

**JHGG & ASSOCIATES
CHARTERED ACCOUNTANTS**

1st Floor, Plot No.12-B, Above Karur Vyasya Bank, M.P. Nagar - II
Bhopal – Phone: 0755 – 4003664
Email: ca.kishu@gmail.com

INDEPENDENT AUDITOR'S REPORT

To

THE CHIEF MUNICIPAL OFFICER,

NAGAR PARISHAD SOHAGPUR – DIST. HOSHANGABAD (M.P)

Report on the Financial Statements

We have audited the accompanying financial statements of NAGAR PARISHAD SOHAGPUR, which comprises of the RECEIPTS AND PAYMENT ACCOUNTS AND INCOME & EXPENDITURE ACCOUNTS for the year ended 31st march 2022.

Management's Responsibility for the financial statements

The management of Nagar Parishad [hereby termed as "urban local body (ULB)"] is responsible for the preparation of these financial statements that give a true and fair view in accordance with the Urban Local Bodies Act and Madhya Pradesh Municipalities Act, 1961. This responsibility also includes the design, implementation & maintenance of internal control relevant to the preparation and fair presentation of the financial statements, maintenance of adequate accounting records in accordance with the accounting manual (MPMVM) for safeguarding the assets of the ULB and for preventing and detecting the frauds and other irregularities, selection and application of appropriate accounting policies, making judgment and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate 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 statement that give a true and fair view 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 provision of the said Act, the accounting standards and matters which are required to be included in the Auditor's Report under the provisions of the relevant act.

We have conducted our audit in accordance with the auditing standards issued by the ICAI. Those standards require that we comply with ethical requirement 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the



JHGG & ASSOCIATES
CHARTERED ACCOUNTANTS

1st Floor, Plot No.12-B, Above Karur Vyasya Bank, M.P. Nagar - II
Bhopal – Phone: 0755 – 4003664
Email: ca.kishu@gmail.com

assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Nagar Parishad's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nagar Parishad's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the interim financial statements.

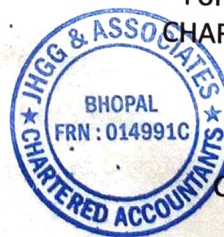
We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the financial statement.

OPINION

In our opinion and to the best of our information and according to the explanation given to us, the financial statements give a true and fair view conformity with the accounting principles generally accepted in India:-

- 1 In the case of Receipts and payments accounts, of the Receipts and Payments for the year ended on 31st March 2022
- 2 In the case of Income & Expenditure accounts, of the surplus for the year ended on 31st March 2022.

Date: 15/12/2022
Place: Bhopal



For JHGG & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 014991C

CA Kishu Ketan Saxena
(Partner)

(M.No. – 407706)

UDIN: 22407706BGDNPW6781

Auditor's Comment on the basis of Scope of Audit:

Revenue:

1. Receipts are checked from the base documents such as receipt books, challans, cashier cash book, accounts cash book and different taxes registers.
2. Revenue receipts are checked from counter foils and are found in order.
3. Revenue receipts are generally deposited in bank within two days.
4. Cash book entries are checked and monthly balances are verified. However, overwriting, correction, cutting and use of pencil & whitener are regularly noticed in cash book. These should be strictly avoided. On many instances incorrect day totaling of balances have been observed – See annexure I.
5. Generally current year revenues are collected in regular intervals however recovery of old outstanding is less as compared to the current collection. Penal charges levied on delayed payment or non payment of taxes could not be tracked as no such related documents are produced for verification. Demand register is not maintained properly as it also not provides the details of penalty levied on short/ non-payment of taxes, etc.



JHGG & ASSOCIATES
CHARTERED ACCOUNTANTS

1st Floor, Plot No.12-B, Above Karur Vaishya Bank, M.P. NAGAR – II, BHOPAL
E-mail: ca.kishu@gmail.com, Ph.: 0755-4003664, Mob: +91-9981512283

6. Interest on Savings Bank account and Fixed Deposits are generally not accounted for. Saving bank interest of SBI bank account no. 3279996955 are only recorded in cash book. Minimum balance maintenance charges in bank account no.7949002100000109 (PNB) are also not recorded in cash book.
7. Investments (FDRs) are continuously parked in same bank since their inception. No comparative chart is available describing interest rates of other banks; hence it is not possible to comment on cases of Investment at less interest rate.

