NAGAR PARISHAD DIKEN

AUDIT REPORT

Place: Neemuch
Date: 18/02/2025
UDIN:- **25438403BMNSOM8453**

For: K P N G & CO
Chartered Accountants

Sandeep patidar
Partner
M.No. 438403

K P N G & CO
FRN-18723C
M.No.-438403
Chartered Accountant

Name of ULB - Nagar Parishad Diken

Name of Auditor - K P N G & CO

S.NO	Parameter	Description	Observation	Suggestion
1	Audit of Revenue	The auditor is responsible for audit of revenue from various sources.	We've conducted thorough audits on all revenue sources utilized by the municipality for the 2023-24 financial year, employing Random sampling test checks. The receipt and payment account now comprehensively detail the findings from these audits across various revenue channels.	1.The decrease in revenue collection largely stems from the non-collection of taxes, primarily due to insufficient manpower and effective collection methods. Therefore, adequate staffing and implementing stronger approaches, such as sending staff directly to homes for cheque collection or using card-swiping machines for tax collection, are necessary measures to adopt. 2. Implementing periodic schemes and incentives is essential to boost revenue collection consistently. 3. Providing special rebate schemes for those who are regular in paying taxes may motivate other defaulters and thus 100% recovery targets may be achieved.
		He is also responsible to check the revenue receipt from the counter files of receipt books and verify that the money received is duly deposited in respective bank account.	We were given the counterfoils or receipts for property tax, water tax, and shop rent collection to check. According to the information provided, the revenue or tax collector's office deposits the collected amount directly with the main cashier at the cash counter, and then this money is directly deposited into the bank account.	
		Percentage of revenue collection increases/decrease in various heads in property tax, samekit kar , shiksha upkar, nagriya vikas upkar and other tax , compared to previous year shall be part of report.	The comparison of all the taxes with regard to yearly targets have been duly verified and is forming part of report , annexed herewith (annexure-A).	
		Delay beyond 2 working days shall be immediately brought to the notice of commissioner/cmo.	We've cross-checked the provided bank statements with the receipts and discovered that cash was consistently deposited into the respective bank accounts within two working days, except for instances coinciding with bank holidays.	
		The entries in cash book shall be verified.	We examined a sample of entries in the cash book and found them to be satisfactory upon verification.	

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		The auditor shall specifically mention in the report the revenue recovery against the quarterly and monthly targets.	The Mostly revenue recovery targets set for the ULB are on an annual basis except few on monthly basis. According to the information provided, these targets were not achieved.	4. Only one individual should be responsible for maintaining the cash/bill/receipt books. Additionally, the receipt of daily taxes should be handled by a single person instead of multiple individuals
		The auditor shall verify the interest income from FDRs and verify that interest income are duly and timely accounted for in cash.	The cash book records interest income on a cash basis, not an accrual basis, leading to an inaccurate reflection of the actual interest income in the financial statements however interest income recorded as and when received.	
		The cases where the investment are made on lesser interest rates shall be brought to the notice of the commissioner /cmo.	Investments are made at the prevailing market rates offered by banks	

