

NAGAR PALIKA PARISHAD KHAJURAHO

AUDIT REPORT FOR THE
FINANCIAL YEAR 2020-21



AUDITORS

PATIDAR AND ASSOCIATES
CHARTERED ACCOUNTANTS

मुख्य नगर पालिका अधिकारी
नगर पालिका खजुराहो
खजुराहो-मध्य प्रदेश (म.प्र.)



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नगर पालिका छत्रपुरा
महाराष्ट्र-मुम्बई (म.प्र.)



INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of NAGAR PALIKA PARISHAD KHAJURAHO

1. Report on the Financial Statements

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

2. 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.

3. 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 Commissioner/CMO has not directed us to perform audit of any other section in his office in addition to the above scope.



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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.

4. 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.

5. 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.

6. Emphasis of Matters

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

- Accounts prepared as per the Manual in lieu of accounting standards for local bodies as issued by Institute of Chartered Accountants of India.
- Revenue department's records related to recovery of revenue taxes and other revenue dues has minor differences with accounting records maintained by accounting department.

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Our opinion is not modified in respect of these matters.

7. 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) The Receipt & Payment Account deal with by this Report are in agreement with the books of account.
- d) 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.
- e) 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.
- f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- g) 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'.

Date: 28/09/2021
UDIN: 21418806AAAACT1579

For Patidar & Associates
Chartered Accountants



CA Neelesh Patidar
(Partner)
MRN - 418806

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Annexure '1'

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 NAGAR PALIKA PARISHAD KHAJURAHO ("the ULB") as of March 31, 2021 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 Municipal Corporation Act, 1956 including the Municipal Accounting Manual and accounting principles generally accepted in India applicable to the Urban Local Bodies.

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,

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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
- 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.

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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, 2021:

- 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, 2021 based on the criteria established by the ULB.



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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, 2021 financial statements of the ULB, and these material weaknesses do not affect our opinion on the financial statements of the ULB.

Date: 28/09/2021

For Patidar & Associates
Chartered Accountants



CA Neelesh Patidar
Partner
MRN - 418806

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Annexure '2'

The Annexure referred to in paragraph 6 of Our Report:

1. Audit of Revenue

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

We have verified the revenue from various sources which was recognized and entered in the books of account produced before us for verification except amount under the head "Other Receipts Rs. 5,26,000/-".

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 basis and no major discrepancy was noticed by us. 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.



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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.

During our verification of revenue registers we observed huge outstanding from past several years, below mentioned are few cases.

In case of property tax

Property tax register is not maintained properly as it does not contain important details such as since when dues are pending, interest charged on pending dues, legal action initiated against such pending dues. List of few pendency's of taxes from long time has been listed below:

Ward No.	Consumer Name	Sampati Kar		Samekit Kar		Education Cess		Urban Development Cess	
		Outstanding	Current	Outstanding	Current	Outstanding	Current	Outstanding	Current
12	Pappu Rajput	3,069.00	341.00	1,080.00	120.00	153.00	17.00	1,017.00	113.00
12	Susheel Soni	312.00	340.00	120.00	120.00	16.00	17.00	103.00	113.00
12	Dayaram Ahirawar	2,955.00	591.00	600.00	120.00	145.00	29.00	735.00	147.00
12	Bimla Tiwari	5,751.00	639.00	1,080.00	120.00	288.00	32.00	1,131.00	159.00
	Total	12,087.00	1,911.00	2,880.00	480.00	602.00	95.00	2,986.00	532.00

In case of Water Tax-

Water tax register is not provided by the ULB. Hence we cannot comment on the same.

In case of Shop Rent

As explained by the ULB, there were no long outstanding at year end. Register were maintained for recovery only and not for recording due amount.

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



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We have verified the interest income from FDR's and noticed that interest income is not recognised in books of accounts on accrual basis. The same is recorded at the time of FDR maturity.

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

All FDR's have been verified as provided to us & were in the possession of ULB. Detail of the same is provided in sub point 3 of point 4.

2. Audit of Expenditure:

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

We have verified the expenditure under various heads which was recognized and entered in the books of account produced before us for verification.

- 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. Test checked vouchers revealed no major discrepancies.

- 3) He should also check monthly balance of the cash book and guide the accountant to rectify errors, if any.

