

NAGAR PARISHAD SHAHPURA
SHAHPURA, JABALPUR. (M.P)

FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR 2020-21

M/s M A & Company
Chartered Accountants
CA Manoj Khaira
UG-7, RAJUL COMPLEX
Aaga Chowk, Ranital, JABALPUR-02
Mobile No. 09827061050
Email ID : manojkhaira.ca@gmail.com



Independent Auditors' Report

To,
The Chief Municipal Officer
Nagar Parishad Shahpura,
Shahprua, Jabalpur

Report on the Financial Statements

We have audited the accompanying Financial Statements of **Nagar Parishad Shahpura**, which comprise the Receipt and Payment Statement for the year ended **31st March 2021**.

Management's Responsibility for the Financial Statements

The Management of Municipal Corporation is responsible for the matters in Madhya Pradesh Municipal Accounting Manual ("MPMAM") and The Madhya Pradesh Municipal Corporation Act, 1956 ("the Act") with respect to the preparation of these financial Statements that give a true and fair view of the financial position, financial performance and cash flow of the ULB in accordance with the accounting principles, including the Accounting Standards specified under Madhya Pradesh Municipal Accounting Manual. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act and Manual for safeguarding of the assets of the ULB and for preventing and detecting the 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 internal financial control, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We have taken into account the provisions of the Act and MPMAM, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Madhya Pradesh Accounts Audit Manual and as per scope of work under assignment.

We conducted our audit in accordance with the Standards on Auditing specified under Madhya Pradesh Accounts Audit Manual. Those Standards require 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 mis-statement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes valuating the appropriateness of accounting policies used and the reasonableness of the



accounting estimates made by ULB's Management, 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, and deviation, if any attached with this report (as per annexure A)

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the MPMAM in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a. In the case of the Balance Sheet, of the state of affairs of the ULB as at **March 31, 2021**;
- b. In the case of the Statement of Income & Expenditure Account, of the excess of Income over Expenditure for the year ended on that date; and
- c. In the case of the Receipt & Payment & Bank Reconciliation for the year ended on that date.

Basis for Qualified Opinion

- i. Nagar Palika Parishad was not maintained the accountant cash book for the financial year 2020-21 hence we could verify the income and expenses head wise.
- ii. Nagar Palika Parishad was not maintained the ledger book for the financial year hence we could not verify the headwise expenses.
- iii. Nagar palika Parishad was not maintained the grant register of the ULB hence we could not verify the grant income and grant expenses incurred by the ULB.
- iv. We also could not verify the year end unutilized grant balance of ULB because grant balance register was also not maintained.
- v. ULB was not maintained bank wise register for the bank balance hence at the financial year we could find the ULB bank balance.
- vi. Bank reconciliation statement was not prepared by the ULB hence we could not verify the same.
- vii. The detail which form the basis of qualified opinion are reported in annexed with this report as **Annexure A**.

Emphasis of Matters

We draw attention to the following matters annexed with this report as **Annexure A**.

Report on other Legal and Regulatory Requirements

1. Audit of Revenue

- i. We have test checked receipts on random basis with the Receipt Books and found correct, however on an overall basis for the year, Gross receipts taken for all the department does not match with the receipts shown in Income & Expenditure Account. The observations are in Annexure A.



- ii. We found that daily collections are deposited on the same day except in the cases of where banks are closed and some collection online by E-Nagar Palika software. Delay beyond two working days should be come into the notice of CMO.
- iii. We have checked the entries of Manual Cash Book with the entries in tally software, and found it correct but we have checked Manual cash book from E- Nagar Palika software data then we found only contractor & Expenses payment entries reflected in software and both the side (Receipt & Payment) not matched.
- iv. We have not been provided with monthly/quarterly targets of revenues receipts; however we have compared Annual Budgeted Targets v/s Actual receipts for the year under audit. The observations are in **Annexure A**.
- v. The Auditor shall specifically mention in the report the revenue recovery against the quarterly and monthly target any lapses in lapses in revenue recovery shall be a part of the report.
- vi. Details with respect to quarterly and monthly target set for the **FY 2020-21** and revenue recovery against such target were made available to us. It was not possible to report revenue recovery quarterly and monthly target and any lapses there to.

