Accountant	1261.00
	Total	5047.00

15.9 - Non-deduction of VAT from the work bill OSP No.62-63

Name of the work	Constn.of Protection wall at ward No.10
C.R.No	16/A-17-18
Head of Account	14 th SFC
Estimated cost	487000.00
Voucher No./Date of payment	194/9.8.17 Rs.373144.00
Agency	J.R.Mishra
J.E	Ghanashyam Tripathy
M.E	Rajesh Kumar Mandal
M.B.No.	6/124-126
Date of work order issued	3.7.17

On scrutiny of the above work case record with reference to bill and M.B, it is found that due to non-deduction of VAT from the work bill a total sum of Rs.3161.00 as detailed below has been paid in excess to the executant which needs recovery. Going through the analysis attached to estimate that the estimate has been prepared by the J.E.with 5% VAT on stone product itmes. So during the bill payment the same has neither been deducted from the work bill nor withheld for which excess payment has been made to the executant to the tune of Rs.3161.00

Sl.No.	Quantity of work done	Material consumed	Basic rate of materials	VAT due	VAT deducted	Excess payment
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1	Sand filling 5.40 cum	5.40	44.00x5.40=238.00			
2	Sand for mortar 30.58	30.58	49.00x30.58=1498.00			
3	M-20 concrete 62.chips	55.98	1100x55.98=61578.00			
4	C.C.(1:4:8)5.40 metal	5.18	593.00x5.18=3072.00	3161.00	0.00	3161.00
			=63621x100/105=60591.00			
			66386.00-63225.00=3161.00			

In response to Audit Objection Statement and during exit conference, the Local Authority stated **that the amount will be recovered from the S.D. of the executant.**

Till the recovery is effected the following officials are considered responsible.

Sl.No.	Name and designation	Amount
1	Trilochan Behera,E.O	791.00
2	Rajesh Kumar Mandal,M.E	790.00
3	Ghanashyam Tripathy,J.E	790.00
4	Satyajit Pani,Accountant	790.00
	Total	3161.00

15.10 - Excess payment made to the executant by way of erroneous calculation in M.B.OSP No.63-64

Name of the work	Constn.of Constn. Of C.C.Road
C.R.No	26/A-17-18
Head of Account	14 th SFC
Estimated cost	164000.00
Voucher No./Date of payment	193/9.8.17 Rs.123257.00
Agency	J.R.Mishra
J.E	Ghanashyam Tripathy
M.E	Rajesh Kumar Mandal
M.B.No.	5/72-74

On scrutiny of the above work bill with reference to bill and M.B., it is found that due to erroneous calculation in C.C.(1:4:8) and C.C.(1:2:4) a total sum of Rs.8677.00 as detailed below has been paid in excess to the executants which needs recovery.

Item of work done	Rate paid	Calculation shown in M.B	Calculation as per Audit	Difference	Excess payment
C.C.(1:4:8)	3401.48	21.30x3.65x(0.125+0.075)/2 =8.00	21.30x3.65x(0.125+0.075)/2 =7.77	0.95	3231.00
		15.00x3.65x(0.15+0.075)/2 =6.00	15.00x3.65x(0.125+0.075)/2 =5.47		
		7.70x3.65x(0.125+0.075)/2 =3.00	7.70x3.65x(0.125+0.075)/2 =2.81		
		=17.00	=16.05		
C.C.(1:2:4)	5733.00	21.30x3.65x(0.125+0.075)/2 =8.00	21.30x3.65x(0.125+0.075)/2 =7.77	0.95	5446.00
		15.00x3.65x(0.15+0.075)/2 =6.00	15.00x3.65x(0.125+0.075)/2 =5.47		
		7.70x3.65x(0.125+0.075)/2 =3.00	7.70x3.65x(0.125+0.075)/2 =2.81		
		=17.00cum	=16.05cum		
Total					8677.00

In response to Audit Objection Statement and during exit conference, the Local Authority stated **that the amount will be recovered from the S.D. of the executant.**

Till the recovery is effected the following officials are considered responsible.

