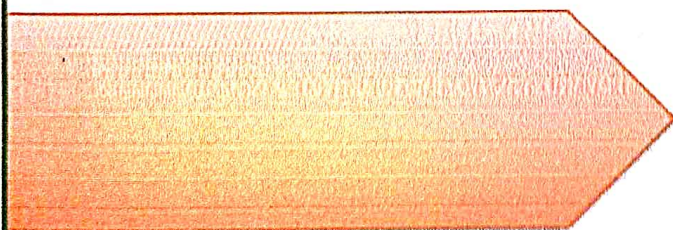


SHAHPUR NAGAR PARISHAD

AUDIT REPORT FOR THE FINANCIAL YEAR
2021-22

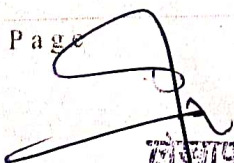


AUDITORS:
ADC AND COMPANY, CHARTERED ACCOUNTANTS



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INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of SHAHPUR NAGAR PARISHAD

Report on the Financial Statements

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


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.

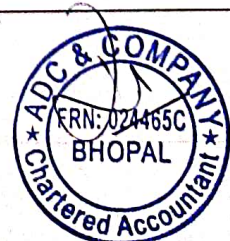
Auditor's Responsibility

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


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

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

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

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, 2022.

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.

Emphasis of Matters

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



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- b) 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.
- 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'.




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Reporting on Audit Paras for Financial Year 2021-22


Name of ULB: SHAHPUR NAGAR PARISHAD

Name of Auditor: **ADC & Company, Chartered Accountants**

<u>S. no.</u>	<u>Parameters</u>	<u>Description</u>	<u>Observation in brief</u>	<u>Suggestions</u>
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. Deduction should be appropriately bifurcated and statutory/non statutory dues should be deposited on or before due dates.
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. Proper records related to grant should be prepared.
4	Audit of FDR/TDR	Verify fixed deposits and term deposits and their maintenance	As per ULB there are no FDR's during the year.	NA.



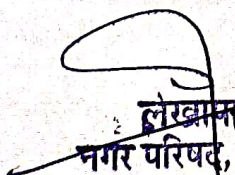

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5	Audit of Tenders and Bids	Verify Tenders/Bids invited by ULB and competitive tendering procedures followed	Observations were listed in brief in point no. 5 of annexure 2 of audit report attached	Procedure for Tenders opening and Performance review 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).	$\frac{1,58,53,813}{18,51,519} = 856.26\%$		




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	b) Percentage of Capital expenditure wrt Total expenditure.	$\frac{85,73,672}{2,44,27,485} = 35.10\%$		
9	Whether all the temporary advances have been fully recovered or not.		As per ULB there are no employee or other advances during the year and at year end.	NA
10	Whether bank reconciliation statements is being regularly prepared		BRS prepared by the ULB.	NA

Date: 30/11/2022

UDIN: 23428346BGYJJB6795

For ADC & Company
Chartered Accountants



Rakshit Deshmukh
(Partner)
MRN – 428346

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Annexure 'I'

Report on Internal Financial Controls over Financial Reporting

1. Report on the Internal Financial Controls of the SHAHPUR NAGAR PARISHAD ("the ULB")

We have audited the internal financial controls over financial reporting of SHAHPUR NAGAR PARISHAD ("the ULB") as of March 31, 2022 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:

- 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



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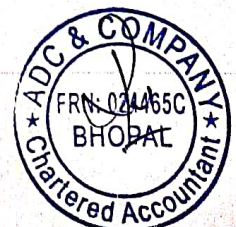
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- c. accounting principles, and that receipts and expenditures of the ULB are being made only in accordance with authorizations of management and officers of the ULB; and
- d. Provide reasonable assurance regarding prevention or timely detection of 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, 2022:

- The ULB did not have an appropriate internal financial control system over financial reporting since the internal controls adopted by the ULB did not adequately consider risk assessment, which is one of the essential components of internal control, with regard to the potential for fraud when performing risk assessment
- The ULB did not have an appropriate internal control system for tax and user charges collection, tax demand evaluation, which could potentially result in the ULB recognizing revenue without establishing reasonable certainty of ultimate collection.
- The ULB did not have an appropriate internal control system for inventory with regard to receipts, issue for production and physical verification. Further, the internal control system for identification and allocation of overheads to inventory was also not adequate. These could potentially result in material misstatements in the ULB's trade payables, consumption, inventory and expense account balances.
- The ULB did not have an appropriate internal control system for fixed asset with regard to purchase, construction, transfer and physical verification. Further, the internal control system for identification and allocation of overheads to fixed asset was also not adequate. These could potentially result in material misstatements in the ULB's grants, payable to contractors, tax and other statutory dues, fixed assets, capital work in process and accumulated depreciation account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the ULB's annual or interim financial statements will not be prevented or detected on a timely basis.