Expenditure:

1. Expenditure vouchers are properly checked and found correct & supported with bills.
2. Monthly cash balances have been arrived.
3. Cash book has been properly maintained and all receipts and expenditures are accounted for; however, as stated earlier overwriting, correction, cutting and use of pencil & whitener are regularly noticed in cash book.
4. Single cash book has been maintained for all the schemes hence it is not possible to comment upon diversion of fund from one scheme to another.
5. Expenditures are sanctioned by Competing Sanctioning Authority.



6. Scheme wise Utilization certificate could not be provided for verification.
7. No advances have been given to any of the staff member.

Book Keeping:

1. Accounting rules are followed however Book keeping is not as per the MPMAM, as accounts are maintained manually on single entry system. Double entry accounting system is also now placed and ULB has started maintaining accounts in Tally ERP Software. Internal audit system should also be place for timely reporting and compliance.
2. Cash book's opening bank balances are not tallying with last year's closing balances of audited annual accounts. We have considered last year's closing bank balances from last year's audited accounts. Hence current year's closing bank balances are differ from cash book balances.
3. Stores register has not been maintained properly and but found incomplete on the date of verification. Physical verification report as on 31.03.2022 of stores could not be provided for verification.
4. It has been informed to us that no advances have been given to the employees and hence Advance register has not been made.
5. Bank Reconciliation Statement has not been prepared by the ULB.



6. Grant register has been made but found incomplete. Entries of only following grants have been entered in it:
- a. Moolbhoot
 - b. Rajya vitt
 - c. Sadak Marammat
7. Fixed Asset Register has not been maintained by the ULB.

FDR:

Nikaay has made fixed deposits with different banks. As stated earlier also interest on Fixed Deposit has not been accounted for in the books of accounts maintained.

Tenders/ Bids:

Tenders/ Bids procedure have generally been properly followed. Competitive online e-tendering procedure is followed for tenders amounting to more than Rs.1 Lakh.

No cases of bank guarantees are found during the course of audit.

Grants:

Grants register maintained is incomplete. Fund Transfer advise are also not provided for verification, hence, it is not possible to comment on whether entries of grants received are properly entered head-wise. We have to rely on explanation provided



**JHGG & ASSOCIATES
CHARTERED ACCOUNTANTS**

1st Floor, Plot No.12-B, Above Karur Vaishya Bank, M.P. NAGAR – II, BHOPAL

E-mail: ca.kishu@gmail.com, Ph.: 0755-4003664, Mob: +91-9981512283

ULB officers about how much Grant is received in any head/scheme.

General Observations:

Statutory compliances are generally followed by the Palika.

Quarterly e-TDS returns and GST returns could not be provided for verification.

Provident fund deduction from employee's salary are made and deposited. Date of salary to employees is not fixed and accordingly date of deposit of PF is also fluctuating. PF challans and returns could not be provided for verification.



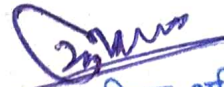
**JHGG & ASSOCIATES
CHARTERED ACCOUNTANTS**

1st Floor, Plot No.12-B, Above Karur Vaishya Bank, M.P. NAGAR – II, BHOPAL
E-mail: ca.kishu@gmail.com, Ph.: 0755-4003664, Mob: +91-9981512283

Annexure – I

DATE	TOTAL AS PER Cash Book (A)	ACTUAL TOTAL (B)	C = A- B
23.9.21	12645	12637	8
14.10.21	11632	11532	100
17.11.21	39786	39784	2
26.11.21	30654	30662	-8
30.11.21	110486	105586	4900
11.1.22	277879	258429	19450
24.1.22	999982	1000482	-500