No issue of any difference in test check totalling amount was noticed in course of our verification.

- 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 Commissioner / CMO.

Details relating to deviation of expenditure, if any, of particular scheme is specified at sub point 4 of point 6.



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- 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. ULB has explained following sanctioning authority for the given expenditures:

Salary and administrative expenditure	Accounts officer and CMO can authorise the payments
All other payments	CMO and Nagar prashashak should authorize the payments

- 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

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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.

List of temporary advances has been provided to us for verification & produced below:

Date	Name of Person	Amount	Details of Advance given	Adjustment, if any
03/03/2021	Harigovind Ghosh	1,80,000.00	-	No
12/03/2021	Kalyan Singh	3,45,000.00	Old Outstanding Advance as per P.Y. Audit report is now adjusted in C.Y. 2020-21.	Adjusted 30/3/21
Total		5,25,000.00		

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 maintained all the required books of accounts as prescribed and applicable to the ULB, 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 Commissioner / CMO.
As stated in point no. 1 above, as the books stores were provided for verification, and no major discrepancies were found.
- 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.



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As per the information and explanation provided to us by the management of the ULB, no specific condition related to advances are placed. Hence, it is not possible for us to verify the cases of timely recovery of advances, if any.

- 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

Bank Reconciliation is provided to us by the ULB and produced as below:

SBI	A/c Ending 42901
Closing balance as per Pass Book	16,29,71,143.05
Cheque	5,000.00
Cheque	3,000.00
Cheque	5,000.00
Cheque	1,334.00
Cheque	3,000.00
Cheque	5,000.00
Cheque	5,000.00
Cheque	5,000.00
Cheque	5,000.00
Cheque	5,000.00
Cheque	5,000.00
Cheque	3,000.00
E-payments	2.95
E-payments	740.00
E-payments	473.05
E-payments	729.05
Difference amount	52,279.05
Closing balance as per Cash Book	16,29,18,864.00
CBI (PMAY)	A/c Ending 1348
Closing balance as per Cash Book	3,09,94,187.00
Amount reverse from Beneficiary	99,958.50
Difference amount	99,958.50
Closing balance as per Pass Book	3,10,94,145.00



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Other than above bank accounts, all other accounts were in reconciliation with bank balances as on 31st March 2021.

- 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 from grants were verified on test check basis and found to be correct. A summarised statement of grants maintained by the ULB has been provided to us and same has been provided in 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 Commissioner / 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. 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. We have verified fixed deposits maintained by the ULB and provided to us for verification, the detail regarding the same is tabled below:-

S.NO.	BANK NAME	FDR NO.	CURRENT VALUE	ROI	MATURITY DATE
1	Jila Sahakari Kendriya Maryadit	57214	18,26,640.00	6.00%	06/01/2022
2	Jila Sahakari Kendriya Maryadit	41563	18,05,357.00	6.00%	31/03/2022
3	Jila Sahakari Kendriya Maryadit	208425	16,42,708.00	7.25%	01/05/2023
4	Jila Sahakari Kendriya Maryadit	82749	24,39,208.00	6.00%	24/02/2023

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5	Jila Sahakari Kendriya Maryadit	82750	23,50,313.00	7.25%	24/08/2022
6	Jila Sahakari Kendriya Maryadit	82761	20,51,578.00	7.25%	24/08/2022

2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done.

Proper records of FDRs are maintained.

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 per the explanation provided by the ULB FD's are kept at available competitive rates. There was not documents or information provided to us that can substantiate whether alternative investment opportunities were explored or not.

4) Interest earned on FDR/TDR Shall be verified from entries in the cash book.

Interests on FDRs' are booked on receipt basis, as on the maturity and realization of invested amount is recorded in the cash book.

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.

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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 Commissioner/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 BC'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 accounting records are as follows:

S.No.	Grants	Received	Utilized	Closing Balance
1	Sadak Marammat	26,58,000.00	-	26,58,000.00
2	Rajy Vitt Aayog	57,25,000.00	-	57,25,000.00
3	Mulbhoot	57,99,000.00	-	57,99,000.00
4	15th Vitt Aayog	3,38,68,000.00	-	3,38,68,000.00
5	PMAY	4,51,00,000.00	4,51,00,000.00	-
6	NULM	5,00,000.00	-	5,00,000.00
7	CM Adhosanrachna Yojana III	7,00,000.00	-	7,00,000.00



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श्री. १५/०५/२०२२ (म.प्र.)



