

NAGAR PARISHAD CHICHOLI

AUDIT REPORT FOR THE FINANCIAL YEAR 2023-24

AUDITORS:
ADC & COMPANY, CHARTERED
ACCOUNTANTS



TABLE OF CONTENT

<u>PARTICULAR</u>	<u>PAGE NO.</u>
1. Independent Auditor's Report	2-4
2. Reporting on Audit Para's	5-7
3. Annexure 1 & 2	8-22
4. Annexure C & D	23-24
5. Receipt & Payment Statement	25-26



INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of NAGAR PARISHAD CHICHOLI

Report on the Financial Statements

We have audited the accompanying financial statements of NAGAR PARISHAD CHICHOLI ("the ULB"), which comprise the Receipt & Payment Account for the year then ended, and other explanatory information.

Management's Responsibility for the Financial Statements

The ULB's Management is responsible for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the ULB in accordance with the applicable provisions and accounting principles generally accepted in India, including the Municipal Accounting Manual ("the Manual") and Accounting Standards applicable to the Urban Local Bodies. This responsibility also includes maintenance of adequate accounting records in accordance with the Municipal Accounting Manual for safeguarding of the assets of the ULB and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. However, in this case ULB is not in practice of maintaining balance sheet & Income and expenditure account, so receipt and payment account shall be considered as final statement on which we express our opinion.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the Municipal Accounting Manual, the accounting and auditing standards and matters which are required to be included in the audit report as per the letter issued by Directorate, Urban Administration & Development, M.P., Bhopal in this regard. The CMO has not directed us to perform audit of any other section in his office in addition to the above scope.

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India. Those Standards requires that we comply with ethical





requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the ULB's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the ULB's officers, as well as evaluating the overall presentation of the financial statements.

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

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the report attached below, the Receipt & Payment Account annexed to this report give true and fair view of financial transactions affected by ULB and recorded these transactions in cash book for the financial year ending as on 31st March, 2024.

Basis for Qualified Opinion

The details which form the basis of qualified opinion are reported in the Annexure 1 and Annexure 2 annexed to this report.

Emphasis of Matters

We draw attention to the following matters reported in Annexure - 2, annexed to this report.

- I. Accounts prepared as per the Manual in lieu of accounting standards for local bodies as issued by Institute of Chartered Accountants of India.
- II. Revenue department's records related to recovery of rental income has minor differences with accounting records maintained by accounting department.





- III. Non-maintenance or incomplete registers as prescribed under manual and mentioned at point 3 of annexure 2.
- IV. Non verification of statutory & employee deduction, as same has not been made available to us by the ULB.
- Our opinion is not modified in respect of these matters.

7. We further report that

- I. We have sought and, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- II. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by Municipal Accounting Manual have been kept by the ULB so far as appears from our examination of those books.
- III. The Receipt & Payment Account deal with by this Report are in agreement with the books of account.
- IV. Except for the matter described in the Basis for Qualified Opinion paragraph above, the Receipt & Payment Account comply with the Municipal Accounting Manual and Accounting Standards applicable to the Urban Local Bodies.
- V. The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the ULB.
- VI. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- VII. With respect to the adequacy of the internal financial controls over financial reporting of the ULB and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 1'.

मुख्य नगर पालिका अधिकारी
नगर परिषद चिचोली





ADC & COMPANY
CHARTERED ACCOUNTANTS
F.R.N.-024465C

Reporting on Audit Para's for Financial Year 2023-24

Name of Auditor: ADC & Company

Name of ULB: NAGAR PARISHAD CHICHOLI

<u>S. no.</u>	<u>Parameters</u>	<u>Description</u>	<u>Observation in brief</u>	<u>Suggestions</u>
2	Audit of Expenditure	Verification of Expenditures are as per guidelines, directives, and rules under all schemes and entries of expenditures in cash book, Diversion of Funds, financial propriety of expenditures, scheme project wise utilisation certificate.	Observations were listed in brief in point no. 2 of annexure 2 of audit report attached.	Scheme or project wise utilisation certificate should be prepared in reconciliation with the grant register. The rules & guidelines should be documented for ready reference.
3	Audit of Book keeping	Verification of books of accounts and stores are maintained as per accounting rules, advance register and check timely recovery, Bank reconciliation statement, grant	Observations were listed in brief in point no. 3 of annexure 2 of audit report attached	Records relating to Security deposit and Fixed assets should be maintained.