मुख्य नगर पालिका अधिकारी
नगर परिषद सोहागपुर

MUNCIPAL COUNCIL SOHAGPUR
RECEIPT & PAYMENT ACCOUNT
FOR THE PERIOD FROM 1 APRIL 2021 TO 31 MARCH 2022

RECEIPTS		AMOUNT	PAYMENTS		AMOUNT
Opening Balance		26005585	Establishment Expenses		47908291
Cash in Hand			Rajasv Akasmikta	744766	
Cash at Bank	26005585		Rajasv Establishment	7614491	
			Electricity Establishment	1271044	
Tax Revenue		4800925	Swa Adhikari establishment	1124007	
Property Tax (Current)	743480		Jalpraday Akasmikta	119181	
Property Tax (O/s)	341267		Park Akasmikta	113932	
Water Tax (Current)	513236		Lok Nirman Akasmikta	117543	
Water Tax (O/s)	477645		Jalpraday Establishment	4738325	
Consolidated Tax (Current)	235646		Lok Nirman Establishment	3186253	
Consolidated Tax (O/s)	245660		Karyalaya Establishment	7022009	
Education Cess (Current)	144519		Karyalaya Akasmikta	1391209	
Education Cess (O/s)	68324		Karyalaya Temporary Establishment	32732	
Development cess (Current)	137505		Park Establishment	849961	
Development Cess (O/s)	55924		Road Establishment	16564472	
Shop Rent (O/s)	438850		Road Temporary Establishment	2501264	
Shop Rent (Current)	1398869		Sadak Akasmikta	517102	
Rental Income from Muncipal Properties			Reading Room (Vaachnalaya)		411
		10824173	Birth & Death Expenses		203675
Rent from Shops	40500		Administrative Expenses		2136262
Shop Premium	10767673		Printing & Stationery	326865	
Rent from Building	16000		Vidyut Prabhaar	1809397	
Fees & Charges		341768	Communication Expenses		95218
Fee- Birth & Death Registration	4768		Telephone	95218	
Development Charges			Other Expenses (Vividh)		1944523
Development Charges (O/s)			Cleaning Material Purchase		2040442
Stamp Fee	337000		Operations & Maintenance		2602598
Octroi		34837829	Power & Fuel (Diesel)	2596128	
Passanger Tax Grant		767000	Other Charges	6470	
Other Income		4909347	Electricity Department		3513806
Bhu--Bhatak (Current)	34		Material Purchase	3513806	
bhu--Bhatak (O/s)	555		Construction Work		1113334
Bazaar Bethaki	548845		Park	783922	
Interest Received	10351		New Construction	329412	
Adhibhar	135962		Maintenance & Repair Work		957087
Basti Vikaas Shulk	4000		Water Supply	23380	
Fataka Dukaan	39900		Roads, Drains	553770	
Shivratri Mela	77350		Shop Repairs	58016	
Other Income (Vividh)	495852		Repair Renewal	33554	
Amaanat Raashi	3500000		Building	288367	
Corona Mask Penalty	4600		Law Charges		144759
Tender Form Charges	54000		Water Charges		4420786
Naamantaran Charges	32148				
Newspaper Exp.	5000				
Water Tanker Charges	750				
Bank Transfer Amount		1612112			
Security Deposit	8000	8000			



Grants, Contribution & Subsidies			Audit Fees	92250
Sadak Anudan	862000	30861000	Anudan	120000
Rajya vitt anudan	7307000		PM Awaas Yojana	5356
Sambal Yojana	665000		Mukhyamantri Aghosanrachna	2442052
Moolbhoot	5113000		Advance (Agrim)	200000
15th vitt anudan	8914000		Investment	2450000
Mukhyamantri Adhosanrachna	8000000		Security Deposit	11251302
			Sanchit Amount	1417190
			Swacchta Sarvekshan	130293
			Closing Balance	
			Cash in Hand	
			Cash in Bank	29778104
		114967739		114967739