8	CM Adhosanrachna Yojana II	73,05,600.00	73,05,600.00	-
9	Jan Sampark Nidhi	23,000.00	23,000.00	-
10	Mission Nagrodaya	50000.00	-	50000.00
11	Agyaat	5,26,000.00	-	5,26,000.00
Total		10,22,54,600.00	5,24,28,600.00	4,98,26,000.00

Note: Grant under head Agyaat could not be verified.

- 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.

As per information provided by the ULB and according to our verification, ULB has accorded loan from HUDCO. The loan repayment has been timely made at each quarterly/annually (as applicable) rest. However, there was 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.

Details of loan taken and repayment, as provided by the ULB to us, are provided here below:

Quarter	Interest Payment by ULB	Principal Payment by ULB	Total Payment
1	1,69,258.00	1,85,750.00	3,55,008.00
2	1,64,212.00	1,85,750.00	3,49,962.00
3	1,56,275.00	1,85,750.00	3,42,025.00
4	1,49,807.00	1,85,750.00	3,35,557.00
	6,39,552.00	7,43,000.00	13,82,552.00

Above loan was utilised for CM adhosanrachna scheme.

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नगर परिषद खजुराही
चिपकोट, बलरघर (म.प्र.)





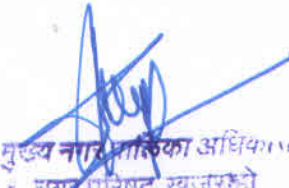
PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

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- 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.




मुख्य नगरपालिका अधिकारी
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जिला - नगरपालिका (न.प्र.)



Other Audit Observations

1. Non recovery of taxes

Urban Local Bodies (ULB) earns revenue from their own resources through taxes, rent, fees, issue of licenses etc. In test check of Nagar Parishad as of 31 March 2021 a sum of Rs 42.81 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	Type of Tax	Due amount recoverable on 01/04/2020	Received From Previous Dues	Un-Recovered Due for More than a Year	Current Due	Current Received	Total Recovered	Un-Recovered due of Current Year	Total un-recovered amount
1	Sampatti Kar	28.77	14.04	14.73	22.09	9.23	23.28	12.86	27.59
2	Samekit Kar	4.01	1.17	2.83	4.09	1.20	2.38	2.88	5.72
3	Nagar Vikas Upkar	4.86	2.23	2.63	4.93	0.63	2.86	4.30	6.94
4	Siksha Upkar	1.15	0.72	0.42	1.10	0.17	0.89	0.93	1.36
5	Other Tax	2.53	1.31	1.21	0.00	0.00	1.31	0.00	1.21
	Total	41.31	19.48	21.83	32.22	11.24	30.72	20.98	42.81
	Total Un-Recovered amount								42.81

Date: 28/09/2021

For Patidar & Associates
Chartered Accountants



CA Neelesh Patidar
Partner
MRN - 418806

मुख्य नगर पालिका अधिकारी
नगर पालिका खजुराहो
खजुराहो (म.प्र.)

**Reporting on Audit Paras for Financial Year 2020-21.**

Name of ULB:

NAGAR PALIKA PARISHAD KHAJURAHO

Name of Auditor:

Patidar & Associates, Chartered Accountants

S. no.	Parameters	Description	Observation in brief	Suggestions
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	Vouchers should be adequately supported with proper documents. TDS should be correctly deducted and deposited on time.
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 register, fixed asset register	Observations were listed in brief in point no. 3 of annexure 2 of audit report attached	NA
4	Audit of FDR/TDR	Verify fixed deposits and term deposits and their maintenance	Observations were listed in brief in point no. 4 of annexure 2 of audit report attached	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.



