

BADAMALHERA NAGAR PARISHAD

AUDIT REPORT 2019-20

**AUDITOR:
PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS**



INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of BADAMALHERA NAGAR PARISHAD**1. Report on the Financial Statements**

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

2. Management's Responsibility for the Financial Statements

The ULB's Management is responsible for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the ULB in accordance with the provisions of Municipal Corporation Act, 1956 and accounting principles generally accepted in India, including the Municipal Accounting Manual ("the Manual") and Accounting Standards applicable to the Urban Local Bodies. This responsibility also includes maintenance of adequate accounting records in accordance with the Municipal Accounting Manual for safeguarding of the assets of the ULB and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. However, in this case ULB is not in practice of maintaining balance sheet & Income and expenditure account, so receipt and payment account shall be considered as final statement on which we express our opinion.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the Municipal Accounting Manual, the accounting and auditing standards and matters which are required to be included in the audit report as per the letter issued by Directorate, Urban Administration & Development, M.P., Bhopal in this regard. The Commissioner/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.

4. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the report attached below, the Receipt & 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, 2020.

5. 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.

6. Emphasis of Matters

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

- Accounts prepared as per the Manual in lieu of accounting standards for local bodies as issued by Institute of Chartered Accountants of India.
- Revenue department's records related to recovery of revenue taxes and other revenue dues has minor differences with accounting records maintained by accounting department.

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- c) Non-maintenance or incomplete registers as prescribed under manual and mentioned at point 3 of annexure 2.
- d) Non verification of EPF & TDS on GST, as same has not been made available to us by the ULB.

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'.

Date: 30/11/2020

UDIN: 20418806AAAACO5554

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For Patidar & Associates
Chartered Accountants



A Neelesh Patidar
(Partner)
MRN - 418806



Annexure '1'

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 BADAMALHERA NAGAR PARISHAD ("the ULB") as of March 31, 2020 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,

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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

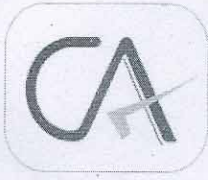
- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the ULB;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally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

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, 2020:

- 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, 2020 based on the criteria established by the ULB.

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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, 2020 financial statements of the ULB, and these material weaknesses do not affect our opinion on the financial statements of the ULB.

Date: 30/11/2020

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For Patidar & Associates

Chartered Accountants



CA Neelesh Patidar

Partner

MRN - 418806



Annexure '2'

The Annexure referred to in paragraph 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.

- 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.

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. The counter foils or revenue receipts were not made available to us for verification. 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 commissioner/CMO.

No such instances were noticed during the test check of such 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 and no major discrepancy was noticed by us. However 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.

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- 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 and monthly targets set for the FY 2019-20 and 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 outstanding from past several years. Below mentioned are few cases-

In case of Water Tax-

Water tax register does not contain important details such as outstanding balance, since when dues are pending, interest charged on pending dues, legal action initiated against such pending dues. List of few pendencies of taxes from long time has been listed below:

वार्ड क्रमांक	उपभोगता	बकाया	हाल	योग	कनेक्शन
5	देपुरा	7,260.00	600.00	7,860.00	348
5	वारे लाल	7,630.00	600.00	8,230.00	350
2	स्वामी प्रसाद	5,900.00	600.00	6,500.00	624
5	करण सिंह	5,310.00	600.00	5,910.00	658
2	रमेश	3,960.00	600.00	4,560.00	518
1	कन्हैया लाल	5,340.00	600.00	5,940.00	96
योग		35,400.00	3,600.00	39,000.00	

In case of property tax

Property tax register does not contain important details such as outstanding balance, since when dues are pending, interest charged on pending dues, legal action initiated against such pending dues. List of few pendencies of taxes from long time has been listed below:

