

SAIKHEDA NAGAR PARISHAD

AUDIT REPORT FOR THE
FINANCIAL YEAR 2020-21



AUDITORS
PATIDAR AND ASSOCIATES
CHARTERED ACCOUNTANTS



TABLE OF CONTENT

<u>S.NO.</u>	<u>PARTICULAR</u>	<u>PAGE NO.</u>
1.	Independent Auditor's Report	2-4
2.	Annexure 1	5-7
3.	Annexure 2	8-20
4.	Reporting on Audit Para's	21-23
5.	Annexure C	24
6.	Receipt and Payment Statement	25-26



INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of SAIKHEDA NAGAR PARISHAD

1. Report on the Financial Statements

We have audited the accompanying financial statements of SAIKHEDA NAGAR PARISHAD ("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.


मुख्य नगर पालिका अधिकारी
नगर परिषद साईखेडा





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.





- c) Non-maintenance or incomplete registers as prescribed under manual and mentioned at point 3 of annexure 2.
- d) Non-availability of details related with Tenders.
- e) Non verification of EPF, TDS on GST and TDS-Income Tax deposited, 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:

- 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'.

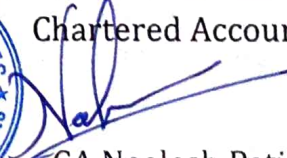
Date: 28/08/2021

UDIN: 21418806AAAACI5710


मुख्य नगर पालिका अधिकारी
नगर परिषद साईखेड़ा



For Patidar & Associates
Chartered Accountants


CA Neelesh Patidar
(Partner)
MRN - 418806



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 SAIKHEDA NAGAR PARISHAD ("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,



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

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the ULB;
- b) 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
- c) 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.





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:

- a) 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
- b) 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.
- c) 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.
- d) 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.




मुख्य नगर पालिका अधिकारी
नगर परिषद साईखेड़ा



PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
capatidar.associates@gmail.com

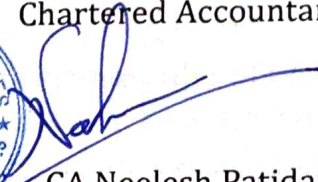
We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2021 financial statements of the ULB, and these material weaknesses do not affect our opinion on the financial statements of the ULB.

Date: 28/08/2021


मुख्य नगर पालिका अधिकारी
नगर परिषद साईबेड़ा



For Patidar & Associates
Chartered Accountants


CA Neelesh Patidar
Partner
MRN - 418806



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 receipt under head "Adjusted amount" Rs. 3,519/- for which no explanation was provided by the ULB.

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 commissioner/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.





- 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 2019-20 & 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 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 outstanding balance, 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:

Consumer Name	Sampatti Kar		Samekit Kar		Others	
	Outstanding	Current	Outstanding	Current	Outstanding	Current
Dwarka prasad dubey	962.00	962.00	120.00	120.00	428.00	428.00
Ram singh	596.00	149.00	480.00	120.00	440.00	110.00
Madhuri chandel	4,764.00	1,191.00	480.00	120.00	1,904.00	476.00
Total	6,322.00	2,302.00	1,080.00	360.00	2,772.00	1,014.00

In case of Shop Rent

In case of shop rent registers also few relevant details were missing, Interest charged and pending legal actions long time pendency's. List of few long time pending cases were listed below:

S.no.	Name	Old Due	Current	Old Due since	Total (Rs.)
19	Nitin kumar	8,400.00	5,200.00	2014-15	13,600.00
22	Suresh Kumar	7,050.00	7,050.00	2014-15	14,100.00
Grand Total			7,050.00	-	27,700.00

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





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 except payment under head "Amount transfer" Rs. 3,98,341/- for which no explanation was provided by the ULB.

- 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 below mentioned instances.

- GST TDS and Income Tax TDS is deducted on payments made to few parties only even when it was applicable in many cases. Details for deduction were provided. Challans and returns were not furnished for the same. However ULB has explained that same had been duly deposited on or before the due date. Non compliance of tax provision attract statutory penalty.