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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, 2022 based on the criteria established by the ULB.

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, 2022 financial statements of the ULB, and these material weaknesses do not affect our opinion on the financial statements of the ULB.


Date: 30/11/2022

For ADC & Company
Chartered Accountants



CA Rakshit Deshmukh
Partner

MRN – 428346


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Annexure '2'

The Annexure referred to in paragraph 5 & 6 of Our Report:

1. Audit of Revenue

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

We have verified the revenue from various sources which was recognized and entered in the books of account produced before us for verification except amount shown under the head "Other Receipts of Rs. 63,75,000/-" for which ULB does not provide any explanation as to the nature of the receipts.

- 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 not 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. Also ULB receives revenue through online mode which is directly deposited to its bank account. A register is being maintained by revenue/tax collector/officer from which collected amount move into cashier cash book. A detailed statement containing outstanding demand and tax collected during the year was provided to us by the concerned department duly certified by the concerned officer.


- 3) Percentage of revenue collection increase or decrease in various heads in property tax, samekitkar, shikshaupkar, nagriyavikasupkar, and other tax compared to previous year shall be part of report.
Details are given in Annexure C attached to this report.


- 4) Delay beyond 2 working days shall be immediately brought to the notice of CMO. No such instances were noticed during the test check of entries conducted by us except the circumstances like public holidays, government or local holidays etc.

- 5) The entries in Cash book shall be verified.

We have verified the entries in cash book on test check basis. We have noticed that the totalling and balancing of cashbook was done with pencil. This may lead to serious consequences of tampering and altering the cashbook data at later dates. Also due to quantum of transactions and inherent limitation of audit we cannot provide our




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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 2021-22 & 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 as following:

- No interest is levied or recovered on late payment of shop rent.
- Late fees @ 15% per month is charged on late payment of water tax.
- Late fees on property tax is not levied or charged.
- Water connection Sl. No. not found in register of water tax.
- Shop no. not found in shop rent register.
- Shop rent dues:

Name	Old	Current	Total (Rs.)
Anil Kumar Gupta	24,350.00	3,600.00	27,950.00
Abhay Jain	-	4,200.00	4,200.00

Register does not contain details such as interest & penalty due and the recovery procedures followed.

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

As explained by the ULB, there were no FDR's during the year. Hence we could not comment upon interest income and its timely accounting in cashbook.

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

As explained by the ULB, there were no FDR's during the year. Hence we could not comment upon interest rates.



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2. Audit of Expenditure:

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

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

- 2) He is also responsible for checking the entries in cash book and verifying them relevant vouchers.

We have verified the entries in cash book on test check basis which were supported by relevant vouchers/note sheets. However, considering the bulk quantum of entries and the weak internal control procedures, the discrepancies in the entries of cash book cannot be ruled out. Test checked vouchers revealed below mentioned instances:

- Payment made through cheque, and cheques were discontinued in the ULB for payments.
- Delay in payment of GST-TDS and IT-TDS.
- No bifurcation of different taxes and deduction were made on vouchers.
- Quotations were missing with vouchers and invoices.

- 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 except the totalling has been done with erasable pencil. However an amount of Rs. 31,062.81 was entered in receipt and payment statement under the head opening difference. Such amount pertains to carry forward difference of cashbook from previous year to current year.


- 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 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


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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.

- 7) All the cases where appropriate sanctions have not been obtained shall be reported and the compliance of audit observation shall be ensured during the audit. Non-compliance of audit paras shall be brought to the notice of CMO.
No such instances were noticed during the test check of such entries conducted by us.