वार्ड क्रमांक	उपभोगता	सम्पत्ति कर		समेकित कर		शिक्षा उपकर		नगर विकास उपकर		सरचार्ज	
		बकाया	हाल	बकाया	हाल	बकाया	हाल	बकाया	हाल	बकाया	हाल
10	शाफिक मोहम्मद	10,305.00	2,385.00	578.00	120.00	2,173.00	503.00	2,173.00	503.00	948.00	0
10	विद्या दास	-	-	2,930.00	120.00	-	-	-	-	152.00	
10	कृष्णा देवी	-	-	2,157.00	120.00	-	-	-	-	135.00	
10	गोविंदा	405.00	405.00	120.00	120.00	150.00	150.00	150.00	150.00		

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10	हरिशंकर दुबे	5,624.00	507.00	1,195.00	535.00	865.00	188.00	865.00	188.00	535.00	
10	माया	33,694.00	2,015.00	382.00	120.00	4,970.00	448.00	4,970.00	448.00	2,751.00	
	योग	50,028.00	5,312.00	7,362.00	1,135.00	8,158.00	1,289.00	8,158.00	1,289.00	4,556.00	

In case of Shop Rent

In case of shop rent registers also few relevant details were missing, such as Year since outstanding, Interest charged and pending legal actions long time pendencies. List of few long time pending cases were listed below.

क्रमांक	एरिया	किरायेदार	बकाया	हाल	योग
1	बस स्टैंड	राम किशोर असती	11,366.00	3,360.00	14,726.00
2	बस स्टैंड	पुरषोत्तम असती	16,502.00	3,360.00	19,862.00
3	बस स्टैंड	अजय कुमार	3,388.00	3,360.00	6,748.00
4	गंज रोड	राधा गौर	20,792.00	5,016.00	25,808.00
	योग		52,048.00	15,096.00	67,144.00

- 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 to us, ULB does not have any FD during the year. Hence we cannot comment on interest income from FDR.

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

As explained to us, ULB does not have any FD during the year. Hence we cannot comment on investment at lesser rate.

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

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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.

No issue of any difference in test check totalling amount was noticed in course of our verification.

- 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 Commissioner / CMO.

No such instance has been noticed during the course of our verification.

- 5) He shall also verify that the expenditure is accordance with the guideline, directives, acts and rules issue by Government of India/ State Government.

In absence of availability of guidelines, directives, acts and rules issued by Government of India/ State Government, 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. However, in absence of information/ written document with respect to administrative and financial limits of the sanctioning authority, it was not possible for us to verify whether the expenditure incurred and sanctioned by authority were within their limits or not.

- 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 Commissioner / CMO).

No such instances were noticed during the test check of such entries conducted by us.

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

Utilization certificates were prepared by the ULB and provided to us on random sample basis for various scheme / project. However 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 have been fully recovered.

List of temporary advances has been provided to us for verification & produced below:

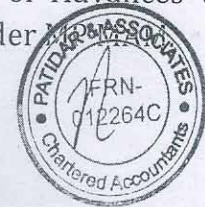
Date	Name of Person	Amount	Details of Advance given
19-03-2010	श्री रामशरण सिंह	1,500.00	No Information
03-01-2011	Name not provided	2,730.00	Wood Purchase
09-12-2011	Name not provided	5,000.00	Stadium Painting
06-03-2011	Name not provided	9,000.00	Fire bridged Vehicle Repair
07-12-2013	Name not provided	4,000.00	Water Pump Repair
31-01-2014	Name not provided	50,000.00	Cricket Tournament
13-04-2014	Name not provided	1,00,000.00	NA
19-02-2014	Name not provided	50,000.00	NA
21-09-2014	श्री बसंत वाल्मीकि	1,000.00	Travel Advance
31-03-2011	श्री पूरनलाल	3,000.00	Against salary
24-07-2010	श्री चुनेलाल राजपूत	1,000.00	Water Supply arangement

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 provided Security Deposit Registers, Stock Registers, Register of Advances to Contractors, Register of Earnest Money Deposits as prescribed under

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- 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 Commissioner / 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 are timely recovered according to the condition of advance. All the case of non-recovery shall be specifically mentioned in audit report.

