

NAGAR PARISHAD LAKHNADON DISTT. SEONI

AUDITORS:

GCV & ASSOCIATES LLP
CHARTERED ACCOUNTANTS



GCV & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

Regn. No. (F.R.N.) 137906W/C400298

Ward 17 Behind Gandhi Ganj Nai Abadi Chhindwara M.P.

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INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of NAGAR PARISHAD LAKHNADON DISTT. SEONI

❖ Report on the Financial Statements

We have audited the accompanying financial statements of NAGAR PARISHAD LAKHNADON DISTT. SEONI ("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 applicable provisions 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.

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

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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, 2023.

❖ 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.

- I. Accounts prepared as per the single entry system of accounting.
- II. Revenue department's records related to recovery of revenue taxes and other revenue dues has differences with accounting records maintained by accounting department.
- III. Non-maintenance or incomplete registers as prescribed under manual and mentioned at point 3 of annexure 2.
- IV. Non-availability of details related with Tenders.
- V. Non verification of EPF, TDS on GST, as same has not been made available to us by the ULB.

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Our opinion is not modified in respect of these matters.

❖ We further report that

- I. 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;
- II. 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.
- III. The Receipt & Payment Account deal with by this Report are in agreement with the books of account.
- IV. 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.
- V. 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.
- VI. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- VII. With respect to the adequacy of the internal financial controls over financial reporting of the ULB and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 1'.

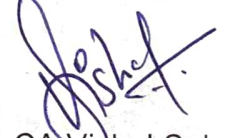
Date: 08/07/2024

UDIN: 24433994BKEBWS1547

For GCV & Associates LLP

Chartered Accountants




CA Vishal Sahu
(Partner)
MRN - 433994



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AUDIT PARA REPORTING

FINANCIAL YEAR 2022-23

GCV & ASSOCIATES LLP, CHARTERED ACCOUNTANTS

NAGAR PARISHAD LAKHNADON DISTT. SEONI

<u>S. NO.</u>	<u>DESCRIPTION</u>	<u>OBSERVATION IN BRIEF</u>	<u>SUGGESTIONS</u>
2	Parameter : 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	The detailed guidelines, directives and rules for the schemes were not documented for reference by the ULB. Expenditure in cashbook are recorded as and when payments are made under the specified heads. Diversion of funds and financial propriety of expenditure could not be verified due to limited information. Scheme wise utilisation certificates were not provided by the ULB.
3	Parameter : 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. Bank Reconciliation Statement should be prepared.

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4	Parameter : Audit of FDR/TDR		
	Verify fixed deposits and term deposits and their maintenance	Observations were listed in brief in point no. 4 of annexure 2 of audit report attached	NA.
5	Parameter : 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. The copy of each documents such as bidders KYC and SD in form of FD & BG should be kept in file.
6	Parameter : 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 under due authorization of the person in charge.
7	Parameter: 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	Percentage of revenue expenditure (Establishment, salary, Operation& Maintenance) with respect to revenue receipts (Tax & Non Tax).		
	$5,05,01,458.00 \div 1,42,53,927.00 = 354.30\%$		
	Percentage of Capital expenditure w.r.t Total expenditure.		
	$3,34,42,639.00 \div 8,39,44,097.00 = 39.84\%$		



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9	Parameter: Whether all the temporary advances have been fully recovered or not.	Cases of outstanding advances have been outlined in point no. 3 (3) of report attached.	NA
10	Parameter : Whether bank reconciliation statements is being regularly prepared	BRS not prepared by the ULB.	It is highly suggested that ULB to prepare Reconciliation Statement periodically.



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Annexure 'I'

Report on Internal Financial Controls over Financial Reporting

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

We have audited the internal financial controls over financial reporting of NAGAR PARISHAD LAKHNADON DISTT. SEONI ("the ULB") as of March 31, 2023 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 Madhya Pradesh Municipalities Act, 1961 including the Municipal Accounting Manual and accounting principles generally accepted in India applicable to the Urban Local Bodies.

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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 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.

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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.





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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, 2023:

- 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.

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, 2023 based on the criteria established by the ULB.


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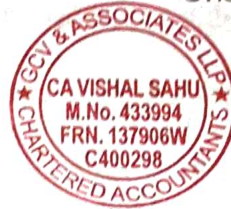
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We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2023 financial statements of the ULB, and these material weaknesses do not affect our opinion on the financial statements of the ULB.

Date: 08/07/2024

For GCV & Associates LLP
Chartered Accountants



CA Vishal Sahu
(Partner)
MRN – 433994



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Annexure 'II'

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.