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		The auditor is responsible for audit of expenditure under all the schemes.	We have audited the expenditures incurred by the municipality using sample test check basis during the FY 2023-24.	
		He is also responsible for checking the entries in cash book and verifying them from relevant vouchers.	We've cross-checked the cash book entries with the relevant vouchers, but certain bills lack detailed information. Some entries lacked proper vouchers, documents, and evidence to support them. In few cases, the Documents necessary to verify the reportable transaction were not made available.	
		He should also check monthly balances of the cash book and guide the accountant to rectify errors if any	The monthly balances of cashbook were checked and the errors were rectified.	
		He shall verify that the expenditure for a particular scheme is limited to the funds allocated for that particular scheme any over payment shall be brought to the notice of any commissioner/cmo	There is no such bifurcation of expenses the payment of every expense is made from a single bank account in which the amount of various grants are credited. Given the above situation we are unable to form an opinion on whether the expenditure are done from a particular scheme or not	1. The CMO and the president are required to affix their official seal along with their signature on the note sheet. 2. When obtaining the signature of a witness, ensure to include their details such as name and address. 3. The attendance register should be under the responsibility of an assigned person and must be verified and signed daily by the CMO or chief accountant. 4. Budget head in vouchers should be properly mentioned.
2	Audit of expenditure	He shall also verify that the expenditure is in accordance with the guidelines directives acts and rules issued by government of India/ state government.	The expenditure were checked on sample basis as all the expense and construction files were not presented before us for audit. The expenses were in accordance with the applicable directives, except for following observations: 1. There were no pre/post photographs of the construction sites in the files. 2. In most of the vouchers budget head was not mentiqned. 3. In most of the vouchers seal of the required authority was not present.	

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		During the audit financial propriety shall also be checked. All the expenditure shall be supported by financial and administrative sanctions accorded by competent authority and shall be limited to the administrative and financial limits of the sanctioning authority.	On the basis of our audit we obsereved that all the expenditure have been supported by financial and administrative sanctions accorded by competent authority and are limited to the administrative and financial limits of the sanctioning authority although the CMO and the president should put their official seal with their signatures as in most of the vouchers the official seal was not found.	
		All the cases where appropriate sanction have not been obtained shall be reported and the compliance of audit observations shall be ensured during the audit and non compliance of audit paras shall be brought to the notice of commissioner /CMO.	Throughout our audit, utilizing a sample test check approach, we found no instances of expenditures being incurred without obtaining prior permission from the relevant sanctioning authority.	
		The auditor shall be responsible for verification of scheme project wise utilization certificates (UC).	No utilization certificate has been provided to verify the same.	
		The auditor shall verify that all the temporary advances have been fully recovered.	As per observations there were no advances given by ULB during the period of the audit	

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		The auditor is responsible for audit of all the book of account as well as stores.	We have verified the books of accounts as well as stores and our observations are mentioned in below points.	
		He shall verify that all books of account and stores are maintained as per accounting rules applicable to urban local bodies. Any discrepancies shall be brought to the notice of commissioner/cmo	The books of accounts are being maintained in single entry accounting system.Although the ULB is in process of converting the single entry system to double entry system by professional entity soon.	
		The auditor shall verify advance register and see that all the advances are timely recovered according to the conditions of advances. All the cases of non recovery shall be specifically mentioned in audit report.	As per information and explaination given to us there were no advances given by ULB during the period under audit.	
3	Audit of book keeping	The auditor shall verify that all temporary advances have been fully recovered.	As per information and explaination given to us there were no temporary advances given by ULB during the period under audit.	1.The books of accounts should be maintained in double entry accounting system. 2.Fixed asset register should be maintained by ULB.
		Bank reconciliation statement (BRS) shall be verified from the records of ULB and the bank concerned.	The bank reconcillation statements were made available to us for checking by the ULB and no discrepany were found.	
		He shall be responsible for verifying the entries in the grant register the receipt and payments of grants shall be duly verified from the	We have verified the account so receipts and payments for the grant received and utilized during the year . Details have been mentioned in audit of grants and loans.	
		The auditor shall verify the fixed asset from other records and discrepancies shall be brought to the notice of commissioner / cmo.	We observed that the ULB does not maintains the Fixed asset register.	
		The auditor shall reconcile the accounts of receipt and payment especially for project fund.	The project fund has been reconciled with the receipts and payments no major irregularity found.	
		The auditor is responsible for auditor of all fixed deposit and term deposit.	We have verified the Fixed Deposits as well as Term deposits and our observations are mentioned in below points.	
4	Audit of FDR	It shall be ensured that proper record of FDR are maintained and all renewals are timely done.	We observed that the ULB maintains proper record of FDRs. As per the explanation provided to us the FDRs are kept on auto renewal.	Idle funds should be invested in mutual funds, as they provide better

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		The cases where FDR/TDR are kept at low rate of interest than the prevailing rate shall be immediately brought to the notice of commissioner / cmo.	The interest are kept on auto renewal so the latest rates of Interest are not known, also as reported above the interest income are duly recorded in the books of accounts.	returns against any other form of investment.
		Interest earned on FDR/TDR shall be verified from entries in the cash book.	We have verified Interest earned on FDR/TDR from entries in the cash book and found recorded properly.	