मुख्य नगर पालिका अधिकारी
नगर परिषद चिचोली





ADC & COMPANY
CHARTERED ACCOUNTANTS
F.R.N.-024465C

		register, fixed asset register		
4	Audit of FDR/TDR	Verify fixed deposits and term deposits and their maintenance	No FDR with the ULB	NA.
5	Audit of Tenders and Bids	Verify Tenders/Bids invited by ULB and competitive tendering procedures followed	Observations were listed in brief in point no. 5 of annexure 2 of audit report attached	Procedure for Tenders opening and Performance review should be carefully monitored.
6	Audit of Grants & Loans	Verification of Grant received from Government and its utilisation	Observations were listed in brief in point no. 6 of annexure 2 of audit report attached	Grant register should be updated and balanced regularly with its Utilization Certificate. Opening balance of grant should be correctly brought forward from previous year.
7	Verify whether any diversion of funds from capital receipt /grants /Loans to revenue expenditure and from one scheme /project to another.		Observations related to diversion of funds has been pointed out in point no. 6 (iv)	NA





ADC & COMPANY
CHARTERED ACCOUNTANTS
F.R.N.-024465C

			of annexure 2 of report attached	
8	Percentage of revenue expenditure (Establishment, salary, Operation & Maintenance) with respect to revenue receipts (Tax & Non Tax).	2,79,55,265 / 1,33,53,373 209.35%		
	Percentage of Capital expenditure wrt Total expenditure.	1,80,78,594 / 4,60,33,859 39.27%		
9	Whether all the temporary advances have been fully recovered or not.		NA	NA
10	Whether bank reconciliation statements is being regularly prepared		BRS not required by the ULB	NA

Date: 21/10/2024
UDIN: 24428346BKINOQ3365



For ADC & Company
Chartered Accountants

मुख्य नगर पालिका अधिकारी
नगर परिषद चिचोली

CA Rakshit Deshmukh
(Partner)
MRN – 428346



ADC & COMPANY
CHARTERED ACCOUNTANTS
F.R.N.-024465C

Annexure 'I'

Report on Internal Financial Controls over Financial Reporting

1. Report on the Internal Financial Controls of the ULB ("the ULB")

We have audited the internal financial controls over financial reporting of ("the ULB") as of March 31, 2024 in conjunction with our audit of the financial statements of the ULB for the year ended on that date.

2. Management's Responsibility for Internal Financial Controls

The ULB's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the ULB. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to ULB's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required in accordance with the Madhya Pradesh Municipalities Act, 1961 including the Municipal Accounting Manual and accounting principles generally accepted in India applicable to the Urban Local Bodies.

मुख्य नगर पालिका अधिकारि
नगर परिषद विचोली





3. Auditors' Responsibility

Our responsibility is to express an opinion on the ULB's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the ULB's internal financial controls system over financial reporting.

4. Meaning of Internal Financial Controls Over financial Reporting.

A ULB's internal financial 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 accordance with generally accepted accounting principles. A ULB's internal financial control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the ULB;
- 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 ULB are being made only in accordance with authorizations of management and officers of the ULB; and





ADC & COMPANY
CHARTERED ACCOUNTANTS
F.R.N.-024465C

- d. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the ULB's assets that could have a material effect on the financial statements.

5. Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

मुख्य नगर पालिका अधिकारी
नगर परिषद चिचोली





6. Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2024:

- The ULB did not have an appropriate internal financial control system over financial reporting since the internal controls adopted by the ULB did not adequately consider risk assessment, which is one of the essential components of internal control, with regard to the potential for fraud when performing risk assessment
- The ULB did not have an appropriate internal control system for tax and user charges collection, tax demand evaluation, which could potentially result in the ULB recognizing revenue without establishing reasonable certainty of ultimate collection.
- The ULB did not have an appropriate internal control system for inventory with regard to receipts, issue for production and physical verification. Further, the internal control system for identification and allocation of overheads to inventory was also not adequate. These could potentially result in material misstatements in the ULB's trade payables, consumption, inventory and expense account balances.
- The ULB did not have an appropriate internal control system for fixed asset with regard to purchase, construction, transfer and physical verification. Further, the internal control system for identification and allocation of overheads to fixed asset was also not adequate. These could potentially result in material misstatements in the ULB's grants, payable to contractors, tax and other statutory dues, fixed assets, capital work in process and accumulated depreciation account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the ULB's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the ULB has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of March 31, 2024 based on the criteria established by the ULB.