Person(s) Responsible for this paragraph

S/no	Name	Designation	Adress	Amount(In Rs:)
1	Satyajit Pani	Accountant	Khandapada N.A.C.,Dist-Nayagarh	2169
2	Ghanashyam Tripathy	J.E	Khandapada N.A.C,Dist-Nayagarh	2169
3	Sri Trilochan Behera	A.E.E, In charge E.O	PH Section, Khandapada. Dist-Nayagarh	2170
4	Sri Rajesh Kumar Mandal	M.E.	Office of the Superintendent Engineer, Minor Irrigation , Bhubaneswar	2169

15.11 - Non-deduction of VAT from the work bill OSP No.64-65

Name of the work	Constn.of Protection wall at ward No.10
C.R.No	16/A-17-18
Head of Account	14 th SFC
Estimated cost	487000.00
Voucher No./Date of payment	194/9.8.17 Rs.373144.00
Agency	J.R.Mishra
J.E	Ghanashyam Tripathy
M.E	Rajesh Kumar Mandal
M.B.No.	6/124-126
Date of work order issued	3.7.17

On scrutiny of the above work case record with reference to bill and M.B, it is found that due to non-deduction of VAT from the work bill a total sum of Rs.5885.00 as detailed below has been paid in excess to the executant which needs recovery. Going through the analysis attached to estimate that the estimate has been prepared by the J.E.with 5% VAT on stone product itmes. So during the bill payment the same has neither been deducted from the work bill nor withheld for which excess payment has been made to the executant to the tune of Rs.8585.00

Sl.No.	Quantity of work done	Material consumed	Basic rate of materials	VAT due	VAT deducted	Excess payment
1	Sand filling 58.36 cum	58.36	44.00x58.36=2568.00			
2	Sand for mortar 74.09 cum	74.09	49.00x74.09=3630.00			
3	M-20 concrete 65.28	58.75	1100x58.75=64625.00			
5	C.C.(1:2:4)53.30	47.97	47.97x1100.00=52767.00	5885.00	0.00	5885.00
			=123590.00x100/105=117705.00			
			148176.00-117705.00=5885.00			

In response to Audit Objection Statement and during exit conference, the Local Authority stated **that the amount will be recovered from the S.D. of the executant.**

Till the recovery is effected the following officials are considered responsible.

Sl.No.	Name and designation	Amount
1	Trilochan Behera,E.O	1472.00
2	Rajesh Kumar Mandal,M.E	1471.00
3	Ghanashyam Tripathy,J.E	1471.00
4	Satyajit Pani,Accountant	1471.00
	Total	5885.00

16.1 - Audit on Units/Department
No separate Units/Department is in the N.A.C.

PARA: 17 AUDIT ON SCHEMES / PROGRAMMES

17.1 - Thematic Audit OSP No.45

Para 17.1.1- Scope of Audit:-
 The scope of audit is confined to the period 2015-16, 2016-17 and 2017-18. Hence the purchase and procurement file relating to the said period was verified during the conduct of thematic aspect of audit. The tender file was also verified with reference to the purchase vouchers and stock register thereof.

Para 17.2.2- Objectives of Audit:-
 The objective of this thematic audit is to examine whether due tender procedures have been followed for procurement of high value goods/equipment. Cases of irregular purchases, i.e., procurements made without following due procedure as laid down in OGFR and relevant Rules are to be identified and reported. It is also to be verified whether any procurement has been made without adhering to the tender process and proper procedure of purchase.

Pra 17.3.3 -Audit Criteria:-
 Criteria of audit is to verify whether the purchase has been made on the basis of the Rules and criteria as envisaged in The Odisha Municipal Rules, 1953(Rules 352 to 364), Rules 53, 96, 97 &98 of OGFR, Vol-I on purchase of stores and Finance Department Guidelines for Procurement of Goods vide O.M. No. 49391F, dtd. 13.02.2012.

