



To,
The Chief Municipal Council,
Sabalgarh Municipal Council

Audit Report

PURPOSE OF AUDIT

A **audit** is conducted to provide an opinion whether "[financial statements](#)" (the information being verified) are stated in accordance with specified criteria. Normally, the criteria are Indian accounting standards with Madhya Pradesh Municipal Accounting Manual, although auditors may conduct audits of financial statements prepared using the cash basis or some other basis of accounting appropriate for the organization. In providing an opinion on whether financial statements are fairly stated in accordance with accounting standards, the auditor gathers evidence to determine whether the statements contain material errors or other misstatements.

The audit opinion is intended to provide reasonable assurance, but not absolute assurance, that the financial statements are presented fairly, in all material respects, and/or give a [true and fair](#) view in accordance with the financial reporting framework. The purpose of an audit is to provide an objective independent examination of the financial statements, which increases the value and credibility of the financial statements produced by management, thus increase user confidence in the financial statement, reduce investor risk and consequently reduce the cost of capital of the preparer of the financial statements.


लेखापाल
नगर पालिका परिषद सबलगरह
जिला मुन्िया (म.प्र.)


मुख्य नगर पालिका अधिकारी
नगर पालिका परिषद सबलगरह

KOTHARI MUNMUN & Co.

Chartered Accountants

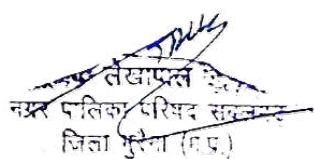


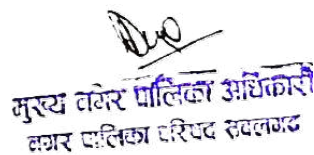
Address: F-17 Kothari
Complex, Sarafa Bazar
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(M.P.)
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SCOPE OF AUDIT

1. Audit of Revenue

Task	Particulars
Scope Given	The auditor is responsible for all revenue receipts from the counter files.
Observation	Revenue Receipts has not been audited and the same has not been bifurcated head wise Moreover no receipts are provided to us for audit except collection statement. No Receipts Register are Maintained.
Scope Given	He is also responsible to check the revenue receipts is duly deposited in respective bank account
Observation	The Revenue Receipts are duly deposited in respective bank accounts on same day except holidays and Bank Circumstances like server Problems and others etc.
Scope Given	Percentage of revenue collection increase in various heads in property tax, compared to previous year shall be part of report
Observation	Annexure of Percentage of revenue collection increase in various heads in property tax, compared to previous year is attached.
Scope Given	Delay beyond 2 working days shall be immediately brought to the notice of commissioner/CMO
Observation	No Such Delay found except bank holidays and closing of bank.
Scope Given	The entries in cash book shall be verified
Observation	Cashbook for the Financial Year 2024-24 are not Maintained by ULB.
Scope Given	The auditor shall specifically mention in the report, the revenue recovery against the quarterly and monthly targets. Any lapses in revenue recovery shall be part of the report


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Observation	There is no procedure of issuing quarterly and monthly targets. The targets are annually decided as per last year demand not as per Actual collection or as per Property Located or connections given in Council Limits. The Property and Connections survey and bifurcation into commercial and domestic required so the collection of property Tax and user charges will be increased.
Scope Given	The auditor shall verify the interest income from FDR's and verify that interest income is duly and timely accounted for in cash book
Observation	No FDR's Interest income is accounted in cash book.
Scope Given	The cases where, the investments are made on lesser interest rates shall be brought to the notice of the commissioner/CMO
Observation	There is no Procedure of Calling Rate of Interest from Different Banks and same brought to the notice of the CMO.

2. Audit of Expenditure

Task	Particulars
Scope Given	The auditor is responsible for audit of expenditure under all the schemes
Observation	No expenditure Register is maintained by ULB.
Scope Given	He is also responsible for checking the entries in cash book and verifying them from relevant vouchers
Observation	Entries of Expenditure are not verifiable from Cash Book as it is not Provided by ULB during the Year along with Vouchers and Bank Statement.
Scope Given	He should also check monthly balances of the cash book and guide the accountant to rectify errors, if any
Observation	Monthly Balances of Cash Book could not be Checked in spite

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	of many reminders cash book not provided by the ULB.
Scope Given	He shall verify that the expenditure for a particular scheme is limited to the funds allocated for that scheme any over payment shall be brought to the notice of any commissioner/CMO
Observation	There is Separate Bank Accounts for each Scheme but there is no separate accounting for particular scheme. Moreover no utilization certificate is issued for particular Scheme and the same is brought to the notice to CMO.
Scope Given	He shall also verify that the expenditure is accordance with the guidelines, directives acts and rules issued by government of India/ State Government.
Observation	Yes, the Expenditure is in accordance with the guidelines, directives acts and rules issued by Governments. In Some Places diversion of fund also noticed.
Scope Given	During the audit financial propriety shall also be checked. All the expenditure shall be supported by financial and administrative and financial limits of the sanctioning authority
Observation	Yes, All the expenditures have been supported by financial and administrative and financial limits of the sanctioning authority and financial propriety also checked during Audit.
Scope Given	All the cases where appropriate sanctions have not been obtained shall be reported and the compliance of audit observation shall be ensured during the audit Non compliances of audit paras shall be brought to the notice of commissioner/CMO
Observation	Cases like utilization of another fund Found during the Audit. For which proper sanction not taken.
Scope Given	The auditor shall be responsible for verification of scheme project wise Utilization Certificates (UCs). UC's shall be tallied with the income & expenditure records and creation of Fixed Asset

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Observation	No Utilization Certificates of Scheme Project Wise issued by Ulb. Hence it is not possible to verify the same.
Scope Given	The Auditor shall verify that all the temporary advances have been fully recovered
Observation	Temporary Advances like Festival, Grains, Vehicles, Against GPF etc. are provided by Ulb to their employees and the same has been deducted by the Ulb from their Salary in Consecutive next 10 or Less Months.

3. Audit of Book Keeping

Task	Particulars
Scope Given	The auditor is responsible for audit of all the books of accounts as well as stores
Observation	The Audit of all books as well as store has been checked and the Cashbooks of ULB Fund & Schemes are not maintained by ULB which is mandatory.
Scope Given	He shall verify that all the books of accounts and stores are maintained as per Accounting Rules applicable to Urban Local Bodies. Any discrepancies shall be brought to the notice of commissioner/CMO
Observation	Books of Accounts and Stores are Maintained by ULB in general way. Accounting Rules applicable to Urban Local Bodies are governed by MPMAM and the books maintained by ULB are not as per MPMAM and the same has been brought to the notice of CMO.
Scope Given	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
Observation	Advances are deducted from the Salaries of the employees and recovered every month.
Scope Given	The auditor shall verify that all the temporary advances have


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	been fully recovered.
Observation	All the Temporary Advances have been fully recovered through as a deduction from salary every Month.
Scope Given	Bank reconciliation statement (BRS) shall be verified from the records of ULB and bank concerned. If bank reconciliation statements are not prepared, the auditor will help in the preparation of BRS
Observation	Bank Reconciliation Statements (BRS) are not prepared by the ULB. We helped and guided them to prepare the same.
Scope Given	He shall be responsible for verifying the entries in the Grant register. The receipts and payments of grants shall Be duly verified from the entries in the cash book
Observation	Separate Compensation and Grant register are not maintained by ULB. Only Schemes Registers are maintained. The Receipts are verified from the Grants Letters and Grants Details Provided by the UADD. Separate Register of Payments from Grants is not Maintained by ULB.
Scope Given	The auditor shall verify the fixed asset register from other records and discrepancies shall be brought to the notice of Commissioner/CMO
Observation	Fixed Assets register are not maintained by the ULB and same has been brought to the notice of CMO.
Scope Given	The auditor shall reconcile the accounts of receipt and payments especially for project funds.
Observation	Only Schemes Fund are checked and verified, no Projects were running during the Audit.