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निम्नलिखित (पृष्ठ 1)



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.
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) of annexure 2 of report attached	
8	a) Percentage of revenue expenditure (Establishment, salary, Operation & Maintenance) with respect to revenue receipts (Tax & Non Tax).	356.37% $(5,70,25,027 / 1,60,01,590) \times 100$		
	b) Percentage of Capital expenditure wrt Total expenditure.	27.93% $(2,20,99,967.57 / 7,91,24,995.21) \times 100$		
9	Whether all the temporary advances have been fully		Cases of outstanding advances have been outlined in point	ULB should impose strict action to collect such amount or make necessary adjustment




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	recovered or not.		no. 3 (3) of report attached.	after prior approval of relevant authority.
10	Whether bank reconciliation statements is being regularly prepared		BRS prepared by the ULB	NA




मुख्य नगर पालिका अधिकारी
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मध्य प्रदेश (म.प्र.)

S.no.	Parameters	Description		% of growth	Observation in brief					Suggestions
		Receipt in (Rs.)			Collection % w.r.t total dues is	45.76%	which is Below Average	Need to improve collection efforts of previous years dues.		
	Audit of Revenue	2019-20	2020-21							
1	Rajaswa Kar wasooli									
	Sampatti Kar	17.05	23.28	36.49	Collection % w.r.t total dues is	45.76%	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.	
2	Samekit Kar	0.78	2.38	206.41	Collection % w.r.t total dues is	29.38%	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.	
3	Nagar Vikas Upkar	2.97	2.86	-3.67	Collection % w.r.t total dues is	29.17%	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.	
4	Siksha Upkar	0.78	0.89	14.20	Collection % w.r.t total dues is	39.75%	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	21.58	29.41							
	Gair-Rajaswa wasooli									
5	Shop Rent	7.07	0.00	NA	Collection % w.r.t total dues is	NA	-	-		
6	Water Tax	1.15	0.00	NA	Collection % w.r.t total dues is	NA	-	-		
7	Other Tax	2.95	1.31	-55.50	Collection % w.r.t total dues is	51.95%	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.	
	Total	11.17	1.31							
	Grand Total	32.75	30.72							

Note: Current year details for Shop rent and water tax was not provided to us. Hence, percentage growth is not available.



Handwritten signature and text in Hindi, including 'नगर पारिशद खजुराहो' (Nagar Parishad Khajuraho) and 'आचार्य' (Acharya).

Nagar Parishad Khajuraho, M.P.
Receipt and Payment Account
For the period April, 2020 to March, 2021

RECEIPTS	AMOUNT	PAYMENTS	AMOUNTS
Opening Balance (Cash & Bank)	17,96,82,830.41		
		<u>Salary, Wages, Allowances and Perquisites</u>	
<u>Revenue</u>		Arrears Amount	6,61,964.00
Property Tax Current	13,31,782.00	Compassionate Allowance	1,00,000.00
Property Tax Outstanding	8,15,784.00	Earned Leave Encashment	7,83,474.00
Consolidated Tax Current	21,180.00	EPF Employer Contribution	5,01,280.00
Consolidated Tax Outstanding	81,062.00	EPF Deduction Payment	5,01,280.00
Education Cess Current	61,284.00	EPF Payment Administrative Charges	30,062.00
Education Cess Outstanding	36,477.00	Establishment Exp	3,69,672.00
City Development Cess Current	2,08,978.00	Income Tax (Employees)	1,67,418.00
City Development Cess Outstanding	1,78,613.34	Labour Welfare Tax	2,78,102.00
Building Permission Face	1,250.00	Life Insurance Premium	4,76,055.00
Building Registration Fees	8,200.00	Muster	6,29,258.00
Bus Stand New Shop	10,437.00	Muster(Safai Vahan Driver)	5,11,703.00
Weekly Market Fees	24,700.00	Pension	2,94,608.00
Water Tax	56,326.00	Professional Tax	91,828.00
Development Fees	8,017.00	Public Provident Fund (Ppf)	15,68,016.00
Cleaning Fees	2,600.00	Salary	1,91,27,322.00
Shop Premium	11,35,500.00	Shav Vahan Muster	1,07,332.00
Shop Rent	4,02,823.00	Temporary Employees (Advance)	5,25,000.00
Shopping Complex	3,34,299.00	Travel Allowance	6,320.00
Shopping Complex-Bus Stand	24,540.00	Labour wages-Cleaning & sanitation	20,90,391.00
Surcharge	59,656.66	Contingencies (Public Park)	2,51,117.00
Water Harvesting Fees	15,000.00	Contingencies (Public Health & Sanitation)	6,95,694.00
		Other Exp	2,17,248.39
<u>Fees, Penalty, Interest & Rentals</u>		New Pension Scheme (NPS)	2,94,608.00
Advertising Fees	62,700.00		
Application Fees	1,30,759.00	<u>Establishment & Administration</u>	
Auction Fees	6,365.00	Advertising Exp	16,988.00
Audit Recovery	1,55,627.00	Auction Exp	93,593.00
Bank Charges Reverse	177.00	Audit Fees	13,38,112.00
Bhawan Anugya Labour Tax	7,000.00	Bank Charges	1,475.00
Bidhadhar Basti	3,51,285.00	Digital Signature Exp	42,500.00
Certificate Fees	4,400.00	Gandhi Jayanti & Ambedkar Jayanti Exp	19,307.00