IT TDS & GST TDS not deducted on some invoices found during vouching:

V.no.	Name of the party	Amount	Remarks
265	Balaji agro	90,000.00	No IT TDS
84	Yamuna Tent	4,78,900.00	No IT & GST TDS
286	Bio Tech Technology	6,64,980.00	No IT & GST TDS
140	Pragati Eng	1633000	No IT & GST TDS

- EPF, LWT, Professional Tax & Insurance amount was not deposited by the ULB.


मुख्य नगर प्रालिका अधिकारी
नगर परिषद साईखेड़ा





- 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.

- 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:

For payments exceeding Rs 50,000/-	Nagar Prashashak
For payments less than Rs 50,000/-	CMO and Accounts officer

- 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 Commissioner / 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 by the ULB there were no temporary advances provided 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.

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 all the required books of accounts as prescribed under MP MAM like Fixed Asset Registers, Security Deposit Registers, Register of Earnest Money Deposits, Register of Settlement of Contractor / Supplier Bills etc.

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.

Books/register related to stores was provided for verification, and following discrepancies were noted:

1	No previous stock details carry forward to current year
2	Signature of receiving deptt./person not found on some instances like computer table



	purchased from Tiwari furniture and released to department
3	<u>No receiving made for stationary release to:</u>
a	Vijay Mehta
b	Rajendra Nouraiya
c	Sankalp Sharma

- 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 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. The balance as on 31st March 2021 for bank accounts are as follows:

S.No.	Bank Name	Bank Account No.	Closing Balance as per Pass book as on 31/03/2021
1	State Bank of india	34658434405	1,52,84,319.16
2	State Bank of india(Fixes Deposit)	34658434405	4,00,00,000.00
3	Mahindra Kotak Bank	5312021247	2,05,76,967.00
4	Mahindra Kotak Bank	5112126631	4,79,049.00
5	Central Bank Of india	3520241658	6,55,855.60
6	M.P. Grahmin Bank	203691130000261	24,49,646.00
7	Jila Maryadit Sehakaari Bank	163000297572	27,69,014.00
	TOTAL		8,22,14,850.76
	<u>Yojna bank accounts</u>		
8	State Bank of India (PMAY)		3,99,31,098.90
9	Mahindra Kotak Bank (PMAY)		10,98,244.00
10	Punjab National Bank (PMAY)		2,29,817.10
	TOTAL		4,12,59,160.00
	GRAND TOTAL		12,34,74,010.76





BRS for bank accounts other than yojna cashbook:			
Balance as per cashbook			8,20,70,998.76
Amount recorded in cashbook but not received as per bank		45,061.00	
		49,400.00	
		49,400.00	
	Total	1,43,861.00	1,43,861.00
Balance as per bank			8,22,14,859.76

- Since the cashbook does not contain bank wise closing balance, it is not possible to prepare BRS bank wise. There is difference in closing balance between cashbook and bank and reconciliation difference is identified and produced in the BRS.
- There is no difference in balance of yojna cashbook and bank statements

- 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 receipt & payments out of 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 maintain separate cash books for different schemes and projects and are in 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:-

मुख्य नगर प्रालिका अधिकारी
नगर परिषद साईखेड़ा





S.NO.	BANK NAME	FDR NO./A.C. no.	CURRENT VALUE
1	State Bank of India	34658434405	4,00,00,000.00

FD was available with the ULB but copy of receipt was not provided for verification

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

Proper records of FDRs are maintained. Records of renewal are not provided by the ULB. Hence, we cannot comment on timely renewals were made or not.

- 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.

Rate at which FD was kept not provided to us. Hence, we cannot comment on whether FDR's 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.

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.

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.



PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
capatidar.associates@gmail.com

- 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 ICMO.
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	Opening Balance	Received	Utilized	Closing Balance
1	Sadak Marammat	8,00,358.30	17,27,000.00	10,29,400.00	14,97,958.30
2	Mulbhoot	47,63,857.88	28,04,287.00	66,36,130.00	9,32,014.88
3	Chungikshati Purti	54,27,606.62	97,48,950.00	1,31,60,761.00	20,15,795.62
4	Rajya Vitt Ayog	74,19,360.00	86,37,072.00	90,75,649.00	69,80,783.00
5	CM Swacch Bharat Mission	5,064.00	-	-	5,064.00
6	13 Vitt Ayog	13,39,000.00	10,00,000.00	11,94,011.00	11,44,989.00
7	14 Vitt Ayog	1,88,61,000.00	1,80,00,000.00	1,87,34,364.00	1,81,26,636.00
8	Other	67,94,710.41	24,41,338.00	63,86,808.00	28,49,240.41





PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
capatidar.associates@gmail.com

9	Special Fund	1,50,00,000.00	1,50,00,000.00	1,50,00,000.00	1,50,00,000.00
10	Mudrank Shulk	2,86,000.00	3,19,000.00	59,870.00	5,45,130.00
11	15th Finance	-	1,95,13,930.00	-	1,95,13,930.00
12	MP Fund	6,36,090.60	19,835.00	70.00	6,55,855.60
13	Office Construction	24,49,646.00	-	-	24,49,646.00
14	Kotak Bank	2,02,83,199.00	6,25,176.00	5,19,572.00	2,03,88,803.00
15	Swacch Bharat Mission	2,034.00	6,97,407.00	3,64,254.00	3,35,187.00
16	Adhosanrachna	60,33,949.00	1,97,877.00	62,31,826.00	-
17	Local Income	17,23,131.00	16,69,601.00	10,87,369.00	23,05,363.00
		9,18,25,006.81	8,24,01,473.00	7,94,80,084.00	9,47,46,395.81

However, we have noticed difference in grant amount as UADD records and as per accounting records as follows:

S.No.	Grants	Accounting records	UADD records	Difference
1	Sadak Marammat	17,27,000.00	12,32,000.00	4,95,000.00
2	Mulbhoot	28,04,287.00	26,82,000.00	1,22,287.00
3	Chungi Shati Purti	97,48,950.00	94,37,000.00	3,11,950.00
4	Rajya Vitt Ayog	86,37,072.00	26,48,000.00	59,89,072.00
10	Mudrank Shulk	3,19,000.00	3,07,000.00	12,000.00
11	15th Finance	1,95,13,930.00	1,10,42,000.00	84,71,930.00

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 not accorded any loan. We cannot comment on the same.



[Signature]
मुख्य नगर पालिका अधिकारी
नगर परिषद साईखेड़ा



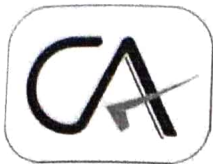
PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
capatidar.associates@gmail.com

- 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 नगर पालिका अधिकारी
नगर परिषद साईबेड़ा





PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
capatidar.associates@gmail.com

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 66.19 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 Recovery	Un-Recovered due of Current Year	Total un-recovered amount
1	Sampatti Kar	25.50	11.82	13.68	8.50	1.95	13.77	6.55	20.23
2	Samekit Kar	10.41	2.82	7.59	3.47	0.94	3.76	2.53	10.12
3	Nagar Vikas Upkar	6.54	1.67	4.87	2.18	0.39	2.06	1.79	6.66
4	Siksha Upkar	6.54	1.67	4.87	2.18	0.39	2.06	1.79	6.66
5	Shop/Property Rent	1.20	0.72	0.48	0.80	0.46	1.18	0.34	0.82
6	Water Tax	21.89	3.33	18.56	3.64	0.49	3.82	3.15	21.71
7	Other Charges	0.00	0.00	0.00	5.07	5.07	5.07	0.00	0.00
	Total	72.07	22.03	50.04	25.84	9.69	31.72	16.15	66.19
	Total Un-Recovered amount								66.19

