



We will either find a way or make one

P B Singh & Associates

Chartered Accountants

(ICAI Reg. No. 003023C)

Address:- F-9, Place Orchard, CENET Colony, Satal Road, Chhatarpur (MP)

Email ID:- cashekhar3@gmail.com Mobile:- +91-9977428832

AUDIT REPORT

FOR FY 2020-2021

OF

CHIEF MUNICIPAL OFFICE

NAGAR PARISHAD - GUNOUR

(STATUTORY AUDIT REPORT)



"We will either find a way or make one"

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The annexure referred to in Paragraph of Our report:-

ANNEXURE -II

1- Audit of Revenue:-

- a) We have test checked receipts on random basis with the receipts book and found correct and no major discrepancy was noticed by us.
- b) We have verified the revenue from various sources which was recognized and entered in the books of accounts produced before us for verification.
- c) We found that daily collections are deposited on the same day or next working day excepts the circumstances like public holiday, Government or local holiday etc.
- d) We found that daily collections are deposited on the same day or next working day excepts the circumstances like public holiday, Government or local holiday etc.

2- Audit of Expenditure :

- a) We have Performed the test check of Payment & Expenditure Voucher on random basis with the cashbook and found correct and no major discrepancy was noticed by us.
- b) We have verified the Expenditure under various scheme which was recognized and entered in the books of accounts produced before us for verification.
- c) We checked monthly balances of manually cash book and found correct.
- d) We have taken into account the Municipal Unting Manual, the accounting auditing standards and matters which are required to be included in the audit report as per the letter issued by Diropal in this regard. The Commissioner has not directed us to perform audit of any other section in his office in addition to the above scope
- e) We verified grant register maintained by ULB and found the the expenditures under the scheme the chemes are limited to the funds allocated for the particulars schemes.
- f) We verified the expenditure and found that they are genrally accordance with the guidelines, directives, acts and rules issued by the government of india/State Government.
- g) 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, However, in absence of information/ written document with respect to administrative and financial limits of the sanctioning authority, it was not possible for us to verify whether the expenditure incurred and sanctioned by authority were within their limits or not.

- h) The Utilization certificates of various schemes were provided to us by the ULB hence verification of scheme wise project wise Utilization Certificate (UCS) done and summary for receipt and utilisation of funds attached in Annexure – 3.

3- Audit of Statutory Dues:-

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 discrepancy.

- a) In the case of payment under construction contracts, running bills or demand for part payment were not presented by the concerned contractor. This unable us to verify whether contractor is registered under GST or not and rate at which TDS should be deducted.
- b) Quotation and necessary documents are generally not annexed with vouchers.
- c) ULB has Not deduct Income Tax TDS @ 2% on every payment.
- d) ULB has not deduct GST- TDS. i.e. non compliance of the statutory provision will attract statutory penalty.
- e) As the staff advances register is not maintained therefore it is not possible to verify and ensures that the advances have been fully recovered by the ULB. as explained to the us by the ULB no advances policy was made during the year.

We have taken into account the Municipal Accounting Manual, the accounting an 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 has not directed us to perform audit of any other section in his office in addition to the above scope

4. Audit of Book Keeping:

- a) We found that double entry system not maintained at Nagar Parishad Gunour.
- b) We found that ULB not bifurcated revenue and capital Expenditure, recurring v/s non reccuing expenditure. It is suggested that ULB should be prepared Fixed assets register for Capital expenditure and Consumption register for Revenue expenditure.
- c) Fixed Assets register were not provided to us for verification. Therefore we are not able to verify the same and comment upto whether it is complete and correctly balanced.
- d) ULB has deduct Income Tax TDS @ 2% on every payment made without considering nature of payments.
- e) TDS challan should be deposited in bank upto the 10th of next month but some cases we have found that TDS challan not deposited in bank on timely basis.
- f) We have found that ULB not prepared all set of books of account like- Ledger, BRS, various register, income & expenditure and balance sheet.

5. Audit of FDR:-

NA

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 has not directed us to perform audit of any other section in his office in addition to the above scope

6- Audit of Tenders/ Bids:-

- a) We have verified tender related documents as provided by ULB to us and no major discrepancies noted during the course of our audit.
- b) On our verification there were no such instances found which indicates non compliance of competitive tendering procedures for all bids.
- c) We have verified the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period and no adverse instances were found.
- d) No such bank guarantees were produced before us for verification.

7- Audit of Grants:-

- a) We have found that No bifurcation was made for grants received from state and central government and hence it cannot be commented upon separately.
- b) As per the information made available to us, instances of diversion of funds from one grant account to another have not been verified due to non availability of head wise grant utilisation. In the absence of cross verification of grant receipt and corresponding utilisation, diversion of fund cannot be ruled out.
- c) Grant received and utilization by ULB are annexed. During audit of grant we found that some Grant are utilized over and above fund allocated to respective head schemes.