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5	Audit of Tender	The auditor is responsible for audit of all tenders/bids invited by the ULB's.	We conducted audits on tenders/bids initiated by the ULB in the FY 2023-24 using a sample test check method. No violations or irregularities were observed during the audit, except for those discussed in the following points.	1. Enhance the use of competitive tendering processes. 2. Decrease the threshold for online tendering to promote greater transparency by publishing more tenders online. 3. Ensure thorough document verification before allocating tenders. 4. Maintain comprehensive documentation for tender files, including details of both selected and unselected bidders.
		He shall check whether competitive tendering procedures are followed for all bids.	Upon sampling the tender files, we found that the majority complied with the directives, except for the following instances: 1. Some files lacked bidder details in the provided tender information. 2. The municipality generally follows competitive tendering procedures, except in cases where only one bidder participated in the process	
		He shall verify the receipts of tender fee/bid processing fee/performance guarantee both during the construction and maintenance period	We did not find any error in the receipt of tender fee/bid processing fee/performance guarantee both during the construction and maintenance period.	
		The bank guarantees, if received in lieu of bid processing fee/performance guarantee shall be verified from the issuing banks.	As per the information and explanation provided to us there were no Bank Guarantees received by ULB during the period of audit.	
		The conditions of BG's shall also be verified; any BG with any such condition which is against the interest of the ULB shall be verified and brought to the notice of commissioner/CMO		
		The cases of extension of BG's shall be brought to the notice of commissioner/CMO proper guidance to extend the BG's shall also be given to ULB's.		

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6	Audit of Grants and Loans	The auditor is responsible for audit of grants given by Central Government and its utilization.	Upon reviewing records and discussing with the management, It was confirmed that grants are received from both the central and state governments. Discrepancies were noted during the audit where the grant amounts documented differed from those in the Receipts and Payments records. Management clarified that the variance was due to deductions made by the authority. The grant sheet is provided in Annexure-B for reference.	1. More and more assets should be created for the welfare of the people as well as for generating more revenue.
		He is responsible for audit of grants received from State Government and It's utilization		
		He shall perform audit of loans provided for physical infrastructure and its utilizations. During this audit the auditors shall specifically comment on the revenue mechanism i.e. whether the asset created out the loan has generated the desired revenue of not. He shall also comment on the possible reasons for non generation of revenue.	As per the information and explanation provided to us there were no physical infrastructures created during the year.	
7	Incidence relating to diversion of funds	The auditors shall specifically point out any diversion of funds from capital receipts/grants/loans to revenue expenditure and from one scheme/project to another	Due to the absence of a government-grant acknowledgment letter at Nagar Parishad and insufficient classification of Capital & Revenue receipts and expenses, we cannot provide insight into fund diversions from Capital/Grants/Loans to Revenue Nature Expenditure or between different schemes/projects. Additionally, a separate sheet detailing grants received from various sources has been compiled (Annexure-B), listing some under the grant provider's name and others under specific heads/items. This sheet should include a classification of receipts into capital or revenue nature for clarity.	