4. Audit of FDR

Task	Particulars
Scope Given	The auditor is responsible for audit of all fixed deposits and

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	term deposits
Observation	Fixed & Term Deposits have been verified from the FDR & Terms Deposit Registers
Scope Given	It shall be ensured that proper records of FDR's are maintained and all renewals are timely done
Observation	FDR's are automatically renewed by Core Banking Bank through System on time.
Scope Given	The cases where FDR's/TDR's are kept at low rate of interest than the prevailing rate shall be immediately brought to the notice of Commissioner/CMO
Observation	There is no Procedure of calling Interest Rates from different Banks are followed by ULB and the same is Immediately brought to the Notice of CMO.
Scope Given	Interest earned on FRD/TDR shall be verified be from entries in the cash book
Observation	Interest earned on FDR/TDR is entered on Consolidated Basis not on annual. Further Interest on FDR should be Accounted on Accrual Basis.

5. Audit of Tenders/Bids

Scope Given	The auditor is responsible for audit of all tenders /bids invited by the ULB's
Observation	Tenders are Invited online by the ULB. Separate Register of Tenders issued during the year is not maintained by ULB. We verify all the tenders from files and Online Tender Publish report.
Scope Given	He shall check whether competitive tendering procedures are followed for all bids
Observation	Yes, competitive tendering procedures are followed for all bids.
Scope Given	He shall verify the receipts of tender fee/bid processing

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	fee/performance guarantee both during the construction and maintenance period
Observation	The receipts of tender fee/bid processing fee are received online and performance guarantee are in FDR forms and the same randomly verified from bank statements both during the construction and maintenance period.
Scope Given	The bank guarantees, if received in lieu of bid processing fee/performance guarantee shall be verified from the issuing banks.
Observation	No Such Case of Bank Guarantees received found during the audit year.
Scope Given	The conditions of BG's shall also be verified; any BG with such condition which is against the interests of the ULB shall be verified and brought to the notice of Commissioner/CMO
Observation	No Such Case Found in BG's which is against the interests of the ULB.
Scope Given	The cases of extension of BG's shall be brought to the notice Commissioner/CMO for proper guidance to extend the BG's shall also be given to ULB's
Observation	No Such case of BG's Extension found.

6. Audit of Grants and Loans

Task	Particulars
Scope Given	The auditor is responsible for audit of grants given by Central Government and its utilization.
Observation	All the grants from Government verified and listed along with its utilizations specially schemes.
Scope Given	He is responsible for audit of grants received from state government and its utilization
Observation	All the grants from Government verified and listed along with

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	its utilizations specially schemes.
Scope Given	He shall perform audit of loans provided for physical infrastructure and its utilizations. During this audit the auditor shall specifically comment on the revenue mechanism i.e. whether the asset created out of the loan has generated the desired revenue or not. He shall also comment on the possible reasons for non-generation revenue
Observation	There is only a Loan from HUDCO received by ULB which is used for Construction of Roads and Other Assets. Revenue in the form of Road Cutting Charges, Encroachment Charges, and Road Tax are collected.
Scope Given	The auditor shall specifically point out any diversion of funds from capital receipts/grants/loans to revenue expenditure and from one scheme/ project to another
Observation	During the Audit and as per randomly checked records no diversion of fund from capital receipts/grants/loans to revenue expenditure and from one project to another are not found.

Management's Responsibility for Financial Statements

Management's responsibility for the fairness of the representations in the financial statements carries with it the privilege of determining which disclosures it considers necessary. Although management has the responsibility for the preparation of the financial statements and the accompanying footnotes, the auditor may assist in the preparation of financial statements.

Management is responsible for the integrity and objectivity of the financial statements. Estimates are necessary in the preparation of these statements and, based on careful judgments, have been properly reflected. Management has established systems of internal control that are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and to produce reliable accounting records for the preparation of financial information.

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Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards and applicable laws, and maintains proper standards of conduct for its activities.

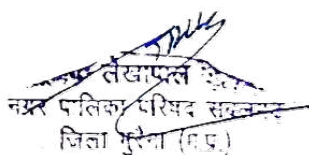
- Management is responsible for preparing the financial statements and the contents of the statements are the assertions of management
- The independent auditor is responsible for examining management's financial statements and expressing an opinion on their fairness

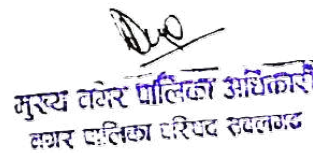
Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


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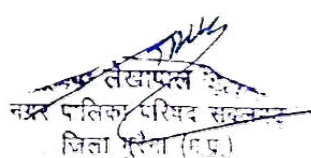
Municipal Corporations & Councils Act requires the auditor to:

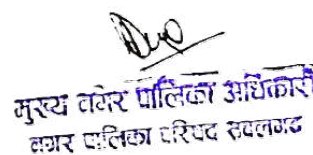
- Gives a true and fair view about whether the financial report complies with the accounting standards
- Conduct their audit in accordance with auditing standards
- Give the directors and auditor's independence declaration and meet independence requirements
- Report certain suspected contraventions to Municipal Act

Opinion

We have also audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, that the Council maintained effective internal control over financial reporting as of 31st March, 2024. The Council's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and on the effectiveness of the Council's internal control over financial reporting based on our audit. We conducted our audits in accordance with the Indian Accounting standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. My audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A Council's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in


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accordance with generally accepted accounting principles. A Corporation's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. In our opinion, management's assessment that Sabalgarh Municipal Council is not maintained effective internal control over financial reporting as of March 31, 2024 and their Financial Statements are not fairly stated, in all material respects, based on criteria established in Internal Control. Therefore, we qualified our report due to non-availability of books maintained by ULB and proper explanation and recording of transactions are not done by ULB in books. There may be Variation in Receipts & Payments & Grants & Capital Assets.

Basis for Qualified Opinion

1. Management's assessment that Sabalgarh Municipal Council is not maintained effective internal control over financial reporting as of March 31, 2024 .


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2. ULB did not maintained the Proper books of accounts as prescribed Under MPMAM including Cashbook.
3. Grant Received and Payment Register did not produce before us.
4. Closing Stock is not verifiable and not provided during the Audit.
5. Bank not properly reconciled by ULB.
6. Grant Register not provided or Maintained by ULB so we are unable to give our observation on diversion of Fund.