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 has not directed us to perform audit of any other section in his office in addition to the above scope

8- Genral observation & comments:-

- a) ULB not charged Depreciation as per Accounting Standard-6 of depreciation.
- b) During Audit estimated/Measurement done by AE/SE & Technical Team of ULB considered true and fair for valuation purpose.
- c) Physical verification of Constructed Assets during the year not performed by me.

Date: 30.03.2022
Place: **Gunour**

FOR: P.B. Singh & Associates
Chartered Accountants



CA. Chandra Shekhar Sharma
(Partners)
M.No. 437843
FRN.003023C



We will either find a way or make one

P B Singh & Associates

Chartered Accountants

(ICAI Reg. No. 003023C)

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Email ID:- cashekhar3@gmail.com Mobile:- +91-9977428832

INDEPENDENT AUDITOR'S REPORT

To,

The Chief Municipal Officer
Nagar Parishad – Gunour (MP)

The Member of Nagar Palika
Nagar Parishad – Gunour (MP)

1- Report on the Financial Statements :-

We have audited the accompanying financial statements for Gunour Nagar Parishad ("ULB"), which comprise the Receipts and payments statement for the year ended 31.03.2021 and a summary of the significant accounting policies 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 has not directed us to perform audit of any other section in his office in addition to the above scope.

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India. Those Standards requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 and payment 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 -I and Annexure -II annexed with this report.

6- Emphasis of Matters:

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

- a) Accounts prepared as per the Manual in lieu of accounting standards for local bodies as issued by Institute of Chartered Accountants of India.
- b) Non-maintenance or incomplete registers as prescribed under manual and mentioned at point 3 of annexure 2.
- c) Non verification of EPF, TDS on GST and TDS-Income Tax deposited, as same has not been made available to us by the ULB.
- d) No reconciliation made between Balance as per Cash book and Balance as per Bank Statement.

Our opinion is not modified in respect of these matters.

7- We Further reported 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.

Date: 30.03.2022

Place: **Gunour**

UDIN :- 22437843AGTEJI2085

FOR: P.B. Singh & Associates

Chartered Accountants



CA. Chandra Shekhar Sharma (Partners)

M.No. 437843

FRN.003023C



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P B Singh & Associates

Chartered Accountants

(ICAI Reg. No. 003023G)

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Email ID:- cashekhar3@gmail.com Mobile:- +91-9977428832

ANNEXURE -I

Report on Internal Financial Control over Financial Reporting :-

1- Report on the Internal Financial Control of ULB:-

We have audited the internal financial controls over financial reporting of Gunaur Nagar Parishad ("the Council") 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 the Internal Financial Control :

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- Auditor's 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.



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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

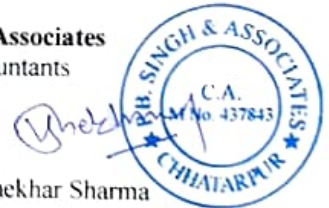
- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the ULB;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally 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 Limitation 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.

Date: 30.03.2022
Place: GUNAUR

FOR: P.B. Singh & Associates
Chartered Accountants



CA. Chandra Shekhar Sharma
(Partners)
M.No. 437843
FRN.003023C

NAGAR PARISHAD GUNOUR, DISTT . PANNA
ADDRESS:- AMANGANJ ROAD, GUNOUR, DISTT.PANNA (MP)

BALANCE SHEET FOR THE PERIOD 01.4.2020 TO 31.03.2021

LIABILITIES	AMOUNT	ASSETS	AMOUNT
RESERVE FUND		FIXED ASSETS	
OPENING BALANCE	-	Pump	666,879.00
Add Surplus	20,810,830.46	Starter	88,908.00
		Submaricial pump	380,908.00
		Tractor and trolley	481,677.00
		Urinal	485,160.00
		CASH & BANK BALANCES	18,707,298.46
		Annexure (4)	
TOTAL	20,810,830.46	TOTAL	20,810,830.46

FOR:- P.B. SINGH & ASSOCIATES
CHARTERED ACCOUNTANTS

CA. CHANDRA SHEKHAR SHARMA (PARTNERS)

M.NO. 437843
FRNo- 003023C



GUNOUR
30.03.2022

NAGAR PARISHAD GUNOUR, DISTT . PANNA
ADDRESS:- AMANGANJ ROAD, GUNOUR, DISTT.PANNA (MP)

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD 01.4.2020 TO 31.03.2021

EXPENDITURE	AMOUNT	INCOME	AMOUNT
INDIRECT EXPENSES		DIRECT INCOME	
Wastage Expenses	241,295.00	Chungi Chhatipurti	8,300,524.00
Bank Charges	119.06	Moolbhut	2,915,221.00
Copper Cable	471,969.00	Road Niraman	1,462,000.00
Finial and Other Clining Materials	415,305.76	State Finance Fund	1,350,000.00
Gi Pipe Purchased	453,536.00	Weekly Market Receipts	44,500.00
Gi Pipe light Expenses	458,486.00	Mukhmantri Adhosarchna	9,700,000.00
HDP pipe	427,531.00		
Miscellaneous Expenses	13,000.00		
Light LED Bulb Purchase	480,172.72		
Surplus Transferd in capital fund	20,810,830.46		
TOTAL	23,772,245.00	TOTAL	23,772,245.00