All the revenue receipts has been consolidated in the R&P statement prepared by the ULB. We have verified the own revenue receipts and grant amount on test check basis with the available records. The amounts shown under the head other income, Misc Income, direct deposit to the bank account & totalling mistake could not be verified as the ULB was unable to explain 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 not made available to us for verification. It was informed to us that the revenue/tax collector/officer directly deposits the amount collected with main cashier at the cash counter, who in turn deposit this amount directly to the bank account. A register is being maintained by revenue/tax collector/officer from which collected amount move into cashier cash book. A detailed statement containing outstanding demand and tax collected during the year was provided to us by the concerned department.

- 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 totalling and balancing mistakes during the year. Also due to quantum of transactions and inherent limitation of audit we cannot provide our absolute assurance on the entries of the cash book. It is generally recommended that entries of the cash book should be duly supported by necessary documentary evidences and authorizations.

- 6) The auditor shall specifically mention in the report the revenue recovery against the quarterly and monthly targets any lapses in revenue recovery shall be a part of the report.

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No details with respect to quarterly & monthly targets set for the FY 2022-23 & 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.

- 7) The auditor shall verify the interest income from FDR's and verify that interest is duly and timely accounted for in cash book.
There were no FDR's during the year with the ULB. Hence, verification of interest & its timely accounting cannot be commented upon.
- 8) The case where, the investments are made on lesser interest rates shall be brought to the notice of the CMO.
There were no FDR during the year, hence the cases where the investments are made on lesser interest rates could not be commented upon.

2. Audit of Expenditure:

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

Expenditure under various heads were recorded in cashbook and summarised in the receipt & payment statement produced before us. Verification of heads along with amounts was done on test check basis except payment shown under the head Misc. Expenses, Bank A/C Opening- Contra, Advance payment, for which ULB does not provide any explanation for the nature of such transactions.

- 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.

- 3) He should also check monthly balance of the cash book and guide the accountant to rectify errors, if any.

Differences in cashbook relating to balancing and brought forward of balance from previous year to current year were noticed. The details are as follows:

Opening as per cashbook	9,23,94,350.00
Closing as per PY audit report	8,75,04,829.00
Difference in opening balance	48,89,521.00
Current year totalling mistake	38,10,995.00



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It was suggested to the ULB that the cashbook should contain bank account wise balances to reconcile any differences during the year itself and rectification can be done.

- 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 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

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check mechanism exist to ensure the completion of project except payment of final bill. It is suggested that a proper internal control system should be framed to identify the fixed asset and its recognition in fixed asset register and books of account of the ULB.

- 9) He shall verify that all temporary advances of other than employees have been fully recovered.

As explained to us by the ULB there are no temporary advances, other than employees, 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 or provided for verification the Fixed Asset Registers, Security Deposit Registers, Stock Registers, Loan Registers, Advance 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.

Employee festive advance was given during the year amounting to Rs. 3,83,004/-. However, employee's wise deduction and adjustment were not made available to us. Hence, it is not possible for us to verify the cases of timely recovery of advances, if any.

- 4) Bank reconciliation statement (BRS) shall be verified from the records of ULB and the bank concerned. If bank reconciliation Statement are not prepared the auditor will help in the preparation of BRS's

Bank Reconciliation Statement was not prepared by the ULB. The bank and cashbook balances at year end as provided to us are as follows:

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S.No.	Bank/Scheme/ Fund Name	Bank Account No.	Closing Balance as per main Cash book as on 31/03/2023	Closing Balance as per Pass book as on 31/03/2023
1	BOI	0078	1,58,34,372.52	1,58,34,373.05
2	SBI	0684	2,77,44,552.00	2,77,44,552.11
4	BOI	01721	40,40,933.00	40,40,933.40
5	BOI	1071	45,72,007.00	45,72,007.95
6	BOI	1610	15,62,252.00	15,62,252.72
7	HDFC	16118	50,00,000.00	50,00,479.00
8	Sanchit Nidhi	8558	99,08,349.00	99,08,350.15
9	CBI	10454	27,47,522.00	27,47,523.44
10	CBI	3376	-	15,99,067.00
11	SBI	111	1,03,527.00	-
12	SBI	96116	23,13,251.00	23,13,251.00
13	Indian Bank	0390	-	17,14,381.00
TOTAL			7,38,26,765.52	7,70,37,170.82

- Indian Bank 0390 And CBI 3376 not take in total of Main cashbook balances.