Date: 04/11/2025

Place: Gwalior


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M/s Kothari Munmun & Co.
Chartered Accountant
M.no.424716
CA Munmun Kothari
Partner
UDIN: 25424716BMJKXH5550

Balance Sheet of Sabalgarh Municipal Council
As on 31st March, 2024

	Particulars	Schedule No.	Current Year 2023-24 (Rs.)	Previous Year 2022-23 (Rs.)
A	SOURCES OF FUNDS			
	Reserves and Surplus			
	Municipal (General) Fund	B-1	1,37,68,287.00	5,34,08,298.00
A1	Earmarked Funds	B-2	33,93,290.00	33,93,290.00
	Reserves	B-3	14,27,47,325.00	14,27,47,325.00
	Total Reserve & Surplus		15,99,08,902.00	19,95,48,913.00
A2	Grants, Contributions for specific purposes	B-4	15,38,80,951.00	12,72,82,144.00
	Loans			
	Secured loans	B-5	3,10,98,234.00	3,39,00,000.00
A3	Unsecured loans	B-6	-	-
	Total Loans		3,10,98,234.00	3,39,00,000.00
	TOTAL OF SOURCES OF FUNDS (A1+A2+A3)		34,48,88,087.00	36,07,31,057.00
B	APPLICATION OF FUNDS			
	Fixed Assets	B-11		
	Gross Block		21,95,30,857.00	20,68,13,623.00
	Less: Accumulated Depreciation		10,08,44,146.00	9,92,02,336.00
B1	Net Block		11,86,86,711.00	10,76,11,287.00
	Capital work-in-progress		6,13,42,612.00	6,13,42,612.00
	Total Fixed Assets		18,00,29,323.00	16,89,53,899.00
	Investments			
	Investment - General Fund	B-12	3,08,86,493.00	3,08,86,493.00
B2	Investment - Other Funds	B-13	-	-
	Total Investments		3,08,86,493.00	3,08,86,493.00
	Current assets, loans & advances			
	Stock in hand (Inventories)	B-14	-	39,270.00
	Sundry Debtors (Receivables)	B-15	5,31,86,595.00	3,64,08,515.00
	Gross amount outstanding			
	Less: Accumulated provision against bad and doubtful Receivables		-	-
B3	Deposit Assets		-	-
	Loan & Advances		-	-
	Prepaid expenses	B-16	-	37,490.00
	Cash and Bank Balances	B-17	8,36,13,824.00	13,17,16,385.00
	Loans, advances and deposits	B-18	22,12,256.00	22,12,256.00
	Total Of Curent Assets		13,90,12,675.00	17,04,13,916.00
	Current Liabilities and Provisions			
	Deposits received	B-7	43,21,315.00	38,64,745.00
B4	Deposit works	B-8	7,19,089.00	5,53,329.00
	Other liabilities (Sundry Creditors)	B-9	-	47,28,967.00
	Provisions	B-10	-	3,76,210.00
	Total Current Liabilities		50,40,404.00	95,23,251.00
B5	Net Current Assets [Sub Total (B3) - Sub Total (B4)]		13,39,72,271.00	16,08,90,665.00
C	Other Assets	B-19	-	-
D	Miscellaneous Expenditure (to the extent not written off)	B-20	-	-
	TOTAL: APPLICATION OF FUNDS (B1+B2+B5+C+D)		34,48,88,087.00	36,07,31,057.00

Notes to the balance sheet

Kothari



Sabalgarh Municipal Council

Chief Municipal Officer

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Accounts Officer

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Sabalgarh Municipal Council
As on 31.03.2024

Schedule B-1: Municipal (General) Fund (Rs.)

Account Code	Particulars	General Account Current Year 2023-24	General Account Previous Year 2022-23
3100000	Balance as per last account	5,34,08,298.00	5,33,64,461.00
	Additions during the year	-	-
31090-02	• Surplus for the year	3,59,989.00	43,837.00
	• Transfers	-	-
	Total (Rs.)	3,59,989.00	43,837.00
	Deductions during the year	-	-
	• Deficit for the year	-	-
	• Transfers	4,00,00,000.00	-
	Total (Rs.)	4,00,00,000.00	-
310	Balance at the end of the current year	1,37,68,287.00	5,34,08,298.00

Schedule B-2: Earmarked Funds (Special Funds/Sinking Fund/Trust or Agency Fund)

Particulars	Sanchit Nidhi Current Year 2023-24	General Provident Fund Current Year 2023-24	Total	Sanchit Nidhi Current Year 2022-23	General Provident Fund Current Year 2022-23	Total
Account Code	31110	3115000		31110	3115000	
(a) Opening Balance	24,43,497.00	9,49,793.00	33,93,290.00	24,43,497.00	9,49,793.00	33,93,290.00
(b) Additions to the Special Fund						
• Transfer from Municipal Fund	-	-	-	-	-	-
• Interest/Dividend earned on Special Fund Investments	-	-	-	-	-	-
• Profit on disposal of Special Fund Investments	-	-	-	-	-	-
• Appreciation in Value of Special Fund Investments	-	-	-	-	-	-
• Other addition (Specify nature)	-	-	-	-	-	-
Total (b)	-	-	-	-	-	-
(c) Payments out of funds						
[I] Capital expenditure on	-	-	-	-	-	-
• Fixed Asset	-	-	-	-	-	-
• Others	-	-	-	-	-	-
[II] Revenue Expenditure on						
• Salary, Wages and allowances etc	-	-	-	-	-	-
• Rent Other administrative charges	-	-	-	-	-	-
[III] Other: (Paid to Beneficiaries)						
• Loss on disposal of Special Fund Investments	-	-	-	-	-	-
• Diminution in Value of Special Fund Investments	-	-	-	-	-	-
• Transferred to Municipal Fund	-	-	-	-	-	-
Total (c)	-	-	-	-	-	-
(d) Advance For Expenses	-	-	-	-	-	-
Net Balance of Special Funds (a + b) - (c+d)	24,43,497.00	9,49,793.00	33,93,290.00	24,43,497.00	9,49,793.00	33,93,290.00

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Schedule B-3: Reserves

Account Code	Particulars	Opening balance (Rs.)	Additions during the year (Rs.)	Total (Rs.)	Deductions during the year (Rs.)	Balance at the end of current year (Rs.)
1	2	3	4	5	6	7 (5-6)
31210	Capital Contribution	14,27,47,325.00	-	14,27,47,325.00	-	14,27,47,325.00
31211	Capital Reserve	-	-	-	-	-
31220	Borrowing Redemption	-	-	-	-	-
31230	Special Funds (Utilised)	-	-	-	-	-
31240	Statutory Reserve	-	-	-	-	-
31250	General Reserve	-	-	-	-	-
31260	Revaluation Reserve	-	-	-	-	-
	Total Reserve funds	14,27,47,325.00	-	14,27,47,325.00	-	14,27,47,325.00