ADC & COMPANY
CHARTERED ACCOUNTANTS
F.R.N.-024465C

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2024 financial statements of the ULB, and these material weaknesses do not affect our opinion on the financial statements of the ULB.

Date: 21/10/2024

मुख्य नगर पालिका अधिकारी
नगर परिषद विचोली



For ADC & Company
Chartered Accountants

CA Rakshit Deshmukh
(Partner)
MRN – 428346



Annexure '2'

The Annexure referred to in paragraph 5 & 6 of Our Report:

1. Audit of Revenue

- 1) The auditor is responsible for audit of revenue from various sources.

The revenue received during the year under various sources are recorded in the cashbook & summarised in the receipt and payment statement prepared by the ULB. The revenue as per scheme cashbook could not be verified as the cashbooks for scheme were not made available.

- 2) He is also responsible to check the revenue receipts from the counter files of receipt book and verify that the money receipt is duly deposited in respective bank account. The counter foils or revenue receipts were made available to us for verification. It was informed to us that the revenue/tax collector/officer directly deposits the amount collected with main cashier at the cash counter, who in turn deposit this amount directly to the bank account. A register is being maintained by revenue/tax collector/officer from which collected amount move into cashier cash book. A detailed statement containing outstanding demand and tax collected during the year was provided to us by the concerned department duly certified by the concerned officer.

- 3) Percentage of revenue collection increase or decrease in various heads in property tax, samekitkar, shikshaupkar, nagriyavikasupkar, and other tax compared to previous year shall be part of report.

Details are given in Annexure C attached to this report.

- 4) Delay beyond 2 working days shall be immediately brought to the notice of CMO. No such instances were noticed during the test check of entries conducted by us except the circumstances like public holidays, government or local holidays etc.

- 5) The entries in Cash book shall be verified.

We have verified the entries in cash book on test check. However due to quantum of transactions and inherent limitation of audit we cannot provide our absolute assurance on the entries of the cash book. It is generally recommended that entries of the cash



book should be duly supported by necessary documentary evidences and authorizations.

- 6) The auditor shall specifically mention in the report the revenue recovery against the quarterly and monthly targets any lapses in revenue recovery shall be a part of the report.

No details with respect to quarterly & monthly targets set for the FY 2023-24 & the revenue recovery against such targets were made available to us. Hence, it was not possible for us to report the revenue recovery against the quarterly and monthly targets.

List of long outstanding dues related with property tax were provided as below:

Ward	Name of the property holder	Amount due
6	Meena/Narayanchand Vishwas	12,126.00
6	Amit Arya MDHSS	1,27,254.00
6	Ashish/Mishreelal	48,575.00
9	Shital/Sahablal malviya JS public School	2,07,001.00
7	Krishna/Prabhudatt arya	31,253.00

The details relating to interest and penalties levied, period of outstanding and action taken for such recoveries were not provided.

- 7) The auditor shall verify the interest income from FDR's and verify that interest is duly and timely accounted for in cash book.

As explained to us, ULB does not have FDR's during the year. Hence, we could not comment on the interest income and its accounting in cashbook.

- 8) The case where, the investments are made on lesser interest rates shall be brought to the notice of the CMO.

As explained to us, ULB does not have FDR's during the year. Hence, we could not comment on lesser interest rates.

2. Audit of Expenditure:

- 1) The auditor is responsible for audit of expenditure under all the schemes.

Expenditure were recorded in cashbook and summarised in the receipt and payment statement. We could not verify the scheme cashbook entries and its receipt & payment due to its non-availability. Entries for some heads in the receipt and payment were verified from cashbook on sample basis.





- 2) He is also responsible for checking the entries in cash book and verifying them relevant vouchers.
We have verified the entries in cash book on test check basis which were supported by relevant vouchers/note sheets. However, considering the bulk quantum of entries and the weak internal control procedures, the discrepancies in the entries of cash book cannot be ruled out. The records relating to statutory and employee deduction and deposits such as challans and return acknowledgment were not made available to us. Hence, same could not be verified.
- 3) He should also check monthly balance of the cash book and guide the accountant to rectify errors, if any.
The cashbook entries were verified on sample basis and the balancing & totalling issues were not noticed on such verification. However, due to quantum of entries and inheriting limitation of audit we cannot provide absolute assurance over such issue.
It was also noticed during verification of records that the balance as per grant register of all the grants cumulatively was substantially higher than the closing balance of cashbook and Receipt & Payment statement. ULB was not able to explain the reason for such differences.
- 4) 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 the CMO.
Details relating to deviation of expenditure, if any, of particular scheme is specified at sub point 4 of point 6.
- 5) He shall also verify that the expenditure is accordance with the guideline, directives, acts and rules issue by Government of India/ State Government.
As explained to us, ULB follows the necessary guidelines, directives, acts and rules issued by Government of India and State Government. However, ULB didn't provided such directives with written confirmation and hence it was not possible for us to verify the expenditures in accordance with such guidelines etc.
- 6) 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.