However, on verification of revenue register we observed huge recovery from past several years, below mentioned are few cases.

In case of Property Tax

ULB is collecting property Tax, Separate detail given in Annexure A.

In case of Shop Rent

No Record were made available to us for verification, therefore cannot comment upon recovery made and GST were deducted properly or not.

In case of Water Tax

ULB is not collecting water Tax , as per checking the document of Vasuli patrak.

2. Audit of Expenditure

- i. We have performed the test check because of limitation of time and found them correct except in the cases where we specifically given annexure to the report.
 - Quotation and documents are generally not annexed with vouchers, so cannot comment on it.
- ii. We checked the Vouchers and duly verified from the Entries in Cash Books as well as in Tally Software and found it correct and but we have checked Tally cash book, bank book, Day Book proper Accounting entries.
- iii. We verified the expenditure and found that they are generally in accordance with the guidelines, directives, acts and rules issued by Government of India / State Government.



- iv. No such case is noticed where the fund of the ULB has been mis-utilised, moreover on random check we did not noticed any mis-utilisation of financial limits of the sanctioning authority.
- v. We verified scheme and project wise Utilization certificates and found it Fund Received and total expenditure, As per Scheme Revenue nature in Income and Expenditure and capital nature creation of fixed assets.
- vi. We have seen the budget variances in respect of Expenditure/Asset creation also and found substantial variances. (Refer Annexure A).

3. Audit of Book Keeping

- i. We verified that all the Books of Accounts and Stores Register are maintained as per applicable Accounting rules.
- ii. We checked the advance register and found it correct
- iii. We verified the Bank Reconciliation Statement and found it in accordance with records and bank statements of ULB.
- iv. We checked the grant register and found it in accordance with receipts and payments of particular grant.
- v. All the Receipts and Payments are reconciled.

4. Audit of Fixed Deposit Receipts

- i. As informed by the ULB they have no FDR in the ULB for this financial year.
- ii. We found that ULB is not maintaining Investment register hence we could not verify the same.

iii. Audit of Tenders/ Bids

We have test checked the tender/bids files and found that the process have been properly followed and was as per the rules.

- a. We have test checked the Contractor's files and found that the tender fee / bid processing fee are received and security deposit is deducted from the running bills during construction and maintenance period.
- b. We have test checked the Contractor's Files and found that the Bank Guarantee received from the Contractors are not duly verified with the issuing Banker, moreover in the cases were contract period is extended no steps is taken towards extension of Bank Guarantee from the contractors and Issuing Banker.
- c. We found that ULB is not taking strict action against delay in completion of work or slow process in work.



5. Audit of Grants and Loans

- i. We have checked and verified the Grants received from Central Government and its Utilization Certificate issued by ULB and found to be correct.
- ii. We have checked and verified the Grants received from State Government and its Utilization Certificate issued by ULB and found to be correct.
- iii. We have checked and verified that no loans / capital receipts / grants etc. are diverted to any revenue expenditure.