Schedule B-4: Grants & Contribution for Specific Purposes

Particulars	Grants from Central Government	Grants from State Government	Grants from Other Agencies	Grants from International Organization		Total
Account Code	32010	32020	32080	32060		
(a) Opening Balance	5,73,62,946.00	6,99,19,198.00	-	-	-	12,72,82,144.00
(b) Additions to the Grants *						
• Grant received during the year		4,30,98,807.00	-	-	-	4,30,98,807.00
• Interest/Dividend earned on Grant Investments	-	-	-	-	-	-
• Profit on disposal of Grant Investments	-	-	-	-	-	-
• Appreciation in Value of Grant Investments	-	-	-	-	-	-
• Other addition (MPUSP Opening Balance Regrouped)	-	-	-	-	-	-
Total (b)	-	4,30,98,807.00	-	-	-	4,30,98,807.00
Total (a + b)	5,73,62,946.00	11,30,18,005.00	-	-	-	17,03,80,951.00
(c) Payments out of funds						
• Capital expenditure on Fixed Assets	-	-	-	-	-	-
• Capital Expenditure on Other	-	-	-	-	-	-
• Revenue Expenditure on	-	-	-	-	-	-
o Salary, Wages, allowances etc.	-	-	-	-	-	-
o Rent	-	-	-	-	-	-
• Other:						
o Loss on disposal of Grant	-	-	-	-	-	-
o Grants Refunded	-	-	-	-	-	-
• Other administrative charges	-	1,65,00,000.00	-	-	-	1,65,00,000.00
Total (c)	-	1,65,00,000.00	-	-	-	1,65,00,000.00
Net balance at the year end (a+b)- (c)	5,73,62,946.00	9,65,18,005.00	-	-	-	15,38,80,951.00

Schedule B-5: Secured Loans

Account Code	Particulars	Current Year 2023-24 (Rs.)	Previous Year 2022-23 (Rs.)
33010	Loans from Central Government	-	-
33020	Loans from State government	-	-
33030	Loans from Govt. bodies & Associations (HUDCO)	3,10,98,234.00	3,39,00,000.00
33040	Loans from international agencies	-	-
33050	Loans from banks & other financial institutions	-	-
33060	Other Term Loans	-	-
33070	Bonds & debentures	-	-
33080	Other Loans	-	-
	Total Secured Loans	3,10,98,234.00	3,39,00,000.00

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Schedule B-6: Unsecured Loans

Account Code	Particulars	Current Year 2023-24 (Rs.)	Previous Year 2022-23 (Rs.)
33110	Loans from Central Government	-	-
33120	Loans from State government	-	-
33130	Loans from Govt. bodies & Associations	-	-
33140	Loans from international agencies	-	-
33150	Loans from banks & other financial institutions	-	-
33160	Other Term Loans	-	-
33170	Bonds & debentures	-	-
33180	Other Loans	-	-
	Total Unsecured Loans	-	-

Schedule B-7: Deposits Received

Account Code	Particulars	Current Year 2023-24 (Rs.)	Previous Year 2022-23 (Rs.)
34010	From Contractors	35,33,136.00	30,76,566.00
34020	From Revenues	7,88,179.00	7,88,179.00
34030	From staff	-	-
34080	From Others	-	-
	Total deposits received	43,21,315.00	38,64,745.00

Schedule B-8: Deposits Works

Account Code.	Particulars	Opening balance as the beginning of the year 01/04/2023 (Rs)	Additions during the Current Year 2023- 24 (Rs)	Utilization / expenditure (Rs)	Balance outstanding at the end of the Current Year 31/03/2024 (Rs)
34110	Civil Works	5,53,329.00	1,65,760.00	-	7,19,089.00
34120	Electrical works	-	-	-	-
34180	Others	-	-	-	-
	Total of deposit works	5,53,329.00	1,65,760.00	-	7,19,089.00

Schedule B-9: Other Liabilities (Sundry Creditors)

Account Code	Particulars	Current Year 2023-24 (Rs.)	Previous Year 2022-23 (Rs.)
35010	Creditors	-	18,22,208.00
35011	Employee Liabilities	-	29,06,759.00
35012	Interest Accrued and Due	-	-
35020	Recoveries Payable	-	-
35030	Government Dues Payable	-	-
35040	Refunds Payable	-	-
35041	Advance Collection of Revenues	-	-
35080	Others	-	-
	Total Other liabilities (Sundry Creditors)	-	47,28,967.00

Schedule B-10: Provisions

Account Code	Particulars	Current Year 2023-24 (Rs.)	Previous Year 2022-23 (Rs.)
36010	Provision for Expenses	-	3,76,210.00
36020	Provision for Interest	-	-
36030	Provision for Other Assets	-	-
	Total Provisions	-	3,76,210.00

For the year 2023-24



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Schedule B-11: Fixed Assets

Account Account Code	Particulars Particulars	Gross Block				Accumulated Depreciation				Net Block	
		Opening Balance on 01.04.2023	Additions during the period	Deductions during the period	Cost at the end of the year 31.03.2024	Opening Balance on 01.04.2023	Additions during the period	Deductions during the period	Total at the end of the year 31.03.2024	At the end of Current Year 2023- 24	At the end of the Previous Year 2022-23
1	2	3	4	5	6	7	8	9	10	11	12
41010	Land	8.00			8.00	-	-	-	-	8.00	8.00
41020	Buildings	1,43,52,287.00			1,43,52,287.00	17,51,069.00	-	-	17,51,069.00	1,26,01,218.00	1,26,01,218.00
	Infrastructure Assets										-
41030	• Roads and Bridges	8,38,44,614.00	1,06,68,450.00		9,45,13,064.00	7,38,54,990.00	15,24,064.00	-	7,53,79,054.00	1,91,34,010.00	99,89,624.00
41031	• Sewerage and Drainage	68,05,356.00	15,96,636.00		84,01,992.00	12,25,003.00	1,06,442.00	-	13,31,445.00	70,70,547.00	55,80,353.00
41032	• Water ways	3,75,45,232.00	4,52,148.00		3,79,97,380.00	1,18,22,115.00	11,304.00	-	1,18,33,419.00	2,61,63,961.00	2,57,23,117.00
41033	• Public Lighting	25,30,900.00			25,30,900.00	19,64,631.00	-	-	19,64,631.00	5,66,269.00	5,66,269.00
	Lakes and Ponds	-			-	-	-	-	-	-	-
	Other assets										-
41040	• Plants & Machinery	14,67,365.00			14,67,365.00	1,91,037.00	-	-	1,91,037.00	12,76,328.00	12,76,328.00
41050	• Vehicles	57,41,116.00			57,41,116.00	20,79,526.00	-	-	20,79,526.00	36,61,590.00	36,61,590.00
41060	• Office & other equipment	14,43,369.00	-		14,43,369.00	2,09,015.00	-	-	2,09,015.00	12,34,354.00	12,34,354.00
41070	• Furniture, fixtures, fittings and electrical appliances	6,49,194.00	-		6,49,194.00	2,07,557.00	-	-	2,07,557.00	4,41,637.00	4,41,637.00
4180	• Other fixed assets	5,24,34,182.00	-	-	5,24,34,182.00	58,97,393.00	-	-	58,97,393.00	4,65,36,789.00	4,65,36,789.00
	Total	20,68,13,623.00	1,27,17,234.00	-	21,95,30,857.00	9,92,02,336.00	16,41,810.00	-	10,08,44,146.00	11,86,86,711.00	10,76,11,287.00
41210	Work-in-progress	6,13,42,612.00	-	-	6,13,42,612.00					6,13,42,612.00	6,13,42,612.00
	Total	26,81,56,235.00	1,27,17,234.00	-	28,08,73,469.00	9,92,02,336.00	16,41,810.00	-	10,08,44,146.00	18,00,29,323.00	16,89,53,899.00

For
Kothari



For
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For
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Schedule B-12: Investments - General Funds