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8	Whether all the temporary advances have been fully recovered or not	The auditor shall verify advance register and see that all the advances are timely recovered according to the conditions of advances all the cases of non recovery shall be specifically mentioned in audit report.	As per information and explanation given to us there were no advances given by ULB during the period under audit.	
9	Whether the bank reconciliation statement have been regularly prepared	Bank reconciliation statement [BRS] shall be verified from the records of ULB and the bank concerned.	The Bank reconciliation statements were made available to us for checking by the ULB and no discrepany were found but seperate BRS are formed for some schemes which are not a part of Receipts and payments.	Bank reconciliation statement should be regularly prepared.

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NAGAR PARISHAD DIKEN

Madhya Pradesh

Receipts and Payments for the year ended

1-April-2023 to 31-March-2024

Receipts	Amount (RS.)		Payments	Amount (RS.)	
Opening Balance		3592656	**Indirect Expenses**		53120432
Bank Accounts			Normal Administration:		
UCO bank-0017	524824		Salary	974178	
SBI bank-0769	2871782		Arrear payment	0	
AU bank	56050		Aaksimakta	517960	
Cash in hand	140000		Travelling Allowances	0	
			Stationary	15445	
			Vehicle Allowance		
			E-governance, computer, furniture repair	127660	
			Samudhayik Sangthak vetan	175461	
Indirect Incomes		53837403	Daily Vetan Sthapana	619370	
Sampti kar- Old year	264755		**Adhyashk Up-adhyashk:**		
			Adhayash Parshad Allowances	492000	
Sampti kar- Current year	1703719		Momento	4200	
Chungi kshati Purti	7112558		**Rajsav Sangrahan:**		
			Salary	573739	
Samekit kar- Old year	201740		Arrear	-	
Samekit kar – Current year	217920		Travelling allowances	-	
Passenger tax	30		Daily Vetan Sthapana	398755	
			HRA	-	
			Aaksimakta	0	
Bazar bhetak shulka	14070		Stationary	-	
Development Tax- Old year	143227		E-governance, computer, furniture repair	16400	
Development Tax- Current year	647717		Vehicle Allowance	-	
Others	232378		**Sarvajanik Suraksha:**		
Vivarani From	-		Salary	230338	
Surcharge	33428		Diesal	35108	
Education Tax- Current year	649199		Fire Safety	107877	
Education Tax- Old year	143123		Aaksimakta	0	
Swatch Bharat Abhiyan - Old year	61440				
Swatch Bharat Abhiyan - Current year	191320		**Prakash vaiwastha:**		
Other Charges	1100		Aaksimakta	156227	
House/Shop rent- Old year	-		Sthayi Karmi Vetan	-	
House/Shop rent- Current year	9928		Daily Vetan Sthapana	144268	
			Prakash vaiwastha samagri	1101395	
Samudhaik Bhawan Rent	16300		Electricity Bill	384311	
Bhumi vikraya	0		Line Shift	228181	
Others	8426		Other vyay (pipe, pole)	1235396	
Surcharge	467				
Namantran fees	139050		**Janswastha and suvidha:**		
Old material sales	-		Salary	1141592	
Premium charged	8792137		Arrear payment	-	
Bhukhand samayojan 7th watan			Grade Pay	-	
Khad Vikray	2500		Travelling allowances	-	
Nirman shulk	41246		Akasimakta	546267	
Mud pump Cleaning Shulk	11300		Daily Vetan Sthapana	566903	
			Stationary	49404	
15th Vitt Ayyog	3598480		E-governance, computer, furniture repair	74784	
Mulbhut Suvidha	2348448		Repairing	2212708	
Road maintainance	1263919		Filter pipe	617117	
			Water Supply	112892	
Grants from State Finance Commission	2968000		New activity pipe line, handpump, etc	919045	