For Nagar Parishad Sohagpur

मुख्य नगर पालिका अधिकारी
Chief Municipal Officer
नगर पार्षद सोहागपुर

Date: 02/12/2022

Place: Bhopal



For JHGG & Associates
Chartered Accountants

Kishu Ketan Saxena
Partner
M. No. 407706

MUNICIPAL COUNCIL SOHAGPUR
INCOME & EXPENDITURE ACCOUNT
FOR THE PERIOD FROM 1 APRIL 2021 TO 31 MARCH 2022

EXPENDITURE	AMOUNT	INCOME	AMOUNT
Establishment Expenses		Tax Revenue	4800925
Rajasv Akasmikta	744766	Property Tax (Current)	743480
Rajasv Establishment	7614491	Property Tax (O/s)	341267
Electricity Establishment	1271044	Water Tax (Current)	513236
Swa Adhikari establishment	1124007	Water Tax (O/s)	477645
Jalpraday Akasmikta	119181	Consolidated Tax (Current)	235646
Park Akasmikta	113932	Consolidated Tax (O/s)	245660
Lok Nirman Akasmikta	117543	Education Cess (Current)	144519
Jalpraday Establishment	4738325	Education Cess (O/s)	68324
Lok Nirman Establishment	3186253	Development cess (Current)	137505
Karyalaya Establishment	7022009	Development Cess (O/s)	55924
Karyalaya Akasmikta	1391209	Shop Rent (O/s)	438850
Karyalaya Temporary Establishment	32732	Shop Rent (Current)	1398869
Park Establishment	849961		
Road Establishment	16564472	Rental Income from Municipal Properties	10824173
Road Temporary Establishment	2501264	Rent from Shops	40500
Sadak Akasmikta	517102	Shop Premium	10767673
		Rent from Building	16000
Reading Room (Vaachnalaya)			
Birth & Death Expenses		Fees & Charges	341768
		Fee- Birth & Death Registration	4768
Administrative Expenses		Development Charges	
Printing & Stationery	326865	Development Charges (O/s)	
Vidyut Prabhaar	1809397	Stamp Fee	337000



Communication Expenses	95218	95218	Other Income	1409347
Telephone			Bhu--Bhatak (Current)	34
Other Expenses (Vividh)		1944523	bhu--Bhatak (O/s)	555
Cleaning Material Purchase		2040442	Bazaar Bethaki	548845
Operations & Maintenance		2602598	Interest Received	10351
Power & Fuel (Diesel)	2596128		Adhibhar	135962
Other Charges	6470		Basti Vikaas Shulk	4000
Electricity Department		3513806	Fataka Dukaan	39900
Material Purchase	3513806		Shivratri Mela	77350
Maintenance & Repair Work		957087	Other Income (Vividh)	495852
Water Supply	23380		Corona Mask Penalty	4600
Roads, Drains	553770		Tender Form Charges	54000
Shop Repairs	58016		Naamantaran Charges	32148
Repair Renewal	33554		Newspaper Exp.	5000
Building	288367		Water Tanker Charges	750
Law Charges		144759	Compensation in lieu of:	35604829
Water Charges		4420786	Octroi	34837829
Audit Fees		92250	Passenger Tax Grant	767000
			Excess of Exp. Over Income	13079066
		66060108		66060108

For Nagar Parishad Sohagpur

Chief Municipal Officer
 नगर पालिका अधिकारी
 Date: 02/12/2022 सोहागपुर
 Place: Bhopal

For JHGG & Associates

Chartered Accountants



Kishu Ketan Saxena

Partner

M. No. 407706

Revised Abstract Sheet for reporting on Audit for Financial Year 2021-22

Name of ULB: NAGAR PARISHAD, Sohagpur (DISTRICT-HOSHANGABAD)
Name of Auditor: JHGG & ASSOCIATES - CHARTERED ACCOUNTANTS

PARAMETERS & ASSOCIATES - CHARTERED ACCOUNTANTS						
S.No	Parameters	Description			Observation in Brief	Suggestions
1	Audit of Revenue					
राजस्व कर वसूली						
		Receipts in Rs.				
		Year 2020-21	Year 2021-22	% of Growth		
	सम्पत्तिकर					
1	समीकित कर	11 51 567.00	10 84 747.00	-5.80	Decline in collections has been noticed	Efforts should have been made to increase revenue collection specially against demand for previous years.
2	नगरीय विकास उपकर	5 07 260.00	4 81 306.00	-5.12	Decline in collections has been noticed	Efforts should have been made to increase revenue collection specially against demand for previous years.
3	शिक्षा उपकर	1 97 118.00	1 93 429.00	-1.87	Decline in collections has been noticed	Efforts should have been made to increase revenue collection specially against demand for previous years.
4	कुल योग	2 20 103.00	2 12 843.00	-3.30	Decline in collections has been noticed	Efforts should have been made to increase revenue collection specially against demand for previous years.
	गैर राजस्व वसूली	20 76 048.00	19 72 325.00	-5.00		
1	भवन भूमि किराया	79 62 608.00	1 08 24 173.00	35.94	Upward trend has been noticed in Land/ Building rent collection.	Citizens should be educated and motivated to pay the taxes timely
2	जल उपभोक्ता प्रभार	9 98 836.00	9 90 881.00	-0.80	Downward trend in tax collection has been observed	Citizens should be educated and motivated to pay the taxes timely
3	ठोस अपशिष्ट प्रबंधन उपभोक्ता प्रभार			0.00	N.A.	N.A.
4	अन्य कर / शुल्क	16 93 052.00	35 88 834.00	111.97	Upward trend has been noticed in Land/ Building rent collection.	Collection employees should be motivated to maintain the collection trend.
	कुल योग	1 06 54 496.00	1 54 03 888.00	44.58		
	महा योग	1 27 30 544.00	1 73 76 213.00	36.49		