Account Code.	Particulars	With whom invested	Face value (Rs.)	Current year Carrying Cost 2023-24 (Rs.)	Previous year Carrying Cost 2022-23 (Rs.)
42010	• Central Government Securities			-	-
42020	• State Government Securities			-	-
42030	• Debentures and Bonds			-	-
42040	• Preference Shares			-	-
42050	• Equity Shares			-	-
42060	• Units of Mutual Funds			-	-
42070	• Other Investments (Fixed Deposit)	Bank		3,08,86,493.00	3,08,86,493.00
	Total of Investments General Fund		-	3,08,86,493.00	3,08,86,493.00

Schedule B-13: Investments - Other Funds

Account Code.	Particulars	With whom invested	Face value (Rs.)	Current year Carrying Cost 2023-24 (Rs.)	Previous year Carrying Cost 2022-23 (Rs.)
42110	• Central Government Securities			-	-
42120	• State Government Securities			-	-
42130	• Debentures and Bonds			-	-
42140	• Preference Shares			-	-
42150	• Equity Shares			-	-
42160	• Units of Mutual Funds			-	-
42170	• Other Investments (Fixed Deposit)			-	-
	Total of Investments Other Fund		-	-	-

Schedule B-14: Stock in Hand (Inventories)

Account Code	Particulars	Current Year 2023-24 (Rs.)	Previous Year 2022-23 (Rs.)
43010	Stores	-	39,270.00
43020	Loose Tools	-	-
43080	Others	-	-
	Total Stock in hand	-	39,270.00



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Schedule B-15: Sundry Debtors (Receivables)

Account Code	Particulars	Gross Amount (Rs.)	Provision for Outstanding revenues (Rs.)	Net Amount 2023-24 (Rs.)	Previous year 2022-23 Net amount (Rs.)
43110	Receivables for Property Taxes				
	Less than 5 years	-	-	-	82,51,807.00
	More than 5 years*	1,02,40,897.00	-	1,02,40,897.00	-
	Sub - total	1,02,40,897.00	-	1,02,40,897.00	82,51,807.00
	Less: State Government Cesses/Levies in Taxes - Control Accounts	-	-	-	-
	Net Receivables of Property Taxes	1,02,40,897.00	-	1,02,40,897.00	82,51,807.00
43120	Receivable for Water Taxes				
	Less than 3 years	-		-	2,50,18,243.00
	More than 3 years*	3,24,75,003.00		3,24,75,003.00	
	Sub - total	3,24,75,003.00	-	3,24,75,003.00	2,50,18,243.00
	Less: State Government Cesses/Levies in Taxes - Control Accounts	-	-	-	
	Net Receivables of Other Taxes	3,24,75,003.00	-	3,24,75,003.00	2,50,18,243.00
43120	Receivable of Other Taxes				
	Less than 3 years	28,75,670.00		28,75,670.00	17,55,456.00
	More than 3 years*	17,55,456.00		17,55,456.00	
	Sub - total	46,31,126.00	-	46,31,126.00	17,55,456.00
	Less: State Government Cesses/Levies in Taxes - Control Accounts			-	
	Net Receivables of Other Taxes	46,31,126.00	-	46,31,126.00	17,55,456.00
43130	Receivables for Fees & User Charges	-	-	-	-
	Less than 3 years	-		-	
	More than 3 years*			-	
	Sub - total	-	-	-	-
43140	Receivables from Other Sources	-	-	-	-
	Less than 3 years	-	-	-	13,83,009.00
	More than 3 years*	58,39,569.00	-	58,39,569.00	-
	Sub - total	58,39,569.00	-	58,39,569.00	13,83,009.00
43150	Receivables from Government	-	-	-	-
	Sub - total	-	-	-	-
	Total of Sundry Debtors (Receivables)	5,31,86,595.00	-	5,31,86,595.00	3,64,08,515.00

for the year



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Schedule B-16: Prepaid Expenses

Account Code	Particulars	Current Year 2023-24 (Rs.)	Previous Year 2022-23 (Rs.)
44010	Establishment	-	-
44020	Administrative	-	-
44030	Operations & Maintenance	-	37,490.00
	Total Prepaid expenses	-	37,490.00

Schedule B-17: Cash and Bank Balances

Account Code	Particulars	Current Year 2023-24 (Rs.)	Previous Year 2022-23 (Rs.)
45010	Cash	-	-
45020	Balance with Bank - Municipal Funds		
45021	Nationalised Banks	81,34,212.00	13,17,16,385.00
45022	Nationalised Banks (Loan)	7,54,79,612.00	-
45023	Nationalised Banks (Schemes)		-
45024	Post Office		-
	Sub-total	8,36,13,824.00	13,17,16,385.00
45040	Balance with Bank - Special Funds		
45041	Nationalised Banks	-	-
45042	Other Scheduled Banks	-	-
45043	Scheduled Co-operative Banks	-	-
45044	Post Office	-	-
	Sub-total	-	-
45060	Balance with Bank - Grant Funds		
45061	Nationalised Banks	-	-
45062	Other Scheduled Banks	-	-
45063	Scheduled Co-operative Banks	-	-
45064	Post Office	-	-
	Sub-total	-	-
	Total Cash and Bank balances	8,36,13,824.00	13,17,16,385.00

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Schedule B-18: Loans, advances, and deposits

Account Code	Particulars	Opening Balance at the beginning of the Year 01/04/2023 (Rs.)	Paid during the current year 2023-24 (Rs.)	Recovered during the year 2023-24 (Rs.)	Balance outstanding at the end of the Year 31/03/2024 (Rs.)
46010	Loans and Advances to Employees	-	-	-	-
46020	Employee Provident Fund Loans				-
46030	Loans to Others				-
46040	Advance to Suppliers and Contractors	19,74,186.00	-		19,74,186.00
46050	Advance to Others	-	-	-	-
46060	Deposit with External Agencies (PHE)	2,38,070.00	-	-	2,38,070.00
46080	Other Current Assets	-	-	-	-
	Sub -Total	22,12,256.00	-	-	22,12,256.00
	Less: Accumulated Provisions against Loans, Advances and Deposits [Schedule B-18 (a)]	-	-	-	-
	Total Loans, advances, and deposits	22,12,256.00	-	-	22,12,256.00

Schedule B-18 (a): Accumulated Provisions against Loans, Advances, and Deposits

Account Code	Particulars	Current Year 2023-24 (Rs.)	Previous Year 2022-23 (Rs.)
46110	Loans to Others	-	-
46120	Advances	-	-
46130	Deposits	-	-
	Total Accumulated Provision	-	-

Schedule B-19: Other Assets

Account Code	Particulars	Current Year 2023-24 (Rs.)	Previous Year 2022-23 (Rs.)
47010	Deposit Works	-	-
47020	Other asset control accounts	-	-
	Total Other Assets	-	-

Schedule B-20: Miscellaneous Expenditure (to the extent not written off)

Account Code	Particulars	Current Year 2023-24 (Rs.)	Previous Year 2022-23 (Rs.)
48010	Loan Issue Expenses	-	-
48020	Discount on Issue of Loans	-	-
48030	Others	-	-
	Total Miscellaneous expenditure	-	-

for the year



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Revised Abstract Sheet for reporting on Audit Paras for Financial Year 2022-23