As per the information and explanation provided to us by the management of the ULB, no specific condition related to advances are placed. 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 accounts were duly reconciled with no differences. The balance as on 31st March 2020 for bank & cashbook is as follows:

क्रमांक	बैंक	खाता क्रमांक	Closing Balance as per Cash book as on 31/03/2020	Closing Balance as per Pass book as on 31/03/2020
1	संचित निधि	11279362246	24,90,049.69	24,90,049.69
2	आई डी एस एम् टी	11279362597	21,19,816.90	21,19,816.90
3	सी ए	652013008960	33,232.00	33,232.00
4	अनुदान	11279361582	71,49,276.86	71,49,276.86
5	नगर परिषद्	11279360204	24,78,647.27	24,78,647.27
6	मुख्य मंत्री स्वच्छ मिशन योजना	80013818119	49,101.00	49,101.00
7	नगर परिषद् बड़ामलहरा माधम भारत	80011884366	40,17,702.66	40,17,702.66
8	जन भागेदारी	80019208797	60,054.00	60,054.00
9	अनुदान खाता एस बी आई	63004779425	1,82,11,315.89	1,82,11,315.89
10	प्रधान मंत्री आवास योजना	36467575813	3,76,67,501.60	3,76,67,501.60
11	स्वच्छ भारत मिशन शहरी विकास	37137717871	34,23,419.05	34,23,419.05
12	मुख्या मंत्री शहरी अधोसंरचना	50430647149	9,28,160.59	9,28,160.59
13	कोटक महिंद्रा बैंक	9413197147	53,67,134.00	53,67,134.00
14	श्रम विभाग	11279362257	3,03,091.57	3,03,091.57

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15	मुख्या मंत्री शहरी अधोसंरचना कनारा बैंक	4775101003736	8041060.00	80,41,060.00
TOTAL			9,23,39,563.08	9,23,39,563.08

- 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 for verification and on verification based on test check basis we found them correct and tallied with cashbook. A summarised statement of grants maintained by the ULB has also been provided to us and same has been produced in 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 Commissioner / 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.
Separate cash book were made available to us for verification and found correct.

4. Audit of FDR

- 1) The auditor is responsible for audit of all fixed deposits and term deposits.
As explained to us, ULB does not have any FD during the year. Hence we cannot comment on existence of FD & its interest income.
- 2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done.
As explained to us, ULB does not have any FD during the year. Hence we cannot comment on renewal of FD.
- 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 to us, ULB does not have any FD during the year. Hence we cannot comment on low rate of interest FDRs.
- 4) Interest earned on FDR/TDR Shall be verified from entries in the cash book.


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As explained to us, ULB does not have any FD during the year. Hence we cannot comment on interest income from FDRs.

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.

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 Commissioner ICMO.

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.

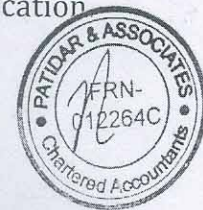
Proper guidance to extend the BG's shall also be given to ULB

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


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6. Audit of Grants and Loans

- 1) The auditor is responsible for audit of grants given by Central Government and its utilization.

Verification had been conducted for the grants received from the Central/state government, Details for the same is provided in table below:-

S.No.	Grants	Received	Utilized	Closing Balance
1	चुंगीक्षतिपूर्ति	255.04	255.04	-
2	मूलभूत	43.17	43.17	-
3	राज्य वित्त आयोग की अनुसंशा अनुदान	40.98	40.98	-
4	सड़क मरम्मत	12.63	12.63	-
5	यात्रीकर	19.20	19.20	-
6	निर्यातकर	1.24	1.24	-
7	मुद्रांक शुल्क	6.60	6.60	-
8	14 वीत आयोग जनरल बेसिक	127.88	64.04	63.84
9	14 वीत आयोग जनरल परफॉर्मेंस	30.21	30.21	-
10	स्वच्छ भारत मिशन MRRF	10.05		10.05
11	तालाब संरक्षण एवं विकास	99.61	-	29.61
12	स्वच्छ भारत मिशन	3.00	-	3.00

- 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. The loan repayment has been adjusted with chhungikshatipurti grant. ULB receives grant after such adjustment only. During the year total deduction for loan stands at Rs. 57.16 Lakhs.