We have verified the expenditure on test check basis and it was found that such expenditure were duly supported by financial and administrative sanctions accorded by competent authority. ULB follows the hierarchy of sanctions and approvals depending upon the nature of the transactions and financial limits.

- 7) 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-compliance of audit paras shall be brought to the notice of CMO.
No such instances were noticed during the test check of such entries conducted by us.

- 8) The auditor shall be responsible for verification of scheme wise/ project wise Utilization Certificate (UC's). UC's shall be tallied with the Receipt & Payment Account and creation of Fixed Asset.
Utilization certificates of various schemes for verification of scheme wise project/ wise Utilization Certificate (UCS) were not provided to us by the ULB. Hence same cannot be commented upon.

We are unable to verify the details of capitalization of expenditure since there is neither any proof available nor completion of work from respective department. There is no cross check mechanism exist to ensure the completion of project except payment of final bill. It is suggested that a proper internal control system should be framed to identify the fixed asset and its recognition in fixed asset register and books of account of the ULB.

- 9) He shall verify that all temporary advances of other than employees have been fully recovered.
As explained to us by the ULB there are no temporary advances during the year and hence we cannot comment on the same.

मुख्य नगर पालिका अधिकारी
नगर परिषद चिचोली





3. Audit of Book Keeping

1) The auditor is responsible for audit of the books of accounts as well as stores.
As per the information and explanation provided to us by the management of the ULB and on perusal of books of accounts, it was noticed by us that the ULB has not maintained Fixed Asset Registers, Security Deposit Registers, Loan Registers, as prescribed under MP MAM.

2) He shall verify that all the books of accounts and stores are maintained as per Accounting Rules applicable to the urban local Bodies. Any discrepancies shall be brought to the notices of CMO. Stores registers maintained by the ULB. The entries of receipt entries and outgoing entries are made in the register. The closing balance as per register is NIL in the register provided for verification.

3) The auditor shall verify advance register and see that all the advance to employees are timely recovered according to the condition of advance. All the case of non-recovery shall be specifically mentioned in audit report.

As per the explanation provided by the ULB, there were no advances to employees during the year. Hence, we cannot comment over advance to employees are timely recovered according to the condition of advance and the case of non-recovery.

4) Bank reconciliation statement (BRS) shall be verified from the records of ULB and the bank concerned. If bank reconciliation Statement are not prepared the auditor will help in the preparation of BRS's.

The bank and cashbook balance at year end for main cashbook were in reconciliation. Hence, BRS is not required by the ULB. The balances at year end are as follows:

Bank Name	Bank Account No.	Closing Balance as per Cash book as on 31/03/2024	Closing Balance as per Pass book as on 31/03/2024
ICICI Bank	00177	1,48,72,970.88	1,48,72,970.88
SBI	19976	7,12,225.84	7,12,225.84
SBI	54119	33,74,808.74	33,74,808.74

However, the scheme cashbook and bank statement were not made available, hence we cannot comment over the balances for the same.