NAME OF ULB: NAGAR PALIKA PARISHAD SABALGARH						
NAME OF AUDITOR: MUNMUN KOTHARI & CO.						
Sr. no.	PARAMETERS	DESCRIPTION			OBSERVATION IN BRIEF	SUGGESTIONS
1	Audit of Revenue					
	राजस्व कर वसूली	Receipts in Rs.				
		Year 2023-24	Year 2022-23	% of Growth		
(i)	संपत्तिकर	24,70,536.00	3,08,281.00	701.39%	Increase in Collection of Property tax Shows efforts are Made for Collection.	Camps & New Policies Should be organised by ULB. New discounting Policies Should be introduced by ULB for those who have to pay since long.
(ii)	समेकित कर	64,50,650.00	6,80,190.00	848.36%	Increase in Collection of Compound tax Shows efforts are Made for Collection.	Camps & New Policies Should be organised by ULB. New discounting Policies Should be introduced by ULB for those who have to pay since long.
(iii)	नगरीय विकास उपकर	48,441.00	1,82,313.00	-73.43%	Collection was made Previous year but not upto the mark.	Camps & New Policies Should be organised by ULB. New discounting Policies Should be introduced by ULB for those who have to pay since long.
(iv)	शिक्षा उपकर	48,441.00	1,49,753.00	-67.65%	Collection was made Previous year but not upto the mark.	Camps & New Policies Should be organised by ULB. New discounting Policies Should be introduced by ULB for those who have to pay since long.
	कुल योग	90,18,068.00	13,20,537.00			
	गैर राजस्व वसूली					

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Revised Abstract Sheet for reporting on Audit Paras for Financial Year 2022-23

NAME OF ULB: NAGAR PALIKA PARISHAD SABALGARH						
NAME OF AUDITOR: MUNMUN KOTHARI & CO.						
Sr. no.	PARAMETERS	DESCRIPTION			OBSERVATION IN BRIEF	SUGGESTIONS
(i)	भवन भूमि किराया	54,14,347.00	10,03,635.00	439.47%	Increase in Collection of Rent Shows efforts are Made for Collection.	Camps & New Policies Should be organised by ULB. New discounting Policies Should be introduced by ULB for those who have to pay Rent since long.
(ii)	जल उपभोक्ता प्रभार	94,02,890.00	16,20,790.00	480.14%	Increase in Collection of Water tax Shows efforts are Made for Collection.	Camps & New Policies Should be organised by ULB. New discounting Policies Should be introduced by ULB for those who have to pay water tax since long.
(iii)	ठोस अपशिष्ट प्रबंधन उपभोक्ता प्रभार			#DIV/0!		
(iv)	अन्य कर/शुल्क	30,63,257.00	18,34,260.00		Increase in Collection of Other income Shows efforts are not Made for Collection.	Camps & New Policies Should be organised by ULB. New discounting Policies Should be introduced by ULB for those who have to pay since long.
	कुल योग	1,78,80,494.00	1,01,16,505.00	67.00%		
	महा योग	2,68,98,562.00	1,14,37,042.00			

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लेखापाल
नगर पालिका परिषद सबलगरह
जिला मुरैना (म.प्र.)

[Signature]
मुख्य तालेर पालिका अधिकारी
नगर पालिका परिषद सबलगरह

Revised Abstract Sheet for reporting on Audit Paras for Financial Year 2022-23

NAME OF ULB: NAGAR PALIKA PARISHAD SABALGARH						
NAME OF AUDITOR: MUNMUN KOTHARI & CO.						
Sr. no.	PARAMETERS	DESCRIPTION			OBSERVATION IN BRIEF	SUGGESTIONS
2	Audit of Expenditure				Bifurcation of Capital & revenue Expenditure should be Properly done.	Nature of Expenditure Should be Understood by Staff. Training of GL Codes should be Provided to staff.
3	Audit of Book Keeping				Record of Security Deposit & EMD should be Improved.	Books of Security Deposit & EMD Should be Maintained as per MPMAM
4	Audit of FDR				Interest on FDRs should be entered on Accrual Basis.	FDR Sheet should be prepared Annually on Accrual Basis.
5	Audit of Tenders/Bids				Tenders are online & transparent but more control required when the payment made to Publishers, reputed and local newspaper rates should be compared. Sometime it has been seen that local newspapers are charging high rates in comparison to reputed newspaper.	Comparison should be done at the time of fixing the rates of publicity of tenders & others.
6	Audit of Grants & Loans				Heads of Grant should be mentioned Properly & FDRs made from Grants & Loans should be mentioned specifically and interest received on FDRs should be credited in Grant fund instead of other & Municipal Fund.	FDR Sheet should be prepared Annually on Grant Basis.

Munmun Kothari



Munmun Kothari
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Munmun Kothari
मुख्य नगर पालिका अधिकारी
नगर पालिका परिषद सबलगढ़

Revised Abstract Sheet for reporting on Audit Paras for Financial Year 2022-23

NAME OF ULB: NAGAR PALIKA PARISHAD SABALGARH						
NAME OF AUDITOR: MUNMUN KOTHARI & CO.						
Sr. no.	PARAMETERS	DESCRIPTION			OBSERVATION IN BRIEF	SUGGESTIONS
7	Incidences relating to diversion of funds from capital receipts/Grants/Loans to Revenue Nature Expenditure and from one scheme/project to another				No Such Incidences are Found During the Audit.	
		Revenue Expenditure	Revenue Receipts			
8	any other (a) percentage of revenue expenditure (establishment , salary, operation & maintenance) with Respect to Revenue receipts(Tax & non Tax) excluding octroi, Entry tax,Stamp Duty and other	8,96,79,762.00	2,68,98,562.00	333.40%	Revenue Expenditure is too high in comparison of Own Revenue. Income should be increased by Collection of taxes & Interest & fees & Charges.	
		Capital Expenditure	Total Expenditure			
	(b)Percentage of Capital Expenditure with Respect to Total Expenditure	18,00,29,323.00	26,97,09,085.00	66.75%	Capital Expenditure covers almost 41.08% Part of Total Expenditure. These expenditure are Made from Grants & Schemes & Own Resources.	Source of Expenditure should be Mentioned at the time of Payment and Budget should be Checked before Making Payments.

Kothari



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Deo
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नगर पालिका परिषद सबलगढ़

Revised Abstract Sheet for reporting on Audit Paras for Financial Year 2022-23

NAME OF ULB: NAGAR PALIKA PARISHAD SABALGARH						
NAME OF AUDITOR: MUNMUN KOTHARI & CO.						
Sr. no.	PARAMETERS	DESCRIPTION			OBSERVATION IN BRIEF	SUGGESTIONS
9	Whether all the Temporary Advances have been fully recovered or not.				Temporary Advances are not given to staff During the year.	Advances Register Should be Maintained, if given.
10	Whether Bak Reconciliation Statements is being regularly Prepared.				No such Bank Reconciliation prepared by ULB.	Bank Reconciliation Should be Preapred on Monthly Basis. Such Instructions are also given by UADD.

लेखापाल
नगर पालिका परिषद सबलगरह
जिला मुस्ता (म.प्र.)

मुख्य वरिष्ठ पालिका अधिकारी
नगर पालिका परिषद सबलगरह

M/s Kothari Munmun & Co.