For Patidar & Associates
Chartered Accountants



CA Neelesh Patidar
Partner
MRN - 418806

Date: 28/08/2021

मुख्य नगर पालिका अधिकारी
नगर परिषद साईखेड़ा



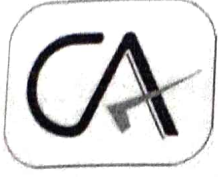
Reporting on Audit Paras for Financial Year 2020-21

Name of ULB: SAIKHEDA NAGAR PARISHAD
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	Required books of accounts as prescribed under MP MAM Should be maintained
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.



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).	851.00% $(2,86,85,841 / 33,70,857) \times 100$		
	b) Percentage of Capital expenditure w.r.t Total expenditure.	21.13% $(76,83,257 / 3,63,69,098) \times 100$		
9	Whether all the temporary advances have been fully		Cases of outstanding advances have been outlined in point no. 3 (3) of report	ULB should impose strict action to collect such amount or make necessary adjustment after prior approval of



PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
capatidar.associates@gmail.com

	recovered or not.		attached.	relevant authority.
10	Whether bank reconciliation statements is being regularly prepared		BRS prepared by the ULB	NA


मुख्य नगर पालिका अधिकारी
नगर परिषद साईखेड़ा



Annexure C

Name of ULB Saikheda Nagar Parishad
Name of Auditor Patidar & Associates, Chartered Accountants

Name of Auditor					Patidar & Associates, Chartered Accountants				
S.no.	Parameters	Description		% of growth	Observation in brief			Suggestions	
	Audit of Revenue	Receipt in (Rs.)							
	Rajaswa Kar wasooli	2019-20	2020-21						
1	Sampatti Kar	2.56	13.77	438.56	Collection % w.r.t total dues is	40.51% 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	1.30	3.76	189.38	Collection % w.r.t total dues is	27.07% 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	0.32	2.06	541.79	Collection % w.r.t total dues is	23.62% 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	0.32	2.06	541.79	Collection % w.r.t total dues is	23.62% 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.
	Total	4.50	21.65						
	Gair-Rajaswa wasooli								
5	Shop/Property Rent	0.00	1.18	0.00	Collection % w.r.t total dues is	58.87% 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.
6	Water Tax	0.00	3.82	0.00	Collection % w.r.t total dues is	14.98% 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 Charges	0.00	5.07	0.00	Collection % w.r.t total dues is	100.00% which is	Very good	NA	NA
	Total	0.00	10.08						
	Grand Total	4.50	31.72						

Note: Details above provided are based on wasooli patrak of current year and previous year