मुख्य नगर पालिका अधिकारी

नगर पालिका खजुराहो

खजुराहो (म.प्र.)

chowpatty Platform/ Canteen	19,343.00	GST	
Earnest Money	63,500.00	GST TDS	2,12,219.00
E-Tender	91,000.00	Income Tax	6,14,155.00
Forfiet Rashi	8,774.00	Income Tax /TCS	6,40,382.00
Form Fees	480.00	Interest	2,680.00
Forms/Stationary Fees	990.00	Legal Exp	6,39,552.00
Idsmt Shopping Complex- Bus Stand	1,70,062.00	Mela Exp	24,000.00
Khajuraho Courtyard	6,000.00	Office Repair	44,044.00
Licensee Fees	3,000.00	Photo Copy Exp	33,742.00
Life Insurance Premium	4,76,055.00	Printing And Exp	5,112.00
Marriage Certificate Fees	660.00	Printing And Stationary Exp	17,975.00
Mela Makar Sankranti Basant Panchami	2,120.00	Public Relations Fund	61,345.00
Mela Organising	10,92,904.00		3,000.00
Online Rental	19,133.00	Capital Expenditure	
Parking Fees	2,92,900.00	Boundary Wall Construction	
Penalty	24,117.00	CM Adhosanrachna II	17,50,128.48
Penalty For Corona Virus	1,85,100.00	Community Hall Construction/Teen Shed	39,86,914.76
Penalty For Polythene Use	1,000.00	Construction Work	5,51,227.26
Population Expansion Plan	35,911.00	Crossroad Development Work	8,19,773.53
Prem Sagar Canteen	1,48,070.00	Fogging Machine Purchase	10,62,667.88
Prem Sagar Lake	3,243.00	Mela Groung Boundary Wall Construction	56,072.00
Ration Card Fees	535.00	Drainage Construction	6,58,177.48
Royalty Charges	8,83,750.00	Public Toilet Construction And Repair	16,07,858.27
RTI	596.00	Road Construction	55,993.80
Safety Tank Cleaning Fees	10,000.00	Shopping Complex Construction	78,39,464.78
Security Deposit	15,35,381.00	Tata Ace	11,10,714.77
Sewagram Residential Plots	5,436.00	Water Cooler Purchase	66,688.00
Temporary Advance	4,26,800.00	Wbm Road Construction	48,970.00
Temporary Plot	2,640.00		24,85,316.56
Tree Cutting Fees	1,000.00	Operation & Maintenance	
Waiting Room Booking Office- Bus Stand	2,000.00	Bleaching Powder Purchase	
Interest Receive From Bank (Saving & FD)	49,52,267.71	CCTV Camera	9,58,946.82
		Cleaning Material Purchase	49,005.40
		Computer And Photo Copy Machine Repair	20,000.00
		Covid-19 Exp	36,720.00
		Damar Road Repair	8,99,035.00
			49,15,897.51
Other Receipts			
Ac Closed Amt Trf Ocb	22,65,749.34		
Ac Closed Amt Trf Mcb	28,47,631.29		