CA Munmun Kothari

Partner

Firm Reg No.: 029414C

Membership No.:424716



Schedule - B-21

Significant Accounting Policies, Notes to Account

31st March 2024

Nagar Palika Parishad Sabalgarh

Submitted to

The CMO

Nagar Palika Parishad Sabalgarh

Sabalgarh, Morena, MP

SIGNIFICANT ACCOUNTING POLICIES

AS ON 31st March 2024

Significant Accounting Policies

Important accounting policies to be followed by the **Nagar Palika Parishad Sabalgarh** in respect of accounting for its transactions and in the preparation and presentation of the Financial Statements are prescribed in the Madhya Pradesh Municipal Accounts Manual (MPMAM). All the policies are disclosed below as per MPMAM Accounting manual. This being the first Balance Sheet of **Nagar Palika Parishad Sabalgarh**, has been placed on information provided/available with Nagar Palika Parishad .

Basis of Accounting

The financial statements are prepared on a going concern and under historical cost basis under accrual basis of accounting, unless stated otherwise. The method of accounting is the accrual base double entry accounting system.

INCOME

A. Following are accounted on due basis (when demand is raised)

- Property Taxes
- Water Tax and Water Supply Charges
- Rent form Municipal Properties

B. Following are accounted on Cash basis (when recovery made)

- Advertisement Fees
- Various License Fees
- Connection Charges for Water Supply.
- Water Tanker Charges and Road Damage Recovery Charges, Penalties, etc
- Property Transfer Charges
- Collection charges or share in collection made by any other agency on behalf of State Government
- Rent of equipment provided to the contractors
- Interest element and Penalties,
- Other income

C. Common Accounting Principles Concerning Income Accounting

The age-wise analysis of all receivables on account of taxes, fees, rental and charges shall be made on a regular basis, at the year end and stated/shown in Notes forming part of the annual financial statement Refunds, remissions of taxes for previous years are recorded in the current year are adjusted against the income.

- a. Demands raised with retrospective effect are treated as to the extent it pertains to earlier years
- b. Demand raised arising out of change in self assessment of properties is treated as 'Change in Demand' and is accounted for as income

- c. Refunds, remissions of all kind of incomes for the current year is adjusted against the income and if pertain to previous years
- d. Any subsequent recovery (off of all kinds), which were
- e. already written off principles adopted for the heads
- f. Write off of taxes or Other Income is adjusted against the provisions made.
- g. In case collection of any income is under litigation, the same is not accrued but a disclosure is made in the Notes to Accounts.
- h. Any additional provision for demand outstanding required to be made during the year is recognized as expenditure and any excess provision written back during the year is recognized as income of the GMC.
- i. The EMD (earnest money deposit) and SD (security deposit) is recognized as income when the right for claiming refund of deposit has expired and it is forfeited.

D. GRANTS

- a. General purpose Grants of a revenue nature are recognized on cash basis.
- b. Grants received in respect of specific revenue expenditure are recognized as income in the accounting year in which the corresponding revenue expenditure is charged to the Income and Expenditure Account.
- c. Income on investments made from 'Specific Grants received' is recognized and credited to the Specific Grant, whenever accrued.

F. ASSETS

1. Fixed Assets

Fixed assets include Land, Parks, Buildings, Roads and Bridges, Waterworks, Bore Wells, Sewerage and drainage, Public Lighting, Luminary & Electrical Fittings, Furniture, fixtures, fittings, Electrical appliances, Office & other equipments, Computer Hardware, Vehicles, Fire brigade, equipments etc.

- a. Fixed Assets are carried at cost less accumulated depreciation. The cost of fixed assets include cost incurred/money spent in acquiring or installing or constructing fixed asset, interest on borrowings directly attributable to acquisition or construction of qualifying fixed assets up to the date of commissioning of the assets and other incidental and indirect expenses incurred up to that month.
- b. Any addition to or improvement to the fixed asset that results in increasing the utility or useful life of the asset is capitalized and included in the cost of fixed asset.
- c. Any Fixed Asset, which has been acquired free of cost or in respect of which no payment has been made, is accounted for at nominal value of Re. 1/.
- d. All assets costing less than Rs.5000 (Rupees Five thousands) are expensed/charged to Income & Expenditure Account in the year of purchase.
- e. Valuation of land is made as under:
 - i. Land acquired through purchase is recorded on the basis of aggregate of purchase price paid/ payable and other costs incidental to acquisition.
 - ii. Lands that are acquired free of cost from the government or provided by individuals or institutions under endowment for specific purposes are accounted for at Re. One. Where the ownership of the lands has not been transferred in favor of the corporation, but the land is in the permissive possession of the corporation, such lands are included in the Register of Land with Re One as its value.

- iii. Cost of land improvements such as leveling, filling or any other developmental activity is capitalized as a part of the cost of land.
- f. Parks and Playgrounds are accounted for as under:
 - i. Land pertaining to Parks and Playgrounds including the cost of development of land is accounted as 'Land', and
 - ii. Other amenities in Parks and Playgrounds taken under 'Parks and Playgrounds'.
- g. Statues and Heritage Assets Statues and valuable works of art are valued at the original cost. In case, the original cost is not available or the items have been gifted to the corporation, the value is taken at Re. one.
- h. Intangible assets include computer software, which is valued at cost plus cost of staff time and consultancy costs incurred, in implementing the software, if any.
It will capitalized, only when the intangible asset is developed, and which can be used by corporation over a period of time to derive economic benefits from it. Otherwise the entire amount is charged to revenue, in the year in which it is incurred. The intangible assets are depreciated over a period of five years or useful life, whichever is earlier.

2. Public Works

- a. The cost of fixed assets include:
 - i. Cost incurred/amount spent in acquiring or installing or constructing fixed asset,
 - ii. Interest on borrowings attributable to acquisition or construction of qualifying fixed assets up to the date of commissioning of the assets, and
 - iii. Other incidental expenses incurred up to that date of bringing the asset to use.
- b. Any addition to or improvement to the fixed asset that results in increasing the utility or capacity or useful life of the asset is capitalized and included in the cost of asset. Expenditure in the nature of repairs and maintenance incurred to maintain the asset and sustain its functioning or the benefit of which is less than a year, is treated as revenue expenditure in the year of incurrence.

3. Capital Work In Progress (CWIP)

Assets in the nature of civil works and equipment/machinery requiring erection / installation are accounted for as 'Capital Work In Progress account'. Upon completion of the civil works and installation of machinery the value is transferred to the respective asset account under fixed assets. The value of each work in progress includes the direct cost on material, labour, stores, and advances to suppliers for material and others. Where an asset is created with borrowed funds the interest paid/accrued as on the day of the valuation is added to the total value of the work in progress.

4. Depreciation

- a. Depreciation is provided at Straight Line Method at the rates prescribed in MPMAM.
- b. Depreciation is provided at full rates for assets, which are purchased / constructed before October 1 of an Accounting Year and at half the rates which are purchased / constructed on or after October 1 of an Accounting Year.
- c. Depreciation is provided at full rates for assets, which are disposed on or after October 1 of an Accounting Year. Depreciation is provided at half the rates for assets, which are disposed before October 1 of an Accounting Year.

- d. Depreciation on assets on which government grant has been received, is calculated on the gross value of fixed asset i.e. without deducting the grant amount from asset value. The grant so received is charged to the income and expenditure statement in the same proportion as the depreciation charged on such assets.