- 8) The auditor shall be responsible for verification of scheme wise/ project wise Utilization Certificate (UC's). UC's shall be tallied with the Receipt & Payment Account and creation of Fixed Asset.

Utilization certificates of various schemes for verification of scheme wise project/ wise Utilization Certificate (UCS) were not provided to us by the ULB. Hence same cannot be commented upon.

We are unable to verify the details of capitalization of expenditure since there is neither any proof available nor completion of work from respective department. There is no cross check mechanism exist to ensure the completion of project except 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.



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As explained to us by the ULB there are no temporary advances 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 Fixed Asset Registers, Security Deposit Registers, Stock Registers, as prescribed under MP MAM.

- 2) He shall verify that all the books of accounts and stores are maintained as per Accounting Rules applicable to the Urban local Bodies. Any discrepancies shall be brought to the notices of CMO.

As stated in point no. 1 above, as the books stores are not provided for verification, so it was not possible for us to verify whether the same is maintained as per Accounting Rules applicable to the urban local Bodies.

- 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 explained by the ULB there were no employee advances during the year. Hence, we cannot comment upon 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 as follows:

S.No.	Bank Name	Bank Account No.	Closing Balance as per Pass book as on 31/03/2022
1	Central Bank Of India	7143	16,90,184.00
2	Central Bank Of India	2823	7,74,125.91
3	Central Bank Of India	2858	3,00,71,945.43




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Closing Balance as per Cash book as on 31/03/2022	3,25,36,066/-
Difference: Amount received as per bank but not found in cashbook	189.34
Closing balance	3,25,36,066/-


Closing balance of cashbook was maintained as per bank account wise. Hence the cumulative difference between all the bank account and cashbook was taken.


- 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. Grant register contains only receipt of grants, the utilisations were not found. Details of grants as per grant register and accounting records is produced below at 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 CMO.
Fixed asset registers were not provided to us for verification. Therefore we are not able to verify the same and comment upon whether it is complete and correctly balanced.
- 7) The auditor shall reconcile the account of receipt and payment especially for project funds.
ULB does not maintain separate cash books for different schemes and projects and hence we cannot comment on reconciliation with Receipt & Payment.

4. Audit of FDR

- 1) The auditor is responsible for audit of all fixed deposits and term deposits.
As per ULB, there were no FDR during the year. Hence we could not comment on the same.
- 2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done.
As per ULB, there were no FDR during the year. Hence we could not comment proper records of FDR and timely renewals.
- 3) The case where FDR'S / TDR are kept at low rate of interest than the prevailing rate shall be immediately brought to the notice of Commissioner/ CMO.
As per ULB, there were no FDR during the year. Hence we could not comment low interest rates.




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- 4) Interest earned on FDR/TDR Shall be verified from entries in the cash book.
As per ULB, there were no FDR during the year. Hence we could not comment interest income in cashbook.

5. Audit of Tenders / Bids

- 1) The auditor is responsible for audit of all tenders / bids invited by the ULB.
Tender related documents were provided to us on test check basis. On verification of produced documents we can conclude that procedure of tendering was followed by the ULB.

Bid were invited online where the tender amount exceeding Rs. One Lakh and for value less than one lakh, manual bids were asked.


- 2) He shall check whether competitive tendering procedures are followed for all bids.
Tender related documents were provided to us on sampling basis, and except few minor irregularities we found them complete and appropriate. Competitive tendering procedures were followed for all bids.


- 3) He shall verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period.
Tender related documents were provided on test check basis, and we have verified the receipts of tender fee / bid processing fee / performance guarantee etc. No major irregularities were found during our verification in the produced documents.

- 4) The bank guarantees, if received in lieu of bid processing fee / performance guarantee shall be verified from the issuing banks.
No such bank guarantees were produced before us for verification.

- 5) The conditions of BG shall also be verified; any BG with any such condition which is against the interests of the ULB shall be verified and brought to the notice of CMO.
No such bank guarantees were produced before us for verification. Therefore, it is not possible for us to comment on the conditions of BG.