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 in soft copy excel format. The receipts and payments out of grants were verified on test check basis from such records. Details of grants as per grant register and UADD 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 doesn't provide separate cash books for schemes and projects, if any, and hence we cannot comment on reconciliation of their transactions with the Receipt & Payment Statement.

4. Audit of FDR

- 1) The auditor is responsible for audit of all fixed deposits and term deposits. ULB does not possess any FDR during the year, hence audit of fixed deposit & term deposit could not be done.



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- 2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done.
The ULB does not have any FDR during the year and hence records of FDR & its renewal cannot be commented upon.
- 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 explained above in the absence of FDR we could not be commented upon low interest of FDR than the prevailing rates.
- 4) Interest earned on FDR/TDR Shall be verified from entries in the cash book.
Since ULB does not have any FDR during the year, we could not comment upon entries in the 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 noticed that the KYC documents and copy of FDR or BG kept as security deposit was not attached in the physical file. Without these documents it would be difficult to know about the active status of the bidder and validity of security deposit.
- 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.





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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.

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.

The grant receipt during the year as per soft copy excel bases grant register and R&P are as follows:

Grant records as per Grant register:

S.No.	Grants	Opening Balance	Received	Utilized
1	Sadak Marammat	10,09,910.00	20,62,000.00	11,83,175.00
2	State Finance Commission	20,89,601.00	49,04,000.00	44,08,026.00
3	Vidhut Marammat	1,24,106.00	1,37,000.00	85,104.00
4	Antyeshti Sahayata Rashi	8,20,342.00	80,000.00	1,40,000.00
5	Mulbhoot	28,43,071.00	39,44,000.00	53,01,090.00
6	15th Finance Commission	43,68,664.00	1,12,64,000.00	65,36,679.00
7	Other Grant	9,12,178.00	2,32,238.00	6,05,869.00
8	Samekit Anudan	-	13,52,000.00	2,79,007.00
9	Ladli Bhen Yojana	-	75,000.00	-
10	Kayakalp Yojana	-	31,00,000.00	-

Grant receipts amount as per receipt & payment statement:

Grants	Received
Sadak Marammat	20,62,000.00
State Finance Commission	49,04,000.00
Vidhut Marammat	1,17,900.00
Mulbhoot	39,44,000.00



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15th Finance Commission	1,12,64,000.00
Samekit Anudan	10,20,000.00
Ladli Bhen Yojana	75,000.00
Kayakalp Yojana	31,00,000.00
CM adhosanracha	1,14,231.00

We have noticed differences in Vidhyut marammat anudan, Antyesthi sahayata raashi, other grant & samkeit anudan heads during the year.

- 2) He is responsible for audit of grants received from State Government and its utilization. Verification had been conducted for the total grants received from the State/Central government. Details for the same are provided in table above.
- 3) He shall perform audit of loans provided for physical infrastructure and its utilization. During his audit the auditor shall specifically comment on the revenue mechanism i.e. whether the asset created out of the loan has generated the desired revenue or not. He shall also comment on the possible reasons for non-generation of revenue. As per information provided by the ULB and according to our verification, ULB has accorded loan from HUDCO. However, there was no document or information provided to verify whether the asset created out of the loan has generated the desired revenue or not. We cannot comment on the possible reasons for non-generation of revenue.

Details of repayment of loan from banking institution were as follows:

Quarter	Interest Payment by ULB	Principal Payment by ULB	Total Payment
Q-1	4,54,430.00	5,29,200.00	9,83,630.00
Q-2	4,41,515.00	5,29,200.00	9,70,715.00
Q-3	4,15,000.00	5,29,200.00	9,44,200.00
Q-4	3,97,989.00	5,29,200.00	9,27,189.00

Above loan was utilised for CM adhosanrachna scheme.

- 4) The auditor shall specifically point out any diversion of funds from capital receipts/ grants/ bans to revenue expenditure. As per the information made available to us, and as per our verification, instances of diversion of funds from one grant account to another have not been noticed. However, due to inherent limitation of internal controls over financial reporting and non-availability of grant utilisation certificates the possibilities of fund diversion cannot be ruled out completely.