5. Stores

The cost of inventories include purchase price including expenditure incurred to bring the inventories to its present location and condition i.e. freight inward, duties and taxes, etc. The same are valued by applying FIFO method.

6. OTHER EXPENDITURES

A. Employees Related Expenditures

- a. Expenses on Salaries (for regular and daily wages staff) and other allowances are recognized as and when they are due for payment.
- b. Statutory deductions from salaries including those for income tax, profession tax, provident fund contribution, are recognized as liability in the period in which the corresponding salary is recognized.
- c. Leave encashment/Pension is recognized on cash basis.
- d. Interest receivable on loans given to employees is recognized as revenue at the end of the period in which these have accrued. Penal interest liable on default in repayment of principal or payment towards interest shall be recognized on accrual basis.
- e. Bonus, excreta, overtime allowance, other allowances and reimbursements to the employees are recognized as and when they are due for payment.
- f. Contribution due towards Pension and other retirement benefit funds is recognized as an expense and a liability.

B. Other Revenue Expenditures

- a. Other Revenue Expenditures is treated as expenditures in the period in which they are incurred.
- b. Provisions are made at the yearend for all bills received up to a cutoff date.
- c. Any expenditure for which the payment has been made in the current period but the benefit and/or service is likely to arise in a future period is treated as expenditure for the period in which its benefit arises and/or services are received i.e. Amount paid in advance (say for insurance) is treated as prepaid and shown as current assets in the Balance Sheet.

7. BORROWINGS

- a. Interest expenditure on loan is recognized on accrual basis.
- b. Interest on borrowings directly attributable to acquisition or construction of qualifying fixed assets up to the date of commissioning of the assets is capitalized.

8. INVESTMENTS

- a. Investments are recognized at cost of investment. The cost of investment includes cost incurred in acquiring investment and other incidental expenses incurred for its acquisition, if any.
- b. All long term investments are carried / stated at their cost.

- c. Income on investments made from Special Fund and Grants under specific Scheme is recognized and credited to Special Fund and Grants under Specific Scheme respectively, whenever accrued.

9. SPECIAL FUNDS

- a. Special Funds are treated as a liability on their creation.
- b. Any expenditure of a revenue nature, which is incurred specifically on scheme/project for which a Special Fund has been created, is charged to that Special Fund.
- c. On completion of the construction of a fixed asset and/or on acquisition of a fixed asset out of a Special Fund, the amount equivalent to the cost of such fixed asset is transferred from the respective Special Fund to the Grant against Asset Account. Amount proportionate to depreciation of the asset is credited to the Income and Expenditure Account every year.

Schedule - B-21

Notes to the Account

31st March 2024

Nagar Palika Parishad Sabalgarh

Submitted to

The Chief Municipal Officer (CMO)

Nagar Palika Parishad Sabalgarh

Sabalgarh, Morena, M.P.

NOTES TO ACCOUNTS ON BALANCE SHEET

1. Introduction

It is notes of accounts prepared by us after the completion of Balance Sheet. It includes approach and methodology adopted since the inception phase and used in the preparation of Balance Sheet, towards successful completion of FINANCIAL STATEMENT and their perception of the work schedule, personnel deployment and the timelines for the project. It also includes the activity and issues arising by us to be adopted by the Nagar Palika in future.

2. Objectives of the Assignment

The objective of this assignment is to conduct “Internal Audit” to check whether the Nagar Palika is following & Maintaining the accounting system as per the Madhya Pradesh Municipal Accounting Manual (MPMAM) and with proper authorization and protocol. The objective was to further provide technical and advisory services to Nagar Palika for preparation of Balance Sheet as on 31st March 2024 including updating of fixed asset inventory, valuation of fixed assets and liabilities in compliance with requirements of MPMAM, and other concerned Government notifications. To full fill the above objective Munmun Kothari & Co. have appointed for as Auditor for the implementation of the task.

3. Scope of Work

Preparation of Balance Sheet as on 31st March 2024

The consultant needs to Check and provide report on all technical, Financial and accounting services in preparation of Balance Sheet of the Nagar Palika as on 31st March 2024 in accordance to guideline of the MPMAM.

3.1. Approaches

3.1.1. Fixed Assets

The Fixed Assets Register for the Assets Acquired / Constructed was not maintained for Land, Building, Road, Drains & Culverts, Plant & Machinery, Furniture and Fixture and Computer Hardware. The Registers maintained for Capital Work In Progress (CWIP) which was not contain the length, width, height, work starting date, completion date and grant fund. The Fixed Assets Register has been prepared from the work register, tenders files and old registers. Few columns such as length, width, contractor name and year of construction etc. have been left blank, due to non availability of the information. Records/Files for Statues and Valuable work of art and antiquities installed were not available.

3.1.2. Intangible Assets

As reported to us that Nagar Palika has no intangible assets as on date.

3.1.3. Investments

The register for Investment was maintained but not updated. The details have been prepared by obtaining Balance Confirmation certificates from the respective banks.

3.1.4. Stock In Hand (Inventories)

Inventories were not maintained by the ULB.

3.1.5. Sundry Debtors (Receivables)

Books are maintained as per Cash Basis, but we have recommended Nagar palika to maintain books on DEAS basis.

3.1.6. Current Liabilities

a. Unpaid Salary

Books are Maintained as per Cash Basis. Hence such adjustments are not recorded.

3.1.7. Provisions

The amount of electricity and telephone charges payable was taken from the monthly bills of March '24 paid in April '24 Payment vouchers from April 2024 to May 2024 were scrutinized to derive the amount of liability for capital expenditure and recurring expenditure. The amount pertaining to the previous year, paid in F.Y 2024-25 was recognized as liability.

Reserves and Surplus

Earmarked & Reserve Funds

Earmarked & reserve fund considering the special fund received for the specific purpose & a separate transfer from Surplus are made.

Grants & Contributions for Specific Purpose

The grant received in and prior to the month of March 2024 and not utilized by the Nagar Palika has been included in unutilized grants.

In the grant utilization register; there was no segregation of utilization capital and revenue grant separately.

Loans

No record for unsecured loans taken has been maintained. In the absence of proper records at Nagar Palika, No loan amount has been taken for Balance Sheet purpose. Further, interest has also not been accounted for.

4. Other Notes

The preparation of financial statements in conformity with generally accepted accounting principles and accounting guidelines as per MPMAM requires corporation to make estimates and assumptions that affect the reported balance of assets and liabilities and also disclosure relating to contingent liabilities as at the date of financial statements. Examples of such estimates relied upon includes provisions on Tax Receivables, useful lives of fixed assets etc. Differences between the actual result and estimates are recognized in the period in which the results are known / materialized latest available statement of accounts issued

by concerned lending institutions etc. Which are subject to confirmation / reconciliation and consequent modifications, if any. These being the ground realities, there might be a possibility that these financial statements may not cover assets / liabilities existing at balance sheet date, if any, but unknown to the appropriate authority of the municipal corporation. To that extent, these financial statements do not show true and fair view of state of affairs of the corporation as on reported date.

The Annual Financial Statements are Prepared on the basis of Ban Statements, Vasooli Patrak, Vouchers and some Extract of Expenditure provided by the ULB. Cash book and Other Mandatory Books are not provided or Maintained by ULB during the audit Period.