मुख्य नगर पालिका अधिकारी
नगर परिषद चिचोली





- 5) He shall be responsible for verifying the entries in the Grant register. The receipts and payment of grants shall be duly verified from the entries in cash book.
Grant registers were made available to us. The receipts and payments out of grants were verified on test check basis. Details of grants as per grant register is produced below at the point 6(1) of this report.
- 6) The auditor shall verify the fixed assets register from other records and discrepancies shall be brought to the notices of CMO.
Fixed asset registers were not provided to us for verification. Therefore we are not able to verify the same and comment upon whether it is complete and correctly balanced.
- 7) The auditor shall reconcile the account of receipt and payment especially for project funds.
Scheme cashbook related to peyjal yojna were maintained by the ULB. However, the cashbook were not provided for verification. We cannot comment on whether the receipt and payment statement provided by the ULB contains entries related to scheme cashbook or not.
- 4. Audit of FDR**
- 1) The auditor is responsible for audit of all fixed deposits and term deposits.
As explained to us ULB does not have any FDR during the year. Hence, we could not comment upon fixed deposit and term deposit.
- 2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done.
As explained to us ULB does not have any FDR during the year. Hence, we could not comment upon renewal of FDR.
- 3) The case where FDR'S / TDR are kept at low rate of interest than the prevailing rate shall be immediately brought to the notice of Commissioner/ CMO.
As explained to us ULB does not have any FDR during the year. Hence, we could not comment upon FDR'S / TDR are kept at low rate of interest than the prevailing rate.
- 4) Interest earned on FDR/TDR Shall be verified from entries in the cash book.
As explained to us ULB does not have any FDR during the year. Hence, we could not comment upon FDR'S / TDR interest.

मुख्य नगर पालिका अधिकारी
नगर परिषद चिचोली





5. Audit of Tenders / Bids

1) The auditor is responsible for audit of all tenders / bids invited by the ULB.

Tender related documents were provided to us on test check basis. On verification of produced documents we can conclude that procedure of tendering was followed by the ULB.

Bid were invited online where the tender amount exceeding Rs. One Lakh and for value less than one lakh, manual bids were asked.

2) He shall check whether competitive tendering procedures are followed for all bids.

Tender related documents were provided to us on sampling basis, and except few minor irregularities we found them complete and appropriate. Competitive tendering procedures were followed for all bids.

3) He shall verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period.

Tender related documents were provided on test check basis, and we have verified the receipts of tender fee / bid processing fee / performance guarantee etc. No major irregularities were found during our verification in the produced documents.

4) The bank guarantees, if received in lieu of bid processing fee / performance guarantee shall be verified from the issuing banks.

No such bank guarantees were produced before us for verification.

5) The conditions of BG shall also be verified; any BG with any such condition which is against the interests of the ULB shall be verified and brought to the notice of CMO.

No such bank guarantees were produced before us for verification. Therefore, it is not possible for us to comment on the conditions of BG.

6) The cases of extension of BG shall be brought to the notice of Commissioner / CMO.

Proper guidance to extend the BG's shall also be given to ULB

No such bank guarantees were produced before us for verification. Therefore, it is not possible for us to comment on the conditions/extensions of BG.

7) The contract closure shall also be verified by the auditor.

No contract closure documents were made available to us for verification.





6. Audit of Grants and Loans

- 1) The auditor is responsible for audit of grants given by Central Government and its utilization.

Verification had been conducted for the grants received from the Central/state government. Details of grant receipt and utilised as per register of grants are as follows:

Grants	Opening Balance	Received	Utilized	Closing Balance
CM Adhosanrachna ph I	6,35,681.00	-	6,35,681.00	-
CM Adhosanrachna ph II	22,28,545.00	-	-	22,28,545.00
CM Adhosanrachna ph III	13,00,000.00	28,19,040.00	19,09,102.00	22,09,938.00
Pond Beautification	25,04,400.00	-	-	25,04,400.00
Vishesh Nidhi (Ghat development)	12,19,424.00	-	-	12,19,424.00
Bus Stand	60,00,000.00	-	-	60,00,000.00
Community Hall ward 02	7,50,000.00	-	7,50,000.00	-
Community Hall ward 05	10,00,000.00	-	-	10,00,000.00
Sanskritik manch ward 02	2,00,000.00	-	-	2,00,000.00
GYM Bhawan nirman	1,50,000.00	-	-	1,50,000.00
Vachnalay bhawan nirman	1,50,000.00	-	-	1,50,000.00
Kayakalp Abhiyan	31,00,000.00	19,00,000.00	50,00,000.00	-
Vidhayak nidhi (Bhawan)	99,876.00	-	-	99,876.00
Vidhayak nidhi (Samudaik swasth Kandra)	99,058.00	-	-	99,058.00
Sochalay nirman	8,23,796.00	-	-	8,23,796.00
Swatch Bharat mission	1,19,466.00	-	-	1,19,466.00
Sochalay nirman	10,33,833.00	-	-	10,33,833.00
Pariyojana Program	4,22,000.00	-	-	4,22,000.00
Mulbhoot	57,04,105.00	21,69,851.00	69,53,072.00	9,20,884.00
15th Finance Commission Prathmik anudna	53,35,763.00	13,15,853.00	66,51,616.00	-
Road development	33,30,357.00	14,75,500.00	23,96,944.00	24,08,913.00
Vishesh Nidhi (Adhosanrachna)	12,00,000.00	-	-	12,00,000.00
15th Finance Commission (Tied waterways)	9,86,890.00	-	99,357.00	8,87,533.00
15th Finance Commission (SWM)	9,86,889.00	-	57,754.00	9,29,135.00
Garbage Vehicle	10,49,000.00	7,00,000.00	-	17,49,000.00