17.4.4- Audit findings and conclusion:-

The details of Procurement of good during the financial year 15-16,16-17 and 17-18

2015-16			
Vr.No./Date	Amount	Items Purchased	Remarks
Nil	Nil		The paid vouchers,cash book and other connected records for the year 2015-16 could not be made available to thematic Audit.
2016-17			
Nil	Nil		The paid vouchers,cash book and other connected records for the year 2016-17 could not be made available to thematic Audit.
2017-2018			
115/12.6.17	70000.00	Paid to S.S.Engineering Bhubaneswar towards Electrical goods	Tender was invited
Total	70000.00		

The cash book,paid voucher,Tender call file and other records regarding the purchase of goods and stationeries relating to the period 2015-16, 2016-17 could not be made available to Audit .Only records for the year 2017-18 with high money value was enlisted here under. The bills were verified with reference to purchase file and requirement file. Details of Expenditure incurred during 2017-18 for procurement of goods and equipments in Khandapada N.A.C. purchases were found to have been made from the supplier basing on the tender that had been floated in previous years without going for fresh tender. This procedure for procurement is irregular as it does not encourage/ensure transparency. Moreover,

as per Rule- 53 of OGFR, Vol-I, a sanction for any fresh charge which has not been acted on for a year must be held to have lapsed, unless it is specifically renewed with necessary provision in the budget estimates. Further, as per Note-5 under Rule-53 of OGFR, in cases of purchase of Stores, a sanction shall be deemed to have been acted upon if quotations of tenders have been accepted (in the case of local or direct purchase of stores) or the indent has been placed (in the case of Central Purchase) on the Central Purchasing Organization with the prescribed period of one year of the date of the issue of that sanction even if the payment in whole or in part has not been made during the said period.

Para 17.3.5 Suggestion and Recommendation of Audit:-

It is to suggest here that procurement of goods are to be made basing on the annual requirement and comparison thereof. Purchase is to be made by inviting tender in order to maintain the quality and rate of the purchased items. Hence accordingly annual indent of stationeries and electrical goods and etc. are to be prepared basing on the decision of council and purchase committee. Before purchase budgetary provision is to be watched properly and vividly in order to avoid the diversion of fund thereof. Hence it is advised in audit to maintain the criteria and objectives of purchase prior to the procurement of goods and stationary items.

In spite of issue of Audit Objection Statement and verbal approaches the paid vouchers, stock registers, Tender Call file and cash book relating to the year 2017-18 could not be made available to Audit. The present Audit only verified the connected records for the year 2017-18.

During exit conference, the local authority replied that **it will be produced to next Audit.**

17.2 -

A number of schemes such as MP LAD, MLA LAD, Road Development, Road Maintenance, Motor Vehicle Tax, Finance Commission, SJSRY etc have been implemented in this N.A.C during the year 2017-18 for the improvement of socio- economic condition of the urban people.

1. Physical and Financial Target and Achievements

The physical and financial target and achievements in respect of different schemes implemented in this N.A.C during the year 2017-18 could not be furnished as neither the work register maintained and produced to audit nor the local authority produced the same to audit in spite of written memo and several verbal reminder. However the number of works taken up during the year under audit along with its financial achievements has been worked out from the cash book which is furnished below. The work register as well as the grant register has not been maintained in this N.A.C due to which the exact position of physical and financial target and achievement could not be ascertained. However the local authority is suggested to maintained the work register and the grant register in order to know the exact figure and maintain the transparency

Sl.No.	Name of the scheme	No. Of taken up	Receipt	Expenditure	Remarks
1	MLALAD/SDP	4	650000	1381169	
2	Road & Bridges	5	1035000	1006096	
3	SFC	3	589000	1390683	

PARA: 18 MISCELLANEOUS

18.1 - Miscellaneous

Nil

18.2 - Audit of paragraphs pending for settlement OSP No.66

The following Audit compliance on different paragraphs has been pending as on 31.03.2018. No sincere and adequate step have been

taken by the local authority to settle the same during the financial year 2017-18. The reasons for non-settlement of the pending paras may be stated to Audit.