Date: 11th April 2022
Place: Jabalpur

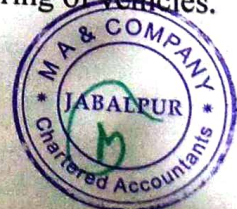


For M A & Company
Chartered Accountants
FRN No: 013338C

Manoj Khaira
CA Manoj Khaira
Partner, Mem No: 405824
UDIN : 22405824AKNHYS1712

(Part of Annexed Audit Report)
Emphasis of Matters

1. We have observed the following emphasis matter in our audit which are as follows
 - a. Nagar Palika Parishad was not maintained the accountant cash book for the financial year 2020-21 hence we could verify the income and expenses head wise.
 - b. Nagar Palika Parishad was not maintained the ledger book for the financial year hence we could not verify the headwise expenses.
 - c. Nagar palika Parishad was not maintained the grant register of the ULB hence we could not verify the grant income and grant expenses incurred by the ULB.
 - d. We also could not verify the year end unutilized grant balance of ULB because grant balance register was also not maintained.
 - e. ULB was not maintained bank wise register for the bank balance hence at the financial year we could find the ULB bank balance.
 - f. Bank reconciliation statement was not prepared by the ULB hence we could not verify the same.
2. We found that ULB is violating TDS rules of the Income Tax Act regarding deducting TDS at higher rate due to non-availability of PAN No. Of the contractors, non-compliance of such provisions may attract following consequences
 - a. Huge totalling mistake found in cash book it should be rectified but this could not be done in the same financial year.
 - b. We have found the difference in the cash book and bank statement as on date and it must rectify and reconciled.
 - c. Person responsible for non-compliance shall be punishable with rigorous imprisonment for a term which shall be between 3 months and 7 years, along with fine.
 - d. ULB shall be liable to pay, by way of penalty, a sum equal to the amount of tax which ULB is failed to collect as aforesaid.
 - e. ULB Deposit Fund in one A/C and Made FDR in other A/C and Deducted in TDS in first A/C and ULB didn't take in Books.
 - f. ULB is not collecting GST on Rent Income but deducting GST TDS 2% on any transaction more Two lakh fifty thousand.GSTR-7 monthly deposit and timely filling return is required as per Goods and services rules regulation.
3. We have test checked receipts on random basis with the Receipt Books and found correct, however on an overall basis for the year, Gross receipts taken for all the department do not match with the receipts shown in Income & Expenditure Account. The observations are as follows:-
4. We have verified the dates of the Quarterly TDS Returns from the website of TDS TRACES and found it filled within the due dates and same day deducted and deposit in bank.
5. On checking we found that TDS has not been deducted on payment of hiring of vehicles.



6. Meter reading are not mentioned in the Vehicle Log Book moreover No average is set for any of the vehicle and in some places diesel usage is also not entered in the Vehicle Log Book.
7. We found that ULB has not any FDR's during the year 2020-21 and we observed that ULB had huge Balances in saving accounts.
8. We have gone through Contractor's file on random basis and observed the following:-
 - i. That majority of works contract are not completed within stipulated time.
 - ii. No approval for extension of time period is obtained from the authority.
 - iii. No penalty or Compensation is charged from contractors for delay in the work.
 - iv. No completion certificates are issued by the Engineers to any contractor.
 - v. Final bill payments are still due in every file which we checked.
 - vi. Documents regarding Provident Fund Registration is not available on records.
 - vii. Documents regarding Labour Act Registration is not available on records.
 - viii. Labour Report is not available.
 - ix. Royalty Certificate is also not available.
 - x. Photographs of Work Completed are also not available in Contractor's File for specific work.
 - xi. No Register is maintained for amount deducted as Performance Guarantee from bills of Contractors.
 - xii. Contractor EMD in from of FD Kept in PWD section in file but actually is the part of Accounts.
9. We found in case of Grants that ULB is spending excess amount than the amount actually received in specific grants by paying from the Municipal Funds and As per utilization certificate not matched.
10. We have seen the budget variances in respect of Expenditure/Asset creation also and found substantial variances.