ADC & COMPANY
CHARTERED ACCOUNTANTS
F.R.N.-024465C

MRF	7,32,000.00	-	-	7,32,000.00
Suchna Sarvekshan	7,00,000.00	4,00,000.00	-	11,00,000.00
State finance commission	-	62,79,000.00	32,37,377.00	30,41,623.00

- Excess amount under some grants are utilised out of ULB own fund.
- 15th Finance grant were not clearly mentioned in grant register. Hence, we cannot comment over receipt and closing balance during the year.
- Opening balance difference with previous year grant balances under State Finance grant, Ghat Nirman, CM adhosanrachna Ph I, 15th Finance grant, Moolbhut suvidha, CM Peyjal yojna, Community halls.
- Some grants received as per R&P statement but not recorded in grant register, such as Vishesh nidhi & Sambal yojna.

2) He is responsible for audit of grants received from State Government and its utilization.

Verification had been conducted for the total grants received from the State/Central government. Details for the same are provided in table above.

3) He shall perform audit of loans provided for physical infrastructure and its utilization. During his 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 of revenue.

ULB has receipt of loan amounting to Rs. 28,19,040/- as per receipt & payment statement entry & the amount is outstanding during the year also. However, the repayment information and closing balance information was not available with them. It was explained to us that the repayment has been done directly from Octroi compensation. Hence same cannot be verified. Also, there were no document or information provided to verify whether the asset created out of the loan has generated the desired revenue or not. We cannot comment on the possible reasons for non-generation of revenue.

4) The auditor shall specifically point out any diversion of funds from capital receipts/ grants/ bans to revenue expenditure.

As per the information made available to us, and as per our verification, instances of diversion of funds from one grant account to another have not been noticed. However, due to inherent limitation of internal controls over financial reporting possibilities of fund diversion cannot be ruled out completely.





ADC & COMPANY
CHARTERED ACCOUNTANTS
F.R.N.-024465C

Non recovery of taxes

Urban Local Bodies (ULB) earns revenue from their own resources through taxes, rent, fees, issue of licenses etc. On verification of revenue records as of 31 March 2024 a sum of Rs 25.68 Lakhs (as shown in Table Below) plus Interest & Penalties were outstanding against the taxpayers, although the ULBs had powers under section 165 of Madhya Pradesh Municipalities Act, 1961 to approach a Magistrate to seek orders for recovery by distress and sale of any movable property of attachment and sale of immovable property belonging to defaulters, however they had not invoked these power to recover the outstanding taxes. Failure to invoke its powers resulted in non-recovery of outstanding taxes and resource crunch, leading to hindrance in development works.

Non Recovery of dues

(Amount in Lakhs)

Sl. No	Revenue Head	Previous year's recoverable as on 01/04/2023	Received From Previous Dues	Un-Recovered Due for More than a Year	Current Year Demand	Current Year's Recovery	Un-Recovered due of Current Year	Total Recovery	Total un-recovered amount
1	Sampatti Kar	11.10	4.86	6.25	6.73	5.79	0.95	10.64	7.19
2	Samekit Kar	2.88	1.02	1.86	3.24	0.89	2.35	1.91	4.20
3	Nagar Vikas Upkar	2.38	0.81	1.57	2.14	1.09	1.04	1.90	2.61
4	Siksha Upkar	2.16	0.78	1.38	2.03	0.99	1.04	1.78	2.42
5	Shop Rent	1.03	0.00	1.03	0.43	0.00	0.43	0.00	1.46
6	Water Tax	3.39	0.94	2.45	4.75	1.15	3.60	2.09	6.05
7	Other Tax	0.90	0.38	0.52	1.75	0.53	1.23	0.91	1.74
	Total	23.83	8.79	15.04	21.08	10.45	10.64	19.23	25.68
	Total Un-Recovered amount								25.68

The demand and recovery figures were taken out of wasooli patrak of the revenue department of the ULB. There are variation in the opening balance of current year and closing balance of previous year wasooli patrak.