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...atch Bharat Mission	0	Electricity expenses	504324
CM Sahari Adhosanrachna Vikas yojana	988080	Repairing Tanker, Generator	303318
Vishesh nidhi Grant	1200000	**Cleaning Expenses:**	
Pond Construction	-	Salary	4445502
Vidhayak Nidhi Sahayata	250000	Road Cleaning Foudation Salary	0
CM Sambal Yojna antyeshti Sahayata	-	Travelling allowances	-
CM Sambal yojna anugrah Sahayata	-	Daily Vetan Sthapana	560261
Corona Hetu	0	Stationary	9770
SDRF	1899000	E-governance, Computer, repair	15150
Election	4200	Akasimakta	820779
CM Ladli Behna Yojna	0	Garbage collector	836054
Kayakalp Abhiyan	1900000	Cleaning materials	2147672
Samajik Nyay	38924	Insectkiller, fooging etc	0
Water Supply Receivables- Old year	226792	Diesel charge	1086588
Water Supply Receivables- Current year	867080	Vehicle bema, repairs etc	355490
Water Tanker	27310	Garden maintainance	197162
Water tax vividh	67731	Building Repair & Maintenance	423064
Water tax chori	1030	Compost	36888
Naal sayojan	4500	Swatchta Sarvakshan people awareness expenses	484980
Other surcharge	96500	Toilet development	103085
Mudrank Shulk	181508	Public toilet maintenance	500470
Other charges	-	Covid-19	156600
Karmchari Aawas	433761	**Lok Nirman:**	
Other	28345	Salary	591350
Application Certificate	14081	Daily Vetan Sthapana	151775
Marriage Certificate	60	Arrear payment	0
Satyapratilipi shulk	0	Vehicle Allowance	-
Sramik Navikaran	495	Medical Allowance	-
Poling Anumiti	-	Stationary	14275
Lease rent shulk	-	Travelling allowances	-
0.5% of Registry charge	0	Akasimakta	0
Registration Fine & Penalty Fees	1217	E-governance, Computer, repair	23170
Rent	0	Shop Construction	-
Cleaning Fine	200	Samudhayik Bhawan Construction	328577
Other Penalty & Fine (Corona)	0	Samudhayik Bhawan Repairs	847820
Garbage Auction	0	Karyalay Bhawan Construction and repairs	0
Death Certificate	6	Road, sewage maintainance	1149328
Ambulance Rent	1500	New road construction	5730989
Ration card Shulk	-	MRF and fikal salaj	36464
Tender form Shulk	466000	Katcha road	1223690
Interest income	26886	Pipe line expansion	-
Other Charges	0	Printing & Stationary	0
Others	0	NDRF	150000
IHSDP KIST	60000	CM Sahari Adhosanrachna vikas work	0
Other SBI	50	Pond Construction	-
		Filter pipe	-
		Public Education:	
		Library, papers etc	36820
		Advertisement	229500

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Bank Fail Transaction	95591		**Other Expenses:**		
Bank sinantaran	14050000		Fare	35000	
Audit Income	-		Dussehra festival	249450	
Quotation	88631		National day expenses	115325	
			Swagat Sarkar, sakshiya jan kalyani yojna expenses	425665	
			Legal Expenses	0	
			Audit/advisory fees	173000	
			Future nidhi, inflation allowance	170967	
			Mukhyamantri Yuva Swabhiman Yojna	197278	
			Telephone, Internet monthly expenses	17751	
			Election	140698	
			Postage vyay	0	
			Other public benefit expenses	0	
			Pension 10% ansdaan	0	
			Employee loan	0	
			Vratti Kar	0	
			Outsource	12600	
			Flag Day	43926	
			Retirement Benefits	36500	
			Other Benefits	624230	
			Sanchitnidhi 5%		
			Extraordinary:	1872	
			Bank charges	800000	
			Service Tax	0	
			nikshep amaanat wapsi	11250000	
			bank sinantaran	16330	
			bank smayojan		
			Sambal Yojna Expenses	41720	
			SD Return	1014650	
			Rashi sinantaran	64276	
			Income Tax	347344	
			GST	61954	
			Labour Tax		
					4309627
			Closing Bank		
			UCO Bank-0017	194829	
			SBI bank-0769	3929906	
			AU bank	4892	
			Cash in hand	180000	
					57430059
		57430059			