S.No.	Parameters	Description		Observation in brief	Suggestions
2	Audit of Expenditure	GST Returns		GST return filed could not be provided for verification	records should be kept at the office of Nagar Palika instead of with Tax consultant
3	Audit of Book Keeping	Manual accounting procedure has been in operation at the Nagar Parishad.		Manual accounting for receipts and payments has been made on Single entry accounting system, however, it has been informed to us that accounting work as per double entry accounting system in Tally software has been awarded to a CA firm and it is already in progress.	Timely recording of transactions are required, i.e. Once the transaction is recorded for manually (single entry system) at the same time entry should be made in Tally software also, otherwise the very purpose of recoding transactions in Tally may be defeated.
4	Audit of FDR	FDR receipts are properly kept at the Parishad		Interest accrued or earned has not been accounted for in the cash book	Interest accrued or earned should be properly accounted for in accounting records.
5	Audit of Tenders/Bids	All Tenders value more than Rs. 1 Lakh have been issued through Online e-tendering process.		There is no criteria for payment to advertisement agency in relation to local newspaper.	Comparison should be made at the time of fixing the rate of paper publication.
6	Audit of Grants & Loans	Grant Register		Grant register is incomplete. Letter against the Grant received could not be provided.	Letter of grant received should either be attached with the register or separately maintained elsewhere.
7	Incidence relating to diversion of funds from capital receipts/Grants/Loans to Revenue Nature Expenditure and from on scheme/project to another	Single cash book has been maintained by the ULB for various schemes, it could not be possible to comment upon the diversion of funds		Scheme-wise cash book should be maintained	Scheme-wise cash book should be maintained
	a) Percentage of Revenue Expenditure (Establishment, salary, Operation & Maintenance)	Revenue Expenses (Rs. In Lakhs)	Revenue Receipts (Rs. In Lakhs)	Revenue Expenditure to	Efforts should be made to increase



8	with respect to Revenue Receipts (Tax and non tax) Excluding Octroi, Entry Tax, Stamp Duty and other grants etc.	660.60	208.76	316.44	high as compared to its revenue income.	ULB's own source of income and dependency on Govt. Assistance/ Grants should be reduced.
	b) Percentage of Capital Expenditure with respect to total Expenditure	Capital Expenditure (Rs. In Lakhs)	Total Expenditure (Rs. In Lakhs)	% of Capital Expenditure to Total Expenditure		
		191.30	851.90	22.46		
9	Whether all the temporary advances have been fully recovered or not.	No such advances have been noticed.			N.A.	N.A.
10	Whether the Bank Reconciliation statement have been regularly prepared.	No			N.A.	N.A.

Note: 1. भवन भूमि किराया: includes दुकान किराया, सामुदायिक भवन किराया, पटाखा दुकान किराया

2. जल उपभोक्ता प्रभार: includes जल कर चालू एवं जल कर बकाया

3. अन्य कर / शुल्क: includes आवेदन शुल्क, कांजी हाउस, तहबाजारी किश्त, सुलभ शोचालय से आय, मवेशी ठीया, पशु पंजीयन, नामांतरण, स्कूल फीस, मुद्रांक शुल्क, भवन निर्माण अनुमति, स्लॉटर आय, नल कनेक्शन शुल्क, रोड कटिंग शुल्क, एक्स्ट्रेक्ट फीस, लाइसेंस फीस, विविध आय, वाहन विराम शुल्क, टेंडर फॉर्म बिक्री, लीज रेंटल, होर्डिंग शुल्क, जुरमाना, पानी टैंकर से आय, संपत्ति हस्तांतरण शुल्क,

For JHGG & Associates
Chartered Accountants

मुख्य नगर पालिका अधिकारी
नगर परिषद सोहागपुर



Date: 02/12/2022
Place: Bhopal