मुख्य नगर पालिका अधिकारी
नगर परिषद साईखेडा

NAGAR PALIKA PARISHAD SAIKHEDA

Receipts & Payments Accounts 2020-21

RECEIPT	AMOUNT (Rs.)	PAYMENT	AMOUNT (Rs.)
Opening balance	9,18,25,006.76		
Revenues:		Salary Wages and Allowances:	
Jalkar wasooli	3,66,890.00	Niyamit karmchhari vetan	41,85,644.00
Sampatti kar	7,08,455.00	Weekly wages	34,78,591.00
Samekit kar	2,01,960.00	Panchayat Karmchhari vetan	14,14,222.00
Siksha upkar	1,66,213.00	Sanitation workers wages	9,14,665.00
Nagariye Vikas upkar	1,66,213.00	Travelling allowances/Expenses	2,12,088.00
Rentals & Fees:		Pension	16,99,406.00
Pond lease rent	6,770.00	GPF	1,10,000.00
Daily market fees	1,10,221.00	Arrears	5,97,797.00
Weekly market fees	55,925.00	Establishment Expenditure:	
Cattle market fees	17,160.00	Flex & Stationery	1,65,452.00
Mandi fees	32,110.00	Telephone bills	13,439.00
Aaisthai Dhakhal	40,711.00	Office stationary	2,04,612.00
Istahi Dhakhal	1,12,000.00	News paper expenses	4,587.00
Cracker market fees	3,400.00	Audit fees	8,28,143.00
Application fee	5,311.00	CA- Audit Fee	35,400.00
Other Receipts:		Website renewal	10,030.00
Penalty	56,650.00	DPR fees	3,68,800.00
Transfer Fees	7,000.00	Vehicle registration	10,000.00
Funeral aid	45,000.00	Budget preparation fees	20,000.00
Mud Pump Fee	4,000.00	Advocate Fee	20,000.00
Debris charges	12,500.00	Tender upload work	18,000.00
Building fees	62,324.00	DSC Signature	10,000.00
Sahukari license	11,700.00	Operation & Maintenance	
Water tanker fees	2,900.00	Fuel expenses	4,50,692.00
Gracious aid return	5,000.00	Electrical fittings	10,14,770.00
Tap disconnection fees	800.00	Insecticides	16,69,962.00
Refund	24,831.00	Electricity bills	19,89,349.00
Transfer through bank	3,51,797.00	Covid 19 related purchases	1,83,031.00
Interest	8,36,694.00	Covid 19 flex	48,144.00
Adjusted amount	3,519.00	Vehicle repair	7,41,670.00
Deposits returned	12,000.00	Sanitation material purchases	1,43,082.00
Tender Fee	3,19,000.00	Jal shakha-purchases	2,81,625.00
Sanitizer fee	2,550.00	Payment to carry dead animals	43,200.00
Pension amount return	11,400.00	Tender publication fee	93,785.00
FD amount	4,00,00,000.00	Publication-	
Grants:		Information/advertisement	83,215.00
Sadak Marammat	12,32,000.00	Publication-National Greetings	17,400.00
Moolbhut Suvidha	27,71,000.00	Expenditure on national festival	66,010.00
Chhungikshati purti	95,54,812.00	Funeral aid	2,40,000.00
State Finance commission	25,59,000.00	JCB rentals	2,90,827.00
15th Finance	1,10,42,000.00	Payment refund	16,588.00
Mudrank Shulk	3,19,000.00	Public Works Branch Repairs /	
Other grants	20,66,697.00	Improvements	25,63,725.00
Swacch Bharat Mission	5,40,000.00	Water deparment-Medicine	
		Purchasing	48,000.00
		Computer repair work	2,19,124.00
		Swasthye Department- Material	
		Purchase	5,07,356.00
		Expenditure for Swachhta Survey	
		2021	27,69,858.00
		Tent arrangement	1,28,830.00
		Handpump repair and maintenance	1,62,229.00
		Election expenditure	2,575.00
		Spray-Sanitizers	68,480.00
		Sanitizer & mask	2,10,770.00

		Drainage-Repair & Maintenance	2,92,233.00
		Debris disposal expenses	5,000.00
		Flood control expenditure	12,160.00
		Construction & Capital expenditure	
		Construction material	4,97,141.00
		Vehicle purchase	17,55,675.00
		Furniture purchase	10,05,796.00
		Road construction/repair	36,31,577.00
		Purchase-Electrical material	5,09,220.00
		Payment for toilet construction	2,83,848.00
		Other Payments:	
		Refund-adhoshanrachna yojna	60,00,000.00
		TDS deposit	52,771.00
		GST	12,561.00
		SD refund	7,15,410.00
		Election related stationery	7,650.00
		Bank charges	1,275.00
		Fixed deposit	4,00,00,000.00
		Online Transfer	45,700.00
		Amount transfer	3,98,341.00
		Closing Balance	8,20,70,988.76
Total	16,56,72,519.76	Total	16,56,72,519.76

Chief Municipal Officer
मुख्य नगर पालिका अधिकारी
नगर परिषद साईखेडा

प्रभारी लेखावाल
नगर परिषद साईखेडा

Accounts Officer
Nagar Palika Parishad, Saikheda