Date - 18.02.2025
Place- Neemuch
UDIN-25438403BMNSOM8453

For K P N G & CO
Chartered Accountants
FRN - 018723C

CA Sandeep Patidar
Partner
M.No-438403

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Annexure - A

Name of ULB - Nagar Parishad Diken
Name of Auditor - K P N G & CO

Sr. No.	Parameters	Description					Observation in Brief	Suggestions
1	Audit of Revenue						1. The income budget estimates appear to be on the higher side based on the data. 2. When comparing the realized income with the budgeted figures, it's around 63%. However, in comparison with the actual income of the previous year, there's a positive growth. 3. The revenue collection for Water works stands out, suggesting that similar efforts should be exerted to enhance other tax collections as well.	1. Implement robust controls to retrieve outstanding amounts. 2. Assign dedicated staff exclusively for this task and consider organizing camps. 3. Estimate budgeted income based on actual past income collections. 4. Enforce stringent penalties and legal measures to enhance previous collections by the ULB.
राजस्व कर वसूली		Receipts in Rs.						
		Year 2022-23	Budgeted 2023-24	Year 2023-24	Budgeted % Comparision	% of Growth		
i	संम्पति कर	1885514	2909697	1969080	67.67	4.43		
ii	समेकित कर	340830	1046520	419060	40.04	22.95		
iii	नगरीय विकास उपकर	753316	1241833	792322	63.80	5.18		
iv	शिक्षा उपकर	737184	1241779	792322	63.81	7.48		
	कुल योग	**3716844**	**6439829**	**3972784**				
गैर राजस्व वसूली								
I	भवन भूमि किराया	-	9600	9600	100.00	-		
ii	घर घर कचरा-चालू	-	504000	253320	50.26	-		
iii	जल उपभोक्ता प्रभार	885018	1402457	1080857	77.07	22.13		
	कुल योग	**885018**	**1916057**	**1343777**	70.13	51.84		
	महा योग	**4601862**	**8355886**	**5316561**	63.63	15.53		

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Annexure-B
Govt. Grant

नगर परिषद् - डीकेन, जिला नीमच (म. प्र.)
वर्ष 2023 - 24 में प्राप्त अनुदान एवं व्यय की जानकारी

क्र.	मद का नाम	प्रारंभिक शेष	प्राप्त राशि	योग	व्यय राशि	शेष राशि
1	चुंगी क्षति पूर्ति	0	7602302	7602302	7602302	0
2	मूलभूत सुविधा	0	1114870	1114870	1114870	0
3	राज्य वित	0	2463297	2463297	2463297	0
4	सड़क मरमत अनुरक्षण	0	556124	556124	556124	0
5	यात्री कर	0	0	0	0	0
6	समेकित अनुदान	0	185000	185000	185000	0
7	15 वा वित आयोग	0	3598480	3598480	3598480	0
8	मुद्रांक शुल्क	0	163128	163128	163128	0
9	जन कलयाणकारी	0	0	0		0
10	जनभागीदारी योजना	0	0	0	0	0
11	विशेष निधि	0	1200000	1200000	1200000	0
12	विधायक निधि	572409	0	572409	200000	372409
13	स्वच्छ भारत मिशन	0	0	0	0	0
14	संसद निधि	0	250000	250000	0	250000
15	सुचना सम्प्रेषण	0	0	0	0	0
16	एसडीआरएफ	0	1899000	1899000	1899000	0
17	निर्वाचन	0	0	0	0	0
18	कायाकल्प अभियान	3100000	1900000	5000000	1754977	3245023
19	मुख्यामंत्री अधोसरचना विकास कार्य	0	988080	988080	0	988080
योग		**3672409**	**21920281**	**25592690**	**20737178**	**4855512**

ये अनुदान पत्र हमे नगर. परिषद से प्राप्त हुआ है

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