Date: 21/10/2024

मुख्य नगर पालिका अधिकारी
नगर परिषद चिबोली



For ADC & Company
Chartered Accountant

CA Rakshit Deshmukh
(Partner)
MRN - 428346

Name of ULB
Name of Auditor
Nagar Parishad Chicholi
ADC & Company

Annexure C
Amt in lakhs

S.no.		Parameters	Description		% of growth	Observation in brief				Suggestions
Audit of Revenue		Receipt in (Rs.)								
Rajaswa Kar wasooli		2022-23	2023-24							
1	Sampatti Kar	10.21	10.64	4.21	Collection % w.r.t. total dues is 59.68%	which is Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.		
2	Samekit Kar	2.34	1.91	-18.16	Collection % w.r.t. total dues is 31.27%	which is Below Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.		
3	Nagar Vikas Upkar	1.98	1.90	-4.42	Collection % w.r.t. total dues is 42.03%	which is Below Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.		
4	Siksha Upkar	2.15	1.78	-17.45	Collection % w.r.t. total dues is 42.33%	which is Below Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.		
Total		16.69	16.23							
Gair-Rajaswa wasooli										
6	Water Tax	1.42	2.09	47.32	Collection % w.r.t. total dues is 25.70%	which is Not upto the mark	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.		
7	Other Tax	1.79	0.91	-49.03	Collection % w.r.t. total dues is 34.41%	which is Below Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.		
Total		3.21	3.01							
Grand Total		19.90	19.23							

Annexure C

Amt in lakhs

The above recovery figures are taken from wasooli pairak provided by the Revenue depraiment of the Parishad.



मुख्य नगर पालिका अधिकारी
नगर परिषद चिचोली

Revised abstract sheet for reporting on audit paras 2023-24

Annexure D

Income & Expenditure Information

S.no.	Division	District	ULB name	ULB type
1	2	3	4	5
1	Narmadapuram	Betul	Chicholi	Parishad

Revenue receipts				
Property Tax	Other tax revenue	Fees & user charges	Revenue from municipal property	Assigned revenue
6	7	8	9	10
16,22,845.00	-	4,28,049.00	4,94,634.00	1,06,38,883.00
Property tax includes samekit kar, education cess and urban development cess				
				11
				12
				1,68,962.00

Capital receipts			Total Receipts
Capital receipts	Central Finance Commission receipts	State Finance Commission receipts	Other Grants
13	14	15	16
28,19,040.00	32,89,632.00	62,79,000.00	72,70,351.00
			17
			3,30,11,396.00

Revenue Expenditure				
Establishment Expenditure	Administrative Expenditure	Operation & Maintenance	Interest & Finance Charges	Other Expenses
18	19	20	21	22
1,35,65,529.00	8,72,131.00	1,34,70,789.00	46,816.12	7,57,134.00
				-
				23
				24
				1,80,78,594.00
				25
				4,67,90,993.12

मुख्य नगर पालिका अधिकारी
नगर परिषद बिकोरी

Auditor
FRN:
MRN:

ADC & Company
024465C
428346



NAGAR PARISHAD CHICHOLI
RECEIPTS AND PAYMENT STATEMENT
F.Y. 2023-24

RECEIPTS	AMOUNT	PAYMENTS	AMOUNT
Opening Balance	2,59,32,251.58	Establishment Expenses	
Tax revenues		Remuneration & Fees Councillors	6,00,896.00
Property Tax C.Y.	5,78,751.00	Employee Liability -Salary Payble	27,95,075.00
Receivable Property Tax P.Y	4,85,694.00	Daily Wages	83,63,861.00
Samekit Kar C.Y.	89,160.00	Pension	6,16,996.00
Receivable Samekit Kar PY	1,02,120.00	Recovery Payble GPF	2,61,400.00
Education Cess C.Y.	99,490.00	EPF	8,91,776.00
Receivable Education Cess PY	78,018.00	Uniform Allowance	35,525.00
Urban Development Cess C.Y	1,09,069.00	Administrative Expenses	14,716.00
Receivable Urban Development Cess PY	80,543.00	Telephone Expenses	
Assigned Revenues & Compensation		Newspapers	6,420.00
Stamp Duty on Transfer of Properties	4,63,363.00	Printing Expenses	1,40,518.00
Compensation in Lieu of Octroi	1,01,75,520.00	Stationery	1,10,464.00
Rental Income from Municipal Properties		Audit Fees	75,600.00
Rent From Markets	1,52,280.00	Legal Fee	1,80,000.00
Rent From Weekly Market	3,24,640.00	Digital Signature	5,200.00
Rent-Lease of Lands	9,714.00	Advertisement Expenses	2,96,213.00
Rent From Shop	8,000.00	Publicity Expenses	43,000.00
Fees & User Charges		Operations & Maintenance	
Receivable Water Tax C.Y.	1,15,240.00	Bulk Purchase of Power-Electricity	46,65,235.00
Receivable Water Tax PY	93,960.00	Bulk Purchase of Power- Fuel	10,06,271.00
Garbage Shulk C.Y	52,920.00	Bulk Purchase - Sanitation/Conservancy Material	2,11,310.00
Receivable Garbage Shulk P.Y	38,400.00	Bulk Purchase-Engineering Store	2,08,020.00
Advertisement fees	3,000.00	Bulk Purchase-Electrical Store	46,800.00
Penalty & Fine Other	18,295.00	Bulk Purchase-Others	9,04,644.00
Other Fees	33,584.00	Hire Charges Of Machineries	3,25,698.00
Water Connection Charges	20,150.00	Hire Charges Vehicle	2,51,478.00
Mud-Pump	46,500.00	Hire Charges Tent	1,50,479.00
Charges for Supply of Water By Tankers	6,000.00	Repair & Maintenance	
Sale & Hire Charges		Open Drains	44,345.00
Sale of Tender Papers	83,500.00	R&M Waterways	34,90,308.00
Hire Charges Vehicles		Parks, Nurseries & Gardens	10,650.00
Interest Earned		Painting Work	3,05,684.00
Interest-Saving Bank Account	23,428.00	R&M Public Toilets	26,725.00
Miscellaneous Income		Electricity Pole	7,94,463.00
Misc Income	62,034.00	R&M Motor	5,59,085.00
Grants-Central Govt.		R&M Building	15,000.00
15Th Finance Commission	32,89,632.00	R & M-MRF Center	95,486.00
Grants-State Govt.		R&M Vehicle Others	3,16,768.00
Grants From State Finance Commission	62,79,000.00	R&M Computers	33,340.00
Grants for Road Development	14,75,500.00	O & M-Others	9,000.00
Grant Go Mp Mulbhoot	21,69,851.00	Bank Charges	
Vishesh Nidhi	12,00,000.00	Consolidated Bank Charges	46,816.12
		Programme Expenses	

मुख्य नगर पालिका अधिकारी
नगर परिषद चिचोली



IEC SBM	4,00,000.00	Consolidated Election Expenses	81,050.00
Special Fund for Kayakalp	19,00,000.00	Consolidated Own Programme	3,16,641.00
Sambal Yojana	1,25,000.00	Payment under schemes	
Deposits Received		Sambal Yojana	50,000.00
Security Deposit	4,911.00	Ladali Bhen Yojana	3,09,443.00
Performance Guarantee Deposit	9,50,000.00	Other Liabilities	
Loans		Labour Tax Deduction	1,10,679.00
CM Infra Ph-IIIrd Loan	28,19,040.00	GST	4,55,640.00
Other		Recoveries Payable-TDS	4,99,089.00
Peyjal a/c -Contra transfer from Peyjal yojna	70,00,000.00	CWIP	
		Puliya Nirman	22,751.00
		Open Drains	3,26,278.00
		Roads & Bridges-Concrete Road	22,27,528.00
		Ramp Nirman	49,254.00
		Shed Niram	39,059.00
		CND Shed	1,87,497.00
		High Mast Light	56,23,200.00
		Building Community Hall	7,90,482.00
		Fire Tender Vehicle	7,86,240.00
		CM Adhoarachna anitm bugtan	25,35,328.00
		Kayakalp Yojana	54,90,977.00
		Other Transfers	
		Sanchit Nidhi	82,152.00
		Closing Balance	1,89,60,005.46
Total	6,68,98,558.58	Total	6,68,98,558.58

For Nagar Parishad Chicholi
मुख्य नगर पालिका अधिकारी
Chief Municipal Officer
नगर परिषद चिचोली

For Nagar Parishad Chicholi
लेखापाली
Accounts Officer
नगर परिषद चिचोली