Sl.No	A.R.No/Year	Year of Accts	Paragraphs pending for settlement relating to misappropriation of cash & Loss of stock and stores		Paragraphs pending for settlement to other than misappropriation/defalcation		Total	
			No.of paragaraphs	Amount	No.of paragraphs	Amount	No.of paragaraphs	Amount
1	2	3	4	5	6	7	8	9
1	42/10-11	09-10	0	0	23	2671560	23	2671560
2	27/11-12	10-11	0	0	30	2412271	30	2412271
3	8703/12-13	11-12	0	0	17	653407	17	653407
4	30772/13-14	12-13	0	0	8	641385	8	641385
5	59375/14-15	13-14	0	0	26	2221983	26	2221983
6	154764/15-16	14-15	7	68128	22	6284881	29	6353009
7	279865/16-17	15-16	0	0	32	1734003	32	1734003
8	364318/17-18	16-17	0	0	27	532830	27	532830
	Total		7	68128	185	17152320	192	17220448

In response to Audit Objection Statement the Local Authority stated that action is being taken to submit the compliance report on the outstanding Audit paragraphs.

During exit conference, the local authority replied that **step is being taken to submit the Audit compliance on outstanding Audit para very soon.**

Hence ,immediate steps need be taken to submit the compliance on the outstanding paragraphs.

18.3 - Non-production of Records of previous Audit

-Nil-

PARA: 19 AUDIT OF LOAN/DEPOSITS/CPF INCLUDING POSITIONS

19.1 - Audit of Loan/Deposits/CPF including positions

Detail positions of Loan/Deposits/CPF ietc are given at Para-19-3- to 19-6.

19.2 - Less Deposit of VAT,CESS and Royalty OSP No.68

Rule-4 of Odisha Treasury Code,Vol-I read with Rule -4 of OGFR stipulate that all money received or realized on behalf of Govt. should be deposited in full into treasury or with competent authority within 3 days of its realization .Retention of Govt. money or revenue outside the treasury is irregular and not permissible and responsibility to be fixed against the defaulting officer. As per data of last audit report and financial statement for the year 2016-17, it is revealed that a total sum of Rs702005.00 as detailed below is outstanding for deposits towards Royalty, VAT ,Labour Cess and IT as on 31.3.2018

Particulars	Royalty	VAT	Cess	P.T	I.T	Service Tax	Other(Edu.cess	Total
Dues outstanding as on 1.4.17	148414	343611	152041	0	54651	120	3168	702005
Amount collected during the year	325541	203352	139305	14625	139305	0	5914	828042
Total	473955	546963	291346	14625	193956	120	9082	1530047

Amount remitted during the year 17-18	325541	0	0	14625	148377	0	0	488543
Balance outstanding for deposits as on 31.3.18	148414	546963	291346	0	45579	120	9082	1041504

On issue of Audit Objection Statement the Local Authority stated that the balance amount of Royalty,VAT,Cess etc. will be deposited very soon.

During exit conference, the local authority replied that **step is being taken to deposit the outstanding Govt. dues very soon.**

Hence, the local authority is suggested to deposit the Govt. dues at the earliest.

19.3 - Position of Loan

As per Rule 89 of Odisha Municipal Accounting Rules 2012 all loan received by the Municipality shall be recorded each on a page in a register of Loans.each instalment of loan as it is taken shall be recorded therein,and particulars of payment and interest shall also be recorded in appropriate columns till the loan is finally paid.

As seen from the last and previous Audit Reports that there is no loan outstanding against the NAC and as the NAC has no loan register,the actual position of loans could not be ascertained.

19.4 - Position of Deposits

As required U/R 143 and U/R of Odisha Municipal Rules 1953 the deposit ledger and register of outstanding deposit should be maintained. But the same has not been maintained by this NAC. Due to non maintenance of above register, there is a possibility of refund of excess deposit or double refund of deposits which could cause the loss of NAC fund.

Basing upon the position of last Audit Report the following information is furnished below.

The position of deposits for the year 2017-18 is furnished below.