प्रशासक
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मुख्य नगर निरीक्षक अधिकारी
नगर परिषद, शाहपुर



- 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.
Grant register does not contain details of utilisation. Hence same could not be commented upon. Details of grant receipt as per grant records are as follows:

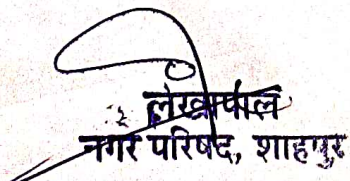
S.No	Grants	Received as per Grant register	Received as per accounting records	Difference
1	Sadak Marammat	23,64,000.00	15,33,000.00	8,31,000.00
2	Rajya Vitt Ayog	37,71,000.00	29,46,000.00	8,25,000.00
3	Chungikshatipurti	2,17,56,561.00	1,29,65,190.00	87,91,371.00
4	Moolbhut	32,28,000.00	22,45,000.00	9,83,000.00
5	15th Vitt Ayog	64,16,000.00	45,04,000.00	19,12,000.00

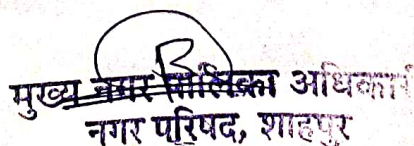
Following grant were not found in grant register but shown in receipt and payment records:

- Swaach Bharat Mission
- Visesh Nidhi
- Antyesthi sahayta rashi

- 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.





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As per information provided by the ULB it does not have any loan during the year. Hence same cannot be verified. We cannot comment on the possible reasons for non-generation of revenue.

- 4) The auditor shall specifically point out any diversion of funds from capital receipts/ grants/ bans to revenue expenditure.
Grant register were not updated with the utilisation amount out of grant funds. Hence in the absence of necessary information we could not comment upon diversion of funds. However, due to inherent limitation of internal controls over financial reporting possibilities of fund diversion cannot be ruled out completely.


प्रतिपादित
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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 2022 a sum of Rs 29.34 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 01/04/2021	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	4.61	0.28	4.33	1.24	0.30	0.58	0.94	5.27
2	Samekit Kar	2.79	0.45	2.34	0.83	0.22	0.67	0.60	2.95
3	Bhavan/Bhumi/Shop Rent	2.43	0.22	2.21	2.36	1.33	1.55	1.03	3.24
4	Water Tax	13.18	0.86	12.31	8.61	3.04	3.90	5.57	17.88
	Total	23.01	1.81	21.20	13.03	4.89	6.70	8.14	29.34
Total Un-Recovered amount									29.34

Date: 30/11/2022

For ADC & Company

Chartered Accountants

CA Rakshit Dashmukh

Partner

MRN – 428346



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Name of ULB Nagar Parishad Shahpur Betul
Name of Auditor ADC & Company

Annexure C
Amt in lakhs

Name of Auditor		RDC & Company							Remarks	
S.no.	Parameters	Description		% of growth	Observation in brief				Suggestions	
	Audit of Revenue	Receipt in (Rs.)								
	Rajaswa Kar wasooli	2020-21	2021-22							
1	Sampatti Kar	0.00	0.58	NA	Collection % w.r.t. total dues is	9.96%	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.
2	Samekit Kar	0.00	0.67	NA	Collection % w.r.t. total dues is	18.46%	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		0.00	1.25							
Gair-Rajaswa wasooli										
5	Bhavan/Bhumi/S hop Rent	0.00	1.55	NA	Collection % w.r.t. total dues is	32.36%	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.
6	Water Tax	0.00	3.90	NA	Collection % w.r.t. total dues is	17.92%	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		0.00	5.45							
Grand Total		0.00	6.70							

Remark: Previous revenue recovery figures were not provided. Hence, the comparison between the two years could not be made and commented upon.

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**Revised abstract sheet for reporting on audit paras
2021-22**

Income & Expenditure Information

S.no.	Division	District	ULB name	ULB type
1	2	3	4	5
1	Narmadapuram	Betul	Shahpur	Nagar Parishad

Revenue receipts						
Property Tax	Other tax revenue	Fees & user charges	Revenue from municipal property	Assigned revenue	Revenue grants, Contribution & Subsidies	Other Income
6	7	8	9	10	11	12
1,62,181.00	7,19,619.00	5,55,320.00	67,230.00	1,29,65,190.00	-	67,33,789.33

Capital receipts				Total Receipts
Capital receipts	Central Finance Commission receipts	State Finance Commission receipts	Other Grants	
13	14	15	16	17
-	45,04,000.00	29,46,000.00	84,95,106.00	3,71,48,435.33

