



GHODA DONGRI NAGAR PARISHAD

AUDIT REPORT FOR THE FINANCIAL YEAR 2020-21



AUDITORS:
H JOSHI & CO., CHARTERED ACCOUNTANTS



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INDEPENDENT AUDITOR'S REPORT

A. Report on the Financial Statements

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

B. 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 provisions of Municipal Corporation Act, 1956 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.

C. 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.

D. 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, 2021.

E. Basis for Qualified Opinion

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

F. Emphasis of Matters


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

- a) Accounts prepared as per the Manual in lieu of accounting standards for local bodies as issued by Institute of Chartered Accountants of India.
b) Non-maintenance or incomplete registers as prescribed under manual and mentioned at point 3 of annexure 2.
Our opinion is not modified in respect of these matters.


G. We further report that:

- a 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;
b 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.
c 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.
d 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.
e The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

UDIN: 22446447AQUMTK9114
Date: 03/09/2022


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For H Joshi & Company
Chartered Accountants


CA Hari Joshi
MRN - 446447

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.

ULB has produced before us cashbook for the year. However other information to substantiate the entries of cashbook were not provided to us.

- 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 not 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.

- 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.

The Nagar parishad was newly constituted during the year hence the records of revenue due, collected during the year and outstanding at year end was not prepared. Hence we cannot comment upon same.

- 4) Delay beyond 2 working days shall be immediately brought to the notice of CMO.

ULB has explained that the revenue collection was deposited next day or within 2 working days except the circumstances like public holidays, government or local holidays etc.


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

The cashbook was provided to us for verification and it was found appropriate. It is generally recommended that entries of the cash book should be duly supported by necessary documentary evidences and authorizations and should be totalled and balanced regularly.



- 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.
ULB has produced before us cashbook for the year. However other information to substantiate the entries of cashbook were not provided to us. As per the explanation provided by the ULB, it 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 information and documentary evidences produced before us by the ULB during the audit.
- 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.

7/11/2020


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- 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 2020-21 & 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.

- 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 by the ULB there were not FDR in its possession during the year. Hence we could not verify 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 by the ULB there were not FDR in its possession during the year. Hence we could not verify the interest rates.

2. Audit of Expenditure:

- 1) The auditor is responsible for audit of expenditure under all the schemes.
ULB has produced before us cashbook for the year. However other information to substantiate the entries of cashbook were not provided to us.
- 2) He is also responsible for checking the entries in cash book and verifying them relevant vouchers.
ULB has produced before us cashbook for the year. However other information to substantiate the entries of cashbook were not provided to us.
- 3) He should also check monthly balance of the cash book and guide the accountant to rectify errors, if any.
Cashbooks were provided to us for verification and no totalling errors were noticed by us.


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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.

3. Audit of Book Keeping

- 1) The auditor is responsible for audit of the books of accounts as well as stores.

The ULB was newly constituted during the year and hence except for cashbooks no other registers were prepared and produced before us.

- 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.

As the books stores are not provided for verification, so it was not possible for us to verify whether the same is maintained as per Accounting Rules applicable to the urban local Bodies.

- 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 explained to us by the ULB there are no advances to employees during the year and hence we cannot comment on the same.

- 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.
The ULB has only one operative account as provided to us during the year.
The balance reconciliation of the same is provided below:

<u>Particular</u>	<u>Amount (Rs.)</u>
Closing balance as per Cashbook	1,98,55,441
Add: Amount deposit but not taken in cashbook	2,250
Less: Bank charges during the year not taken in cashbook	373
Closing balance as per bank statement	1,98,57,318.62

- 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 records were not made available to us for verification. ULB has received grant from central and state government as provided in the receipt and payment statement.
- 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 and hence we cannot comment upon the same.
- 7) The auditor shall reconcile the account of receipt and payment especially for project funds.
As explained to us ULB does not maintain separate cash books for different schemes and projects and hence we cannot comment on reconciliation with Receipt & Payment.

4. Audit of FDR

- 1) The auditor is responsible for audit of all fixed deposits and term deposits.
As explained by the ULB there were no FDR in its possession during the year. Hence we could not comment on the same.