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As per wasooli patrak (demand and recovery statement) prepared by the revenue department of the ULB: **Non Recovery of dues** (Amount in Lakhs)

Sl. No.	Type of Tax	Due amount recoverable on 01/04/2022	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	30.69	9.06	21.62	19.84	9.22	18.28	10.63	32.25
2	Samekit Kar	12.16	2.89	9.27	5.32	2.23	5.12	3.09	12.36
3	Nagar Vikas Upkar	11.24	3.66	7.58	8.08	3.90	7.57	4.17	11.75
4	Siksha Upkar	12.90	3.60	9.30	8.08	3.85	7.46	4.23	13.53
5	Bhoomi/Bhawan Rent	24.44	10.49	13.95	17.42	13.52	24.01	3.90	17.85
6	Water Tax	53.90	15.52	38.38	31.89	15.41	30.92	16.48	54.86
7	Other Tax	1.78	0.81	0.97	1.70	1.04	1.84	0.66	1.63
	Total	147.10	46.03	101.07	92.34	49.16	95.20	43.17	144.24
Total Un-Recovered amount									144.24

The opening balance of current year wasooli patrak is in variance with previous year closing amount as per previous year wasooli patrak, i.e. correct amount was not brought forward in current year.

For GCV & Associates LLP

Chartered Accountants

Date: 08/07/2024



CA Vishal Sahu
(Partner)
MRN - 433994

Name of ULB
Name of Auditor

NAGAR PARISHAD LAKHNADON
GCV & ASSOCIATES LLP, CHARTERED ACCOUNTANTS

Annexure C
Amt in lakhs

S.no.	Parameters	Description		% of growth	Observation in brief			Suggestions
		Receipt in (Rs.)						
		2021-22	2022-23					
	Audit of Revenue							
	Rajaswa Kar wasooli							
1	Sampatti Kar	15.10	18.28	21.08	Collection % w.r.t. total dues is 36.18%	which is Below Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
2	Samekit Kar	4.16	5.12	22.90	Collection % w.r.t. total dues is 29.28%	which is Not upto the mark	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
3	Nagar Vikas Upkar	7.18	7.57	5.37	Collection % w.r.t. total dues is 39.17%	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.
4	Siksha Upkar	5.88	7.46	26.85	Collection % w.r.t. total dues is 35.53%	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.
	Total	32.32	38.42					
	Gair-Rajaswa wasooli							
5	Bhoomi/Bhawan Rent	15.73	24.01	52.64	Collection % w.r.t. total dues is 57.35%	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	25.44	30.92	21.56	Collection % w.r.t. total dues is 36.05%	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.
7	Other Tax	1.23	1.84	49.78	Collection % w.r.t. total dues is 53.05%	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.
	Total	41.17	54.93					
	Grand Total	73.49	93.35					

Statement as provided by the Rajasw shakha of the parishad

ASSOCIATION

The collection figures are taken from wasooli patrak as provided by the Rajasw shakha of the parishad



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Annexure D

Revised abstract sheet for reporting on audit paras
2022-23

Income & Expenditure Information

S.no.	Division	District	ULB name	ULB type
1	2	3	4	5
1	Jabalpur	Seoni	Lakhnadon	Nagar Parishad

Revenue receipts					Capital receipts			Total Receipts
Property Tax	Other tax revenue	Fees & user charges	Revenue from municipal property	Assigned revenue	Revenue grants, Contribution & Subsidies	Other Income	Capital receipts	
6	7	8	9	10	11	12	13	14
38,89,903.00	-	41,08,885.00	62,55,139.00	2,31,37,474.00	-	3,51,251.00	-	1,12,64,000.00
								15
								16
								17
								6,43,43,783.00

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
3,00,35,195.00	39,29,931.00	1,65,36,332.00	17,08,934.00	2,44,840.00	21,16,800.00	3,34,42,639.00
						25
						8,80,14,671.00

Auditor
FRN:
MRN:

GCV & Associates LLP
137906W/C400298
433994



Test
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नगर परिषद लखनादोन
जिला - सिन्धु (म. प्र)