Nagar Palika Parishad Shahpura
Shahpura, Jabalpur

Receipt & Payment Account

For The Financial Year 2020-21

Particulars	Amount	Amount	Particulars	Amount	Amount
Current Assets					
45020 (Bank Accounts)			320 (Grant A/c)	14895294.09	375000.00
			PM Awas Yojana		
320 (Grant A/c)			Fixed Assets		
15th Finance Commission Grant	13144000.00		CWIP	493240.00	
1601006 (Road Repairing Grant)	1480000.00		Drain CWIP	5787438.00	
Basic Feature Grant	3221000.00		UIDSSMT CWIP	49942.00	
PM Awas Yojana	3100000.00		Furniture, Fittings & Electrical App.	134500.00	
Raj Vit Aayog	3180000.00		Computer Laptop Purchase	79199.00	
Unknown Grant	6677639.40		Furniture	1798000.00	
			Sky Lift Vehicle Purchase	997458.00	9339777.00
Income (Direct) (Direct Incomes)			Swachata Machine Purchase		
160 (Grant Revenue)			Sundry Creditors		
Bhawan Saniran Yojna Income	1431.00		3401000 (SD Security Cont./supp.)		83400.00
Brahmdha Avstha Pe Rashi	2400.00				
Other Revenue Grant Hitgrahi	5000.00		Direct Expenses		
Pratibhoot Rashi	219200.00		210 (Establishment Exp.)		
			21010 (Salary Wages & Bonus)	362652.00	
110 (Rates & Taxes)			2101001 (Salary & Allowance Officers)	16440906.00	
1100100 (Sampati Kar Chalu)	3237091.00		2101011 (Salaries & Allowances Staff)	772319.00	
1100101 (Property Tax Cy)	34920.00		21 03001 (Pension)	96158.00	
1100200 (Jal Kar Chalu)	214590.00		2104011 (Leave Encashment)	486969.00	
1100301 (Water Tax Surchage)	3428.00		3501101 (Salaries, Wages & Bonus)	52351.00	
1100601 (Shiksha Upkar Chalu)	322483.00		Daily Basis Salary	198370.00	
1108000 (Samekit Kar Chalu)	78120.00		Employee Provident Fund	1369259.00	
1108011 (Development Tax)	918.00		Kaliram	18504.00	
1108021 (Vikash Upkar Chalu)	338782.00				



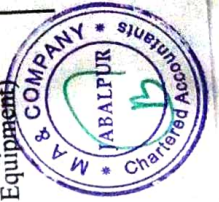
Nagar Palika Parishad Shanpura

Shahpura, Jabalpur

Receipt & Payment Account

For The Financial Year 2020-21

Particulars	Amount	Amount	Particulars	Amount	Amount
1108041 (Education Cess)	978.00		Kishori Lal	8240.00	
1401402 (Development Charges)	81.00		Labour Charges Sweeper	36000.00	
4311000 (Sampati Kar Bakaya)	8058715.00		Meena Kol	63412.00	
4312000 (Vikash Upkar Bakaya)	638919.00		Sujan Singh	1040.00	
4312006 (Shiksha Upkar Bakaya)	523295.00		Uniform Expenses	223955.00	20130135.00
4313000 (Jal Kar Bakaya)	422945.00				
Adhibhar	4429.00				
Development Tax Surcharge	4314.00				
Dukan Kiraya	115750.00		220 (Administrative Expenses)		
Jal Kar Surcharge	6545.00		2201201 (Telephone Expenses)	21460.00	
Property Tax Surcharge	1047.00		2202002 (Newspapers)	29501.00	
Samekit Kar Bakaya	211269.00		2202100 (Printing & Stationery)	192117.00	
Samekit Tax Surcharge	132.00		2202101 (Printing Expenses)	446467.00	
Sampati Surcharge	29934.00		2203001 (Travelling & Conveyance-Mayor)	11700.00	
			2203011 (Fuel, Petrol & Diesel-Own Vehicles)	728086.00	
			2205000 (Audit Fees)	62500.00	
			2205100 (Legal Expenses)	649.00	
			2206001 (Advertisement Expenses)	94653.00	
			2208002 (Entertainment Expenses)	48600.00	
			2305414 (Photo-Copiers)	4250.00	
			GIS Survey Fees	198960.00	1838943.00
120 (Assigned Revenue & Compansation)					
1203001 (Passenger Compansation)	379000.00				
Chungi Chhati Puri	12742760.00				
Export Tax Compansation	8736000.00				
130 (Rental Income From Municipale Party)					
1301001 (Bazar Fees)	3470.00		230 (Operations & Maintenance)		
1301005 (Water Tankers Rent)	3500.00		23059 (Repairs & Maintenance- Others)	1570292.00	
4105005 (Tankers Rent)	3300.00		2305000 (Repaires & Maintenance-Drains)	468308.00	
Aisthai Dakhai	78585.00		2305003 (Repair & Maintenance - Road)	848853.00	
Ashram Shulk	934750.00		2305200 (Repaires & Maintenance-Buildings)	35930.00	
Asthaee Dakal	3263.00		2305300 (Repaires & Maintenance-Vehicles)	276705.00	
Bhawan Anugya Shulk	8137.00		2305308 (Repairs & Maintenance of Fire Vehicle)	24000.00	
Dukaan Diraya Chalu	21700.00		2305412 (Repairs & Maintenance Computer)	5950.00	
Dukaan Kiraya Bakaya	126750.00		2305500 (Repairs & Maintenance of Office Equipment)	29260.00	
			2305900 (Repirs & Maintenance- Other)	809538.00	