- 2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done.
As explained by the ULB there were no FDR in its possession during the year.
Hence we could not comment on the same.
- 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 by the ULB there were no FDR in its possession during the year.
Hence we could not comment on the same.
- 4) Interest earned on FDR/TDR Shall be verified from entries in the cash book.
As explained by the ULB there were no FDR in its possession during the year. Hence we could not comment on the same.

5. Audit of Tenders / Bids

- 1) The auditor is responsible for audit of all tenders / bids invited by the ULB.
No tender related documents were provided, so we can comment on procedures of tenders / bids.

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.
No tender related documents were provided, so we can comment on whether competitive tendering procedures were followed for all bids or not.
- 3) He shall verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period.
No tender related documents were provided, so we cannot verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period.



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.
Grant records were not made available to us for verification. ULB has received grant from central and state government as provided in the receipt and payment statement.

2) He is responsible for audit of grants received from State Government and its utilization.
Grant records were not made available to us for verification. ULB has received grant from central and state government as provided in the receipt and payment statement.

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 not accorded any loan during the year and hence same could not be commented upon. Documents and details relating to loan, if any, were not made available to us.

- 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. Since the grant utilisation records were not made available to us, hence we cannot comment upon diversion of fund. However, due to inherent limitation of internal controls over financial reporting and non-availability of necessary records and information possibilities of fund diversion cannot be ruled out completely.


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Reporting on Audit Paras for Financial Year 2020-21

ULB: **GHODA DONGRI NAGAR PARISHAD**
Auditor: **H Joshi & Company, Chartered Accountants**

<u>Parameters</u>	<u>Description</u>	<u>Observation in brief</u>	<u>Suggestions</u>
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.	Necessary details & information were not furnished to us for verification.	NA
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 register, fixed asset register	Required books of accounts as prescribed under MP MAM Should be maintained	NA
Audit of FDR/TDR	Verify fixed deposits and term	Necessary details &	NA.




	deposits and their maintenance	information were not furnished to us for verification.	
Audit of Tenders and Bids	Verify Tenders/Bids invited by ULB and competitive tendering procedures followed	Necessary details & information were not furnished to us for verification.	NA
Audit of Grants & Loans	Verification of Grant received from Government and its utilisation	Necessary details & information were not furnished to us for verification.	NA
Verify whether any diversion of funds from capital receipt /grants /Loans to revenue expenditure and from one scheme /project to another.		Necessary details & information were not furnished to us for verification.	NA
a)Percentage of revenue expenditure (Establishment, salary, Operation& Maintenance)	71.95% (6,15,143/ 8,54,908) x 100		

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with respect to revenue receipts (Tax & Non Tax).			
b) Percentage of Capital expenditure wrt Total expenditure.	14.29%		
	(1,02,600 / 7,17,743) x 100		
Whether all the temporary advances have been fully recovered or not.		Necessary details & information were not furnished to us for verification.	NA.
Whether bank reconciliation statements is being regularly prepared		BRS prepared by the ULB	NA


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घोडा डोंगरी नगर परिषद
प्राप्ति भुगतान पत्रक
2020-21

प्राप्ति	राशि	भुगतान	राशि
प्रारंभिक शेष	-		
दुकान किराया	25,000.00	अमानत राशी	3,50,000.00
जलकर	2,68,818.00	कंप्यूटर	1,02,600.00
क्षतिपूर्ति-चुंगी	22,55,006.00	टेंट किराया	7,080.00
राज्य वित्त आयोग	5,50,000.00	प्रिंटिंग प्रेस	81,570.00
सड़क मरम्मत अनुदान	1,15,000.00	फोटो & स्टेशनरी	17,480.00
भवनकर	1,53,841.00	बैंक चाजज & कमीशन	338.00
किराया-बाजार	3,64,279.00	मजदूरी	10,920.00
मूलभूत	4,56,000.00	यात्रा	12,500.00
अनुदान	1,69,15,005.00	विधुत प्रसार	2,94,720.00
डोडा	50,000.00	सैलरी/ वेतन	1,90,535.00
अमानत राशी	2,50,000.00	अन्य व्यय	5,23,855.00
बाजार नीलामी	50.00		
विविध शुल्क	42,920.00	अंतिम शेष	1,98,55,441.00
मजदूरी वापस	1,120.00		
	2,14,47,039.00		2,14,47,039.00

चीफ म्युनिसिपल अधिकारी

एकाउंट्स ऑफिसर

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