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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.

- 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 possibilities of fund diversion cannot be ruled out completely.

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**Other Audit Observations****1. 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 2020 a sum of Rs 116.81 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 01/04/2019	Received From Previous Dues	Un-Recovered Due for More than a Year	Current Due	Current Received	Un-Recovered due of Current Year	Total un-recovered amount
1	सम्पत्तिकर	28.28	4.68	23.59	4.63	3.40	1.23	24.82
2	समेकित कर	28.94	9.02	19.92	5.22	4.59	0.63	20.55
3	नगरीय विकास उपकर	4.42	0.64	3.78	1.10	0.63	0.48	4.26
4	शिक्षा उपकर	2.93	0.54	2.38	1.10	0.61	0.50	2.88
5	शॉप रेंट	3.93	0.90	3.03	2.27	1.44	0.83	3.86
6	जल उपभोक्ता प्रभार	10.62	3.25	7.37	6.04	0.88	5.16	12.53
7	अन्य कर	64.57	14.89	49.68	26.09	27.86	-1.77	47.91
	Total	143.69	33.93	109.76	46.44	39.39	7.05	116.81
	Total Un-Recovered amount							116.81

For Patidar & Associates

Chartered Accountants

Date: 30/11/2020


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जिला छतरपुर (म.प्र.)



CA Neelesh Patidar
Partner
MRN - 418806

Nagar Parishad Bada Malhera Dist. Chattarpur (M.P.)
Receipts and Payments of Financial Year 2019-20

Receipts	Amount	Payments	Amount
Opening Balance	7,43,73,121.17	General Administration	
Samekit Kar		Salary	37,52,349.00
Previous Year	7,62,623.00	Computer Operator Pay	6,22,264.00
Current Year	3,42,119.00	Stationery	8,96,697.00
Sampatti Kar		TDS/ Vehicle Rental	1,12,750.00
Previous Year	3,54,486.00		
Current Year	2,44,016.00	Revenue Department	
Siksha Upkar		Salary	43,02,478.00
Previous Year	62,640.00	Contingency	1,90,145.00
Current Year	55,050.00	TDS/ Allowances	1,08,630.00
Nagriya Vikas Upkar		Establishment	99,156.00
Previous Year	70,154.00	Elections Survey	1,64,482.00
Current Year	60,619.00	Councilor's honorarium	2,60,000.00
		GST/ Income Tax	21,53,140.00
Chungikshatipurti	1,90,55,718.00		
Export Tax	1,23,000.00	Public Security	
Yatri kar Kshatipurti	10,56,000.00	Contingency	4,32,535.00
GST	16,608.00		
Audit Recovery	4,718.00	Light	
Security Deposit	2,57,400.00	Material Purchase	27,23,925.00
Bajar Fees		Street Light	28,58,863.00
Previous Year		Jal Praday	33,93,063.00
Current Year	2,93,050.00	Shulabh Complex	2,53,545.00
Bus Stand Fees		Electricity Facility Arrangement	2,72,994.00
Previous Year			
Current Year	3,52,110.00	Public Health and Facilities	
		Salary	16,37,174.00
Income From Other Sources		Permanent Employee	14,78,338.00
Shop Rent Current Year	1,38,389.00	Tractor/ Tanker Repair	2,25,690.00
Surcharge on Shop Rent	75,458.00	Pipe Line	73,227.00
Shop Rent Previous Year	54,049.00	Piple Line Material	9,50,722.00
Stamp Duty (Mudrank Shulk)	6,60,000.00	Well And Water lake Cleaning	10,09,562.30
Stadium/ Mangal Bhawan Rent	2,98,429.00	Water Contingency	2,84,549.00
Fire Bridged Rent	4,000.00	Drinking Water Arrangement	2,66,950.00
Income From Goods Vehicle	2,000.00	Drinking Water Transportation	2,02,895.00
Mutation Fee	1,30,598.00		
Tower Fees	2,72,441.00	Road Clean	
License Fee	720.00	Salary	52,17,217.00
Money Lender Licence fee	2,000.00	Daily Wages	37,97,126.00
Application Fee	1,55,275.00	Garbage House and Vehicle	1,10,784.00
Lease Premium	50,303.00	Diesel and Fuel	13,06,459.00