FOR:- P.B. SINGH & ASSOCIATES
 CHARTERED ACCOUNTANTS



CA. CHANDRA SHEKHAR SHARMA (PARTNER)
 M.NO. 437843
 FRNo- 003023C

GUNOUR
 30.03.2022

NAGAR PARISHAD GUNOUR, DISTT . PANNA
ADDRESS:- AMANGANJ ROAD, GUNOUR, DISTT.PANNA (MP)

RECEIPT & PAYMENT ACCOUNT FOR THE PERIOD 01.4.2020 TO 31.03.2021

RECEIPT	AMOUNT	PAYMENT	AMOUNT
1. To Opening Balances		By Expenses	
Cash in Hand	-	Pump Purchase	666,879.00
Cash at Bank (Annexure -4)	NIL	Starter Purchase	88,908.00
		Submarcial Pump	380,908.00
2. To Receipt of Fund		Tractor Trolly Purchased	481,677.00
From State Govt.		Urinal purchase	485,160.00
Chungi Chhatipurti	8,300,524.00	Wastage Expenses	241,295.00
Moolbhut	2,915,221.00	Bank Charges	119.06
Road Niraman	1,462,000.00	Copper Cable	471,969.00
State Finance Fund	1,350,000.00	Finial and Other Clining Materials	415,305.76
Weekly Market Receipts	44,500.00	Gi Pipe Purchased	453,536.00
Mukhmantri Adhosarchna	9,700,000.00	Gi Pipe light Expenses	458,486.00
		HDP pipe	427,531.00
		Miscellanious Expenses	13,000.00
		Light LED Bulb Purchase	480,172.72
		2. Closing Balances	
		Cash in Hand	-
		Cash at Bank (Annexure -4)	18,707,298.46
TOTAL	23,772,245.00	TOTAL	23,772,245.00

FOR:- P.B. SINGH & ASSOCIATES
CHARTERED ACCOUNTANTS

CA. CHANDRA SHEKHAR SHARMA (PARTNERS)
M.NO. 437843
FRNo- 003023C

GUNOUR
30.03.2022



NAGAR PARISHAD GUNOUR, DISTT . PANNA
ADDRESS:- AMANGANJ ROAD, GUNOUR, DISTT. PANNA (MP)

ANNEXURE - 4 OPENING & CLOSING BALANCE OF CASH BOOK

PARTICULARS	01.04.2020	31.03.2021
STATE BANK OF INDIA, ACCOUNT NO.39918345481	-	18,707,298.46
	-	18,707,298.46

ANNEXURE - 4 BANK RECONCILATION STATEMENT AS ON 31.03.2021 DIFFERENCE

PARTICULARS	BALANCE AS PER CASH BOOK	BALANCE AS PER BANK
STATE BANK OF INDIA, ACCOUNT NO.39918345481	-	18,707,298.46
	-	18,707,298.46



NAGAR PARISHAD, GUNOUR, DISTT, PANNA
ADDRESS:- AMANGANJ ROAD, GUNOUR, DISTT. PANNA (MP)

ANNEXURE -1

TAX COLLECTION

S.NO	PARTICULARS	OP.DEMAND	RECOVERY UPTO PREVIOUS MONTH	RECOVERY IN CURRENT MONTH	TOTAL AMOUNT	RECOVERY %	OS RECOVERY	OP.ARREARS	ARREARS RECEITS UPTO PREVIOUS MONTH	ARREARS RECEIVED IN THE CURRENT MONTH	TOTAL ARREARS RECEIVED	RECOVERY %	OS AMOUNT
1	2	3	4	5	6	7	8	9	10	11	12	13	14
NA		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA



NAGAR PARISHAD, GUNOUR, DISTT. PANNA
ADDRESS:- AMANGANJ ROAD, GUNOUR, DISTT. PANNA (MP)

ANNEXURE - 2

PREVIOUS YEAR V/S CURRENT YEAR TAXES COLLECTION

PARTICULARS	2019-20	2020-21	difference	% Increase/ Decrease
NA	NA	NA	NA	NA

ACTUAL V/S BUDGETED COMPARISON

PARTICULARS	ACTUAL	BUDGET	difference	% Increase/ Decrease
NA	NA	NA	NA	NA



NAGAR PARISHAD GUNOUR, DISTT . PANNA
ADDRESS:- AMANGANJ ROAD, GUNOUR, DISTT.PANNA (MP)

ANNEXURE - 3

UTILIZATION OF GRANTS

PARTICULARS	OPENING BALANCE AS ON 01.04.2020	GRANT RECEIVED DURING THE YEAR	GRANT UTILIZED	CLOSING BALANCE AS ON 31.03.2021
	-	-	-	-
	-	-	-	-

