

# **BHAINSDEHI NAGAR PARISHAD**

**AUDIT REPORT 2019-20**

**AUDITOR**

**NPJS & ASSOCIATES**

**CHARTERED ACCOUNTANTS**



## **INDEPENDENT AUDITOR'S REPORT**

**To the Stakeholders of BHAINSDEHI NAGAR PARISHAD**

### **1. Report on the Financial Statements**

We have audited the accompanying financial statements of BHAINSDEHI 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.

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India. Those Standards requires that we



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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.
- Non-maintenance or incomplete registers as prescribed under manual and mentioned at point 3 of annexure 2.
- Non-availability of details related with Tenders.

  
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e) Non verification of EPF, TDS on GST and TDS-Income Tax deposited, 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:

- 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;
- 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.
- The Receipt & Payment Account deal with by this Report are in agreement with the books of account.
- 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.
- 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.
- The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- 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: 30/10/2020

UDIN: 20421786AAAACJ9542

For NPJS & Associates  
Chartered Accountants



CA Jitendra Singh  
Partner  
MRN - 421786

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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 BHAINSDEHI 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, assessing the risk that a material weakness exists, and testing and evaluating the

  
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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

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the ULB;
- b) 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
- c) 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:

- a) 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
- b) 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.
- c) 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.
- d) 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.

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

  
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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: 30/10/2020

  
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For NPJS & Associates  
Chartered Accountants

  
Mr. Indra Singh  
Partner  
MRN - 421786





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.

The counter foils or revenue receipts were 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 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.

- 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 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 huge outstanding from past several years, below mentioned are few cases.

### In case of property tax

Property tax register were verified and found few outstanding tax pending to be recovered from long time. List of few pendencies of taxes from long time has been listed below:

Ward No.	Consumer Name	Sampati Kar	Samekit Kar	Siksha Upkar	Vikas Upkar	Total Outstanding	Years
1	Shivendra durga charan Singh	10,856.00	2520	3888	2592	19856	1999 to 2019
2	Satya Narayan Tiwari	5,133.00	2760	1260	1260	10413	1989 to 2019
3	Anil Baburao jhrbade	4,581.00	2280	1308	1308	9477	2000 to 2019
4	Virendra Premnarayan	7,042.00	2760	1971	1007	12780	1997 to 2019
5	Chandra Bhan Baldev Singh	9,852.00	2640	2806	2356	17654	1998 to 2019
6	Santosh singh Lallu Singh	8,434.00	2280	2628	1724	15066	2001 to 2019

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

We have verified the interest income from FDR's and noticed that interest income is recognised in books of accounts on accrual basis.

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

All FDR's have been verified as provided to us & were in the possession of ULB. Detail of the same is provided in sub point 3 of point 4.

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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:

V.no.	Name of the party	Date	Amount	Remarks
714	Vikram Singh	29-01-2020	4,20,019.00	GST TDS not Deducted
716	Modern Gloass House	30-01-2020	26,460.00	IT TDS deducted on Purchases
718	Krishna Kumar Singh Chouhan	05-02-2020	6,96,065.00	GST TDS not Deducted
722	MPMKVVCL	10-02-2020	5,24,221.00	No supporting with voucher
727	Sai Electricals	10-02-2020	2,13,986.00	Bill was raised just in one letter head with total amount, no other detailed list or invoice of repair work attached
756	Ganesh Enterprises	11-02-2020	2,73,340.00	Tendering /quotation details missing

ULB has explained that challans or returns for payment of TDS on GST to the Government had been duly deposited on or before the due date. Non compliance of tax provision attract statutory penalty however no such challan or copy provided for verification

- 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.

  
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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.

- 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 of various schemes for verification of scheme wise project/ wise Utilization Certificate (UCS) were provided to us by the ULB and they are in reconciliation with the Receipt & Payment account.

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

  
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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.

Details regarding temporary advances were not provided to us by the ULB and hence we cannot comment on the same. However list of advance to employees at year end were duly provided by the ULB and same is produced below:

S.No.	Name of the Employee	Amount (Rs.)
1	Shri Subhash Saarvaan	6,740.00
2	Shri Vicky Saarvaan	6,120.00
3	Shri Suresh Saarvaan	2,000.00
4	Shri Subhash Sharma	10,000.00

### **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 by us, it was noticed by us that the ULB has maintained required books of accounts on basis of which it draws its financial statement. However few registers were not found for verification during the course of audit, these are Staff advances register, Fixed Asset register, Security Register, FDR Register, Grant Register etc 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 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.

  
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- 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 not provided to us by the ULB. In the absence of requisite information relating to reconciliation difference we are unable to guide the ULB to prepare BRS. We suggest that ULB should prepare BRS at monthly and annual rest. However the bank balance as on 31<sup>st</sup> March 2020 stood as follows:

S.No.	Bank Name	Bank Account No.	Closing Balance as per Pass book as on 31/03/2020
1	State Bank of India	11242480295	2,20,53,191.32
2	Central Bank of India	2272285854	46,82,603.71
3	State Bank of India	11242490010	73,56,402.42
4	Central Bank Of India	2272296106	47,49,844.00
5	HDFC Bank	2752	5,408,686.00
6	FDR		2,17,21,394.00
	<b>Total</b>		<b>6,59,72,121</b>

Total as per cashbook stood at Rs. 5,90,56,324/-. Hence there is difference of Rs. 65,19,797.00 for which ULB has not provided reconciliation.