मुख्य नगर पालिका अधिकारी
नगर पालिका
महाराष्ट्र

Amount Withheld	17,67,568.00	Diesel Exp	
Amount Transfer (one a/c to another)	6,00,00,000.00	DPR Exp	12,868.00
Executive Engineer- Checking Deduction (Witheld)	70,960.00	Earnest Money	49,500.00
			18,000.00
EPF Deduction	5,08,571.00	Electric Pole Welding Works	
Family Welfare Fund	92,107.00	Electricity Pole Shifting	8,500.00
Group Insurance Plan	2,520.00	Fair Organizing Exp	5,53,975.04
GST	2,22,009.00	Fax Exp	4,94,000.00
GST TDS (Contractor)	6,74,280.00	Film Festival 2018	2,000.00
Income Tax (Contractor)	7,02,082.75	Fire Brigade Maintenance	18,090.00
Income Tax (Employees)	1,67,418.00	Garden Development Work	1,47,319.00
Income Tax Tcs	5,360.00	Garden Maintenance Exp	18,144.00
Labour Tax	2,79,738.72	Handpump Repair Exp	2,06,091.92
New Contribution Pension Deduction	2,94,608.00	JCB Rent	42,583.00
Officer/ Staff Accomodation	6,650.00	Lime Purchase Exp	74,480.00
Other Cashbook Amt Trf	1,54,70,856.79	Maintenance	500.00
Other Fees	23,000.00	Material Purchase (Block/Lamp/Other Equipment)	95,290.00
Professional Tax (Employees)	91,828.00	Mobile Van Exp	7,84,536.97
Provident Fund	15,68,016.00	Motor Pump Exp	34,484.00
Covid 19 -Cm Relief Fund	45,098.00	New Electricity Connection	1,27,193.00
		New Tata Ace Deisel	32,03,813.16
Grants		New Tata Ace Repair	2,10,661.00
15Th Vitt Ayog	3,38,68,000.00	Office Material Purchase	22,909.00
Chungi kshati Purti	2,39,04,716.31	Other Electricity Exp	48,950.00
CM Adhosanrachna II	73,05,600.00	Other Repair And Maintenance	6,17,840.00
CM shehri Vikas Yojana III	7,00,000.00	Pavers Painting Work	8,960.00
Day NULM	5,00,000.00	Performance Deposit	1,64,447.56
Mulbhoot	57,99,000.00	Pond Beautification	19,20,649.00
Yatri Kar	5,13,000.00	Power Block Establishment	40,188.15
PMAY	4,51,00,000.00	Rcc Road Repair	19,44,041.25
Rajya Vitt Ayog	57,25,000.00	Repair & Maintenance	20,25,670.16
Sadak Marammat	26,58,000.00	Repair & Maintenance (Machinery)	1,58,740.00
Mudrank Shulk	29,02,000.00	Repair (Trenching Ground)	6,852.00
Jan Sampark Nidhi	23,000.00	Road Repair	21,116.00
Other receipts	5,26,000.00	Street Light Electricity Bill	21,240.00
Mission Nagrodyo	50,000.00	Telephone Exp	12,49,726.31
			91,919.00

मुख्य नगर पालिका आधिकारी
नगर पालिक खजुराहो
मुख्य नगर पालिका (म.प.)

		Tractor Maintenance Exp	3,16,707.00
		Tractor Trolley Repair	47,064.00
		Vehicle Insurance	1,43,439.00
		Vehicle Rent	45,129.00
		Vehicle Repair	78,596.00
		Water Cooler Repair	2,290.00
		Water Electricity Bill	6,23,996.00
		Water Supply Fitting Material	16,095.00
		Water Supply Scheme	3,36,896.00
		Other Payments	
		Account Closure Amt Trf	28,47,631.29
		Amount Transfer (one a/c to another)	6,00,00,000.00
		Cash Book Difference Amount (PMAY Cashbook)	1,80,00,500.00
		MDM Amount Reverse	13,91,588.00
		Principal Amount	7,43,000.00
		Royalty	8,32,500.00
		Aid to Flood victims	45,098.00
		Sambal Yojna	16,00,000.00
		Sambal Yojna Advertising	63,633.00
		Security Deposit Refund	7,45,875.00
		Swachh Bharat Abhiyan	7,728.00
		Swachh Survekshan 2020 Sbm	72,642.00
		Closing Balance (Cash & Bank)	24,68,89,597.82
Total	41,23,64,788.32	Total	41,23,64,788.32



मुख्य नगर पालिका अधिकारी
नगर पालिका खजुराहो
मुख्य नगर पालिका अधिकारी
मुख्य नगर पालिका अधिकारी

Chief Municipal Officer Nagar Parishad Khajuraho

Chief Accounts Officer Nagar Parishad Khajuraho