Nagar Palika Parishad Shahpura

Shahpura, Jabalpur

Receipt & Payment Account

For The Financial Year 2020-21

Particulars	Amount	Amount	Particulars	Amount	Amount
Dukan Premium Shulk	3976421.00		4302011 (Material Purchases)		3608126.00
Maila Tanker Shulk	20500.00		Electricity Expenses		3880606.74
Mangal Bhawan Kiraya	18000.00		Income Tax		724007.00
Nal Dis. Connection Charges	4500.00		Repairing & Maintenance - Electricals		177194.00
Town Hall Rent	13500.00		Rep. & Maint. Waterways		430910.00
			Rep & Maint Street Light		463890.00
140 (Licences & Charges)			SPEEDY BATTERY		8700.00
14020 (Penalties and Fines)			Vehicle Rent		52184.00
14040 (Other Fees)	29310.00				13414453.74
14090 (Fees Remission and Refund)	21080.00				
1401004 (Information Right Fees)	1776.00		240 (Interst & Finance Charges)		
1401108 (Plumbing Licensing Fees)	2682.00		2407001 (Bank Charges)		2018.54
14011 (Trade Licence Fees)	3500.00				
1401300 (Application Fees)	10035.00		250 (Programme Expenses)		
14013 (Registration & Certificate Fees)	20090.00		2502002 (Programme Expenses)		
Anugya Fees	102005.00		Tent House Exp.		163213.00
Bhawan Application Fees	50100.00				5300.00
Birth Certificate Fees	15.00				
Death Certificate	540.00		271 (Miscellaneous Expenses)		
Licence Praman Shulk	2455.00		2858000 (Other Expenses)		2150.00
Mad Pamp Fees	9660.00		Programme Expenses		9940.00
Marriage Registration	3000.00				
Nal Connection Amanat Rashi	60.00		260 (Expense From Assgn Revenue)		
Nal Connection Fees	1000.00		Covid Expenses		16830.00
Nal Fitting Charge	31020.00		Public Toilet Construction		1739175.00
Namantaran Fees	450.00		Swachata Material Purchase		749078.00
Noc	28002.00		Swachata Sarvekshan		500734.00
Pollythin Jurmaana	5770.00				
	5000.00		Totaling Mistake		3005817.00
					3509.00



Nagar Palika Parishad Shahpura

Shahpura, Jabalpur

Receipt & Payment Account

For The Financial Year 2020-21

Particulars	Amount	Amount	Particulars	Amount
Rashan Card	80.00		Current Assets	
Supar Vision Charge	193180.00		45020 (Bank Accounts)	40814515.11
Swarnit Certificate Fees	110.00			
150 (Sale & Hire Charges)				
1501101 (Sale of Tender Papers)		520920.00		
180 (Other Income)				
1808002 (Other Income)	1072355.90			
Asprapt Shulk	70.00			
Charges	4010.00			
Khaad Jurnaana	1100.00			
Sanjay Tiwari	59685.00			
171 (Interest Form Bank)		1137220.90		
Interest Received From Bank		48545.00		
		89188171.39		89188171.39