Revenue Expenditure							Total Expenditure
Establishment Expenditure	Administrative Expenditure	Operation & Maintenance	Interest & Finance Charges	Other Expenses	Loan repayment (Principle)	Other Capital Expenditure	
18	19	20	21	22	23	24	25
16,85,139.00	33,46,388.00	1,08,22,286.00	-	7,67,761.14	-	85,73,672.00	2,51,95,246.14

Auditor
FRN:
MRN:



428346


मुख्य नगर पालिका अधिकारी
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Nagar Parishad Shahpur Betul


Receipt & Payment Statement

FY 2021-22

Receipts		Amount	Payments	Amount
Opening Balance		2,05,82,876.81	Salary, Wages and Allowance	
			Salary - establishment	32,78,476.00
			Salary - water dep.	67,912.00
Revenue				
Sampatti kar	Previous	50,390.00		
	Current	1,11,791.00		
Samekit kar	Previous	31,428.00		
	Current	66,860.00	Establishment Expenditure	
Jal kar	Previous	4,00,744.00	Fuel expenses	4,31,022.00
	Current	2,20,587.00	Printing expenses	75,608.00
Rental & Fees			Stationery	4,41,741.00
Shop rent	Previous	54,440.00	Advertisement Expenses	2,06,946.00
	Current	11,690.00	Budget coding	10,000.00
Land rent		1,100.00	Vehical hire charges	2,81,312.00
Building permit fees		1,68,190.00	Consultant fees	63,436.00
Building/plant enrollment fees		22,000.00	Consultant fees - karo ki vasuli	29,500.00
Sanitation fees		15,000.00	Technical fees	82,520.00
Connection fees		12,450.00	Water purchase	14,100.00
Certificate & other fees		1,580.00	Refreshment	48,954.00
Community building fees		1,18,500.00		
Encroachment fees		4,500.00	Operation and Maintenance	
Water tenker fees		600.00	Electricity bill - street light	13,33,081.00
Hearse fees		1,500.00	Electricity bill - filter	22,25,832.00
Tender form fees		5,000.00	R & M - Computers and Printers	14,600.00
E-tender fees		2,03,000.00	R & M - Vehical	4,450.00
Map registration fees		3,000.00	Repair - Motor	2,98,174.00
			JCB hire charges	1,28,383.00
Other Receipts			Bulk purchase - electrical store	36,72,537.00
Weekly gujri rashi		3,21,210.00	Bulk purchase - chemicals	18,000.00
Right to information amount		42.00	Bulk purchase - sanitation	6,44,813.00
Insecticide spraying		1,500.00	Bulk purchase - Insecticide	10,34,130.00
Other receipts		63,75,000.00	Painting	98,404.00
Refund amount		11,620.00	R & M - road	9,85,406.00
Bank Interest		24,417.33	R & M - garden, nursery	7,000.00
			Flex	39,704.00
			R & M - dam	71,677.00
Grants			Sound service	2,30,570.00
Chungi Chatipurti		1,29,65,190.00	Tree guard	15,525.00
Sadak Marammat		15,33,000.00		
Rajya Vitt		29,46,000.00	Construction and Capital Expenditure	
Visesh Nidhi		9,52,106.00	Computers and Printers	1,00,407.00
Swaach Bharat Mission		36,95,000.00	Vehical	48,82,024.00
Mulbhoot Suvudha		22,45,000.00	Furniture and fixture	88,326.00
15th Vitt		45,04,000.00	Waterways	14,40,589.00
Antyesthi sahayta rashi		70,000.00	Tanker	19,35,648.00
			Board	9,846.00
			Pipeline	1,16,832.00




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			Other Payments	
			GST	3,01,893.00
			TDS - IT	3,27,109.00
			Antyesthi sahayta	1,05,000.00
			Bank charges	2,696.33
			Opening difference	31,062.81
			Closing Balance	3,25,36,066.00
Total		5,77,31,312.14	Total	5,77,31,312.14

Chief Municipal Officer
Nagar Parishad Shahpur Betul

Account Officer
Nagar Parishad Shahpur Betul




मुख्यापाल
नगर परिषद, शाहपुर


मुख्य नगर निरीक्षण अधिकारी
नगर परिषद, शाहपुर