NAGAR PARISHAD LAKHNADON
Receipt & Payment Statement
FY 2022-23

Receipt		Payment	
Opening Balance	Amount		Amount
Tax Revenue	9,23,94,350.00	Establishment Expenses	
Property tax previous		Salary	1,18,89,387.00
Property tax current	9,96,043.00	Wages	1,05,71,150.00
Samekit tax previous	8,55,661.00	Fee-councillor	3,49,975.00
Samekit tax current	2,80,989.00	Leave encashment	7,87,322.00
Urban development cess Previous	2,37,358.00	LIC	3,57,365.00
Urban development cess current	3,86,603.00	GPF	11,36,640.00
Education cess previous	3,84,196.00	Loan-DAR Credit	12,85,049.00
Education cess current	3,78,526.00	Pension	13,67,087.00
	3,70,527.00	EPF	22,91,220.00
Assigned Revenues & Compensation			
Compensation-Octroi		Administrative Expenses	
Passenger Tax	1,95,55,075.00	Telephone Expense	1,359.00
Stamp duty	22,26,000.00	Insurance	1,06,908.00
	13,56,399.00	Printing Work	4,61,981.00
Rental Income from Municipal Properties		Stationery	3,67,991.00
Rent from Market		DPR	8,08,702.00
Rent from community Hall	3,31,803.00	Consultancy Fees	50,000.00
Lease rent	47,550.00	Other Professional fees	39,200.00
Mutation	5,76,925.00	Legal Fees	30,000.00
Mutation Shulk	42,850.00	Advertisement Expense	4,13,722.00
Shop rent previous	6,650.00	Publicity	4,10,325.00
Shop rent current	8,48,971.00	Misc. Expenses	12,39,743.00
Premium	7,84,544.00		
	36,15,846.00	Operations & Maintenance	
Fees & User Charges		Bulk Purchases	
Parking shulk		Power & Fuel	30,27,251.00
Electricity NOC	4,24,920.00	Power & Electricity	43,50,357.00
Penalty & Fine	19,750.00	Bulk Purchase Other	1,06,985.00
Development shulk	68,429.00	Sanitation	11,40,196.00
Fee Rti Act	1,46,090.00	Bulk Purchase-Water Treatment Chemicals	9,56,522.00
Fee-Copy of Certificate/Extract	70.00	Bulk Purchase Other	8,52,018.00
Water Tax Previous	15,800.00		
Water Tax current	15,36,558.00	Hire Charges	
User charges Solid Waste previous	15,06,756.00	Hire charges Machinery	6,05,407.00
User charges Solid Waste current	79,643.00	Hire charges Other	4,76,045.00
Tanker rent	1,04,920.00	Hire charges Vehicle	4,000.00
Water Tanker Charges	48,725.00		
Water connection Fee	22,000.00	Repair And Maintance	
	1,35,224.00	R&M Vehicle	98,859.00
Other Receipt		R&M Computer	1,61,613.00
SGST previous		R&M machinery	4,44,731.00
SGST current	63,199.00	R&M Vehicle	3,57,418.00
CGST previous	73,417.00	R & M other structure	60,864.00
CGST Current	63,121.00	R&M Water Ways	21,64,234.00
Rent Deposit	73,410.00	Painting Work	6,39,635.00
Misc Income	2,27,620.00	O & M other	10,90,197.00
Labour Tax	3,51,251.00		
Other income	70,000.00	Other Payment	
	1,62,364.00	HUDCO	38,25,234.00

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दिना - ११/०५/२३



Security Deposit	16,25,000.00	Election Expense	80,394.00
Direct deposit in bank account	31,60,419.00	Sambal yojana	1,60,000.00
Bank A/C Opening- Contra	50,00,000.00	Advance Payment	3,83,004.00
Totalling Mistake	38,10,995.00	Security deposit	16,33,767.00
		Bank A/C Opening- Contra	55,94,226.00
		Bank Interest	4,446.00
Grants, Contribution for specific purposes		Security deposit	7,36,516.00
CM adhosanrachna Scheme	1,14,231.00	TDS	4,24,681.00
15th finance commission	1,12,64,000.00	GST	4,54,048.00
Mulboot Suvidha	39,44,000.00		
Samekit Grant	10,20,000.00	Capital Expenditure & Assets	
State finance commission	49,04,000.00	Electrical work	28,39,470.00
Road Development fund	20,62,000.00	Furniture Purchase	3,99,374.00
Kayakalp Yojna	31,00,000.00	Waterways-Borewell	8,73,146.00
Ladli bhena scheme	75,000.00	Road Other	9,63,155.00
Vidhut Marammat Anudan	1,17,900.00	Other Fixed Assets	9,22,061.00
		Building-Shopping Mall	38,35,487.00
		Roads & Bridges-Other Road	45,39,860.00
		Waterways-Water Pipeline	74,15,948.00
		Sewerage and Drainage-Drain-Open	25,31,444.00
		Fixed Assets Cm adhosanrachna	39,45,972.00
		Machinery Other	41,59,466.00
		Public-LightingPublic	6,71,210.00
		Vehicle-Others	3,46,046.00
		Closing Balance	7,38,26,765.00
Total	17,10,67,678.00	Total	17,10,67,678.00

Chief Municipal Officer
Nagar Parishad Lakhnadon

- Accounts Officer
Nagar Parishad Lakhnadon

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