Name of Auditor		Parameters		Description			Observation in Brief	Suggestions
Sr. No.	Audit of Revenue	Receipts in Rs.			% of Growth			
1	राजस्व कर वसूली	Year 2019-20	Year 2020-21		% of Growth			
(i)	संपत्तिकर				#DIV/0!			
(ii)	समेकित कर				#DIV/0!			
(iii)	नगरीय विकास उपकर				#DIV/0!			
(iv)	शिक्षा उपकर				#DIV/0!			
	कुल योग	0	0					
	गैर राजस्व वसूली							
(i)	भवन भूमि किराया				0%			
(ii)	जल उपभोक्ता प्रभार				#DIV/0!			
(iii)	टोस अपशिष्ट प्रबंधन उपभोक्ता प्रभार				0%			
(iv)	अन्य कर / शुल्क				#DIV/0!			
	कुल योग	0	0		#DIV/0!			
	महा योग	0	0					
2	Audit of Expenditure	we have verified the expenditures with relevant vouchers & bills on test basis.					During the financial year Nagar Palika Parishad was not maintained the cash book hence we could not verify the Posting of expenses from cheque book to cashbook.	Cash book of Nagar Palika Parishad must be maintained
3	Audit of Book Keeping						During the financial year Nagar Palika Parishad was not maintained the cash book hence we could not verify the Posting of expenses from cheque book to cashbook.	Cash book of Nagar Palika Parishad must be maintained
4	Audit of FDR	We have not verified the all FDR physically with Investment register.					We found that Investment register has not been maintained properly. Interest on FDR accrued and received were not taken in cash book.	Interest accrued and received on FDR must be taken in cash book as income.



Name of ULB

Name of Auditor

Nagar Palika Shahpura, Jabalpur

M A & Company, Chartered Accountants, Jabalpur

Sr. No.	Parameters	Description	Observation in Detail	Conclusion
5	Audit of Tenders/Bids	Tender / Bids	We have observed that Nagar Palika Parishad was followed all the term and condition as prescribed.	
6	Audit of Grants & Loans	Grant Register was not maintained and loan register was not maintained	Grant register was not maintained. Loan register was not maintained.	Grant utilisation register must be maintained.
7	Incidences relating to diversion of funds from Capital receipts/Grants/Loans to Revenue Nature Expenditure and from one scheme/project to another	Grant Register was not maintained.	We have observed that Grant was not maintained due to lack of information of head of grant head. Due to non available of Grant Sanction letter we unable to comment on utilization of fund.	We Suggest that Municipal Corporation must know the head of grant so the utilization grant can be made properly.
8	Any Other			
	a) Percentage of Revenue Expenditure (Establishment, Salary, Operation & Maintenance) with respect to Revenue Receipts (Tax and non tax) excluding Octroi, Entry Tax, Stamp Duty and other grants etc.		There was no information available for revenue and capital grant hence we can not comment on it.	
	b) Percentage of Capital Expenditure with respect to Total Expenditure		There was no information available for revenue and capital grant hence we can not comment on it.	
9	Whether all the temporary advances have been fully recovered or not.		All the temporary advances are fully recovered / adjusted in respective files but not entered in cash book.	
10	whether the bank reconciliation statement have been regurely prepared.		Bank reconciliation statements were not prepared on regular basis.	

For M A & Company

Chartered Accountants

FRN: 013338C



Date: 11.04.2022

Place: Jabalpur

CMO

Account Officer

CA Manoj Khaira
Partner, Mem No. 405824

UDIN : 22405824AKNHYS1712