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Shop Premium Outstanding	40,73,781.00	Sadak Safai	2,69,336.00
Account Transfer	28,56,361.00	Tractor/ Generator Repair	3,19,996.00
Receipts From Compost Sales	4,000.00	Tractor/ Trally Purchase	20,78,690.00
Grants and Contribution		Bleaching and Phynayl	1,52,000.00
Mukhya Mantri Adhosaranchana Yojna Second Installment	80,00,000.00	Anti Maleria Expenses	4,39,553.00
Road Repair and Maintenance	12,63,000.00	Slaughter house and Police Station Construction	2,82,613.00
MLA Fund	20,00,000.00	Building Construction	6,14,10,000.00
Rajya Vitt Ayog	49,98,000.00	Cultural Hall, Library Construction	17,86,700.00
Moolbhoot Suvidha	43,17,000.00	Building Repair and Paint	6,78,319.00
		Tree Planting	9,48,357.00
14 Finance Commision	1,58,09,000.00	Garden Care Wages	1,59,873.00
Jheel and Jalashay Yojna	99,61,000.00	Social Development Work	6,65,532.00
Pradhan Mantri Awaas Yojana	9,19,12,480.00		
E- tendering	52,000.00	Lok Nirmaan	
Mukhya Mantri Swachhta Mission Yojana -Safai Samagrii	13,05,000.00	Salary	6,79,083.00
		Computer Operator Muster	2,32,758.00
Jalkar Se Praptiyaan		TDS/ Vehice rent	8,600.00
Chalu	34,164.00	Road Repair	12,63,000.00
Bakaya	2,24,790.00	Moolbhoot Suvidha	30,74,209.80
Tanker Rent	37,200.00	Mukhya Mantri Adhosaranchana Yojna Se Nirman	1,92,39,028.48
Tap Connection Fee	2,89,330.00	Boundary Wall Construction	10,07,970.08
Other Income	4,21,514.00	Rajya Vitt se vibbhin Karya	28,98,000.00
		14 Finance Commision	1,00,00,000.00
Anya Yojanye		Public Toilet Construction	14,80,708.00
Social Justice Department	5,970.00	Personal Toilet Construction	6,19,200.00
People Relation Fund	8,000.00	Mukhya Mantri Swachhta Mission	9,78,931.00
Labour Department Various scheme	24,98,785.57	Mukhya Mantri Swachhta Mission- Advertisement	3,06,750.00
Deposit CTPC	27,00,000.00		
		Others	
		Stage Construction	1,515.00
		WBM Road	22,000.00
		JCB Rent	2,07,600.00
		DPR Nirmaan	2,08,500.00
		Contribution Expenses	
		Annoucement Advertisement	2,14,688.00
		Newspaper	15,728.00
		Tenders	1,76,080.00
		Festival Expenses	4,22,115.00
		Legal Charge	59,680.00



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		Vehicle Insurance	1,00,506.00
		Telephone Bill	49,846.00
		Written Exam Fees	12,56,300.00
		Social Group salary	1,10,500.00
		Various Scheme	
		Labour Department	22,05,000.00
		Loan	
		Cricket Tournament	23,23,093.00
		Deposit Amount - Return	22,48,839.00
		Closing Balance	9,23,39,563.08
Total	25,20,98,469.74	Total	25,20,98,469.74

Accounts Officer

Chief Municipal Officer, Bada Malhera

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नगर परिषद बदा मलहरा
जिला छतरपुर (म.प्र.)