Sl.No.	Item	O.B	Collected	Total	Refund	C.B.
1	S.D/EMD	675900	706815	675900	328187	347713

19.5 - Position of C.P.F.

The Position of C.P.F. information available from the cash book is given below.

Particulars	Amount credit
Amount deducted from staff	340558.00
Amount deposited by NAC	340558.00
Amount Deposited employeer/employees	681116.00

19.6 - Position of EPF

The position of E.P.F basing upon data made available from cash book is furnished below.

Particulars	Amount
Amount deducted and deposited towards employees share	195934.00
Amount deposited by employer	195933.00
Total Deposit	391867.00

PARA: 20 RESULT OF AUDIT AND CONCLUSION

20.1 - Remarks On Maintenance of Account

1. The Budget Estimate of the N.A.C for the year 2016-17 has not been prepared properly.
2. The cash book figures are not reconciled with the figure of the pass books.
3. Neither the Register of receipts and expenditure nor the analysis of closing balance on the basis of supporting documents was maintained by the local authority.
4. Physical verification of cash at the end of the month is not done by the local authority.
5. Grants register was also not maintained in this N.A.C. So the year wise break- up could not be ascertained.
6. Register of Immovable property was also not maintained in this N.A.C.
7. Asset Register was not maintained.
8. The N.A.C has not adopted the computerized accounting system till date.
9. The internal sources of income is too low in comparison with the expenditure
10. The Bank pass books need be updated at least once in every month.

As a result of this Audit transactions involving a sum of Rs 4436877.00 are held under objection which include an amount of Rs 174277.00 suggested for recovery. Besides, a sum of Rs 0 was recovered at the instance of audit. The details are furnished in the following tables.

Result Of Audit

Sl No	Paragraph No.	Amount suggested for recovery(In Rs:)	Amount kept under objection including amount suggested for recovery (In Rs:)	Amount Surchargeable(In Rs:)	Amount Embezzlement(In Rs:)	Amount Othercases(In Rs:)	Remarks
1	5.1	0.00	12885.00	0.00	0.00	0.00	
2	12.1	6955.00	6955.00	6955.00	0.00	0.00	
3	13.2	0.00	112002.00	0.00	0.00	0.00	
4	13.6	7200.00	7200.00	7200.00	0.00	0.00	
5	14.1	2900.00	2900.00	2900.00	0.00	0.00	
6	14.2	82998.00	82998.00	82998.00	0.00	0.00	
7	14.3	0.00	110942.00	0.00	0.00	0.00	
8	14.4	0.00	324887.00	0.00	0.00	0.00	

9	14.5	0.00	3253284.00	0.00	0.00	0.00
10	14.6	10380.00	10380.00	10380.00	0.00	0.00
11	14.7	0.00	117400.00	0.00	0.00	0.00
12	14.8	0.00	331200.00	0.00	0.00	0.00
13	15.2	11070.00	11070.00	7866.00	0.00	3204.00
14	15.3	3679.00	3679.00	0.00	0.00	3679.00
15	15.4	7605.00	7605.00	3220.00	0.00	4385.00
16	15.5	4776.00	4776.00	0.00	0.00	4776.00
17	15.6	11159.00	11159.00	0.00	0.00	11159.00
18	15.7	2785.00	2785.00	0.00	0.00	2785.00
19	15.8	5047.00	5047.00	0.00	0.00	5047.00
20	15.9	3161.00	3161.00	0.00	0.00	3161.00
21	15.10	8677.00	8677.00	8677.00	0.00	0.00
22	15.11	5885.00	5885.00	0.00	0.00	5885.00
Total		174277.00	4436877.00	130196.00	0.00	44081.00

Spot Recovery

Sl No	Ref to Para No/Audit Objection Statement Page No	M.R.No	Date	Amount(In Rs.)	Name of the person
				Total	

Audit Certificate

Cetrified that the accounts of Khandapada NAC for the financial year 2017-2018 have been covered under audit and found correct subject to the comments / remarks offered in the foregoing paragraphs .

**District Audit Officer
Local Fund Audit, KHURDA**