Name of ULB Nagar Parishad Bada Malhera
Name of Auditor M/s Patidar and Associates

Annexure C

S.no.	Parameters	Description		% of growth	Observation in brief					Suggestions
		Audit of Revenue	Receipt in (Rs.)							
	Rajaswa Kar wasooli	2018-19	2019-20							
1	Sampatti Kar	5.00	8.08	61.65	Collection % w.r.t. total dues is	24.56%	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	Samakiti Kar	5.96	13.61	128.32	Collection % w.r.t. total dues is	39.85%	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.
3	Nagriya Vikas Upkar	0.87	1.27	46.11	Collection % w.r.t. total dues is	22.94%	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	Shiksha upkar	0.71	1.15	60.68	Collection % w.r.t. total dues is	28.47%	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	12.54	24.10							
	Gair-Rajaswa wasooli									
5	Shop rent	0.00	2.34	**NA	Collection % w.r.t. total dues is	37.74%	which is	Below Average	**NA	ULB should impose strict penalties and legal actions to improve past Due collections.
6	Jal Upbhokta Prabhar	0.00	4.13	**NA	Collection % w.r.t. total dues is	24.81%	which is	Below Average	**NA	ULB should impose strict penalties and legal actions to improve past Due collections.
7	Others	88.95	42.75	-51.94	Collection % w.r.t. total dues is	47.15%	which is	Below Average	Need to improve collection efforts of previous years dues.	Previous year dues were not outstanding.
	Total	88.95	49.22							
	Grand Total	101.49	73.33							

**NA: Previous year revenue for the respective heads were shown in other taxes head on consolidated basis.

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जिला बाराक (रा. व.)



Reporting on Audit Paras for Financial Year 2019-20

Name of ULB:

Bada Malhera Nagar Parishad

Name of Auditor:

Patidar & Associates, 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. TDS should be correctly deducted and deposited on time.
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
4	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	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).	609.85% $(5,41,95,457 / 88,86,634) \times 100$		
	b) Percentage of Capital expenditure wrt Total expenditure.	65.31% $(10,20,28,929 / 15,62,24,387) \times 100$		
9	Whether all the temporary advances have been fully recovered or not.		Cases of outstanding advances have been outlined in point no. 2 (9) of report attached.	ULB should impose strict action to collect such amount or make necessary adjustment after prior approval of relevant authority.
10	Whether bank reconciliation statements is being regularly prepared		Cash book balance and bank statement balance are reconciled with each other	NA

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जिला छत्तरपुर (प.प्र.)



क्रमांक/लेंखा/न0परि0/2020-21/.....८८

बड़ा मलहरा , दिनांक/.....१९/०१/२०२१

प्रति ,

वित्त अधिकारी महोदय ,
नगरीय प्रशासन एवं विकास
भोपाल , म0प्र0 ,

विषय :- नगरीय निकायों की सीए ऑडिट रिपोर्ट वर्ष 2019-20 प्रेषित करने के संबंध में ।
संदर्भ :- श्री मान् का पत्र क्रमांक /आडिट बजट/शाखा-4 (क)/ 18863 भोपाल दिनांक 01.12.2020 ।

महोदय ,
विषयोंकित एवं संदर्भित पत्र के संबंध में विनम्र अनुरोध है कि नगरीय निकाय बड़ा मलहरा की सीए ऑडिट रिपोर्ट वर्ष 2019-20 संदर्भित पत्र में अंकित विन्दु क्रमांक 01 से विन्दु क्रमांक 07 अनुसार तैयार कर श्री मान् की ओर भेजी जा रही है ।

अतः चाही गई आडिट रिपोर्ट श्री मान् की सेवा में सादर सम्प्रेषित है ।

संलग्न :- आडिट रिपोर्ट

प्र0क्र0/लेंखा/न0परि0/2020-21/.....८९

(मुख्य नगर पालिका अधिकारी
नगर परिषद बड़ा मलहरा
बड़ा मलहरा , दिनांक/.....१९/०१/२०२१

प्रतिलिपि :- 1. आयुक्त महोदय नगरीय प्रशासन एवं विकास भोपाल की ओर सूचनार्थ ।
2. संयुक्त संचालक महोदय नगरीय प्रशासन एवं विकास सागर संभाग सागर की ओर सूचनार्थ ।

(मुख्य नगर पालिका अधिकारी
नगर परिषद बड़ा मलहरा