Apart from above there are two bank accounts maintained for PMAY as follows:

1	SBI	36501924993	1,42,23,513.00
2	CBI	3685794773	3,71,121.00
	<b>Total</b>		<b>1,45,94,635.00</b>

Different cash book was maintained for PMAY and closing balance of such cash book is in reconciliation with bank balance.

- 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. During the course of verification grant registers were't provided for verification. Hence verification of the same cannot be done from the entries in cash book. However summarised statement of grants maintained by the ULB has been provided to us and same has been provided 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. During the course of verification Fixed Asset registers were't provided for verification. Therefore we are not able to verify the same and comment upon whether it is complete and correctly balanced. We suggest update it regularly.

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- 7) The auditor shall reconcile the account of receipt and payment especially for project funds.

Separate cash book for PMAY were maintained by the ULB and same was made available to us for verification.

#### 4. Audit of FDR

- 1) The auditor is responsible for audit of all fixed deposits and term deposits.

We have verified fixed deposits maintained by the ULB and provided to us for verification, the detail regarding the same is tabled below:-

S.NO.	BANK NAME	FDR NO/A/c No.	AMOUNT	Rate
1	Jila Sahakari kendriya Bank Maryadit, Betul	194004040509	32,00,000.00	7.75%
2	SBI	36179149510	61,73,798.00	6.25%
3	SBI	36179149532	61,73,798.00	6.25%
4	SBI	36179149576	61,73,798.00	6.25%

- 2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done.

Proper records of FDRs are maintained.

- 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. Investments are made by the ULB at competitive rate. No instance found where FDR's are kept at low rate of interest than the prevailing rate.

- 4) Interest earned on FDR/TDR Shall be verified from entries in the cash book. Interests on FDRs' are booked on accrual basis & on the maturity, realization of invested amount is recorded in the cash book.

#### 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.

  
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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 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.

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

S.No.	Grants	Opening Balance	Received	Utilized	Closing Balance
1	Moolbhootsuvidha	70,75,755.00	28,16,000.00	64,25,973.00	34,65,782.00
2	14 finance (Payjal )	30,27,587.00	43,90,080.00	20,17,837.00	53,99,830.00
3	14 finance (Computer Registration)	2,33,740.00	4,16,660.00	-	6,50,400.00
4	ThosUpsasit	46,67,346.00	45,73,000.00	16,01,404.00	76,38,942.00
5	Rajyavittayog	87,92,758.00	22,02,000.00	51,99,164.00	57,95,594.00

  
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6	Sadak marmmat anuraksan	23,62,874.00	7,41,000.00	29,30,772.00	1,73,102.00
7	Mokshdhaam jevudhaar	11,44,917.00	-	-	11,44,917.00
8	Chopal Nirmaan	-	1,98,768.00	-	1,98,768.00
9	Mukhya mantriadhosaranchana	20,00,000.00			20,00,000.00
10	Chungik shatipurti	-	2,06,63,638.00	-	2,06,63,638.00
11	Yatrikar	-	7,62,000.00	-	7,62,000.00
12	Mudrank Shulk	-	2,79,000.00	-	2,79,000.00
13	Visesh Nidhi	-	50,00,000.00	-	50,00,000.00

- 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. A detail for the same is provided in table above.

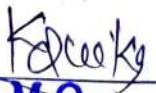
- 3) He shall perform audit of loans provided for physical infrastructure and its utilization. During his audit the auditor shall specifically comment on the revenue mechanism i.e. whether the asset created out of the loan has generated the desired revenue or not. He shall also comment on the possible 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 timely made at each quarterly/annually (as applicable) rest. 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 regarding payment made against loan were not provided by the ULB. However closing balance as per loan statement provided by the HUDCO stood at Rs. 23,18,916/-. The Loan amount is used for CM Adhosanrachna Yojna.

- 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.

  
C.M.O.  
NAGAR PARISHAD  
BHAINSDIHI







**Nagar Palika Parishad Bhainsdehi, Distt Betul**

**Receipt & Payment 2019-20**

Receipts	Amount	Payment	Amount
Opening Balance	6,05,78,369.00		
Bhawan Kar	104.00	General Establishment	33,93,991.00
Vratti Kar	120.00	Allowance	23,173.00
Chhungikshati Puri	2,07,16,188.00	Contingency (General Establishment)	8,94,048.00
Smappatti Kar		Revenue	40,56,645.00
Outstanding	3,84,780.00	Contingency (Revenue)	2,34,745.00
Current	5,18,804.00	Social Security Establishment	7,96,165.00
Samekit Kar		Contingency (Social)	3,76,598.00
Outstanding	1,54,180.00	Material Purchase	14,72,115.00
Current	99,360.00	Electricity Expenses	63,49,479.00
Siksha Upkar		New Work	3,17,653.00
Outstanding	1,07,208.00	Water Supply-Establishment	36,73,240.00
Current	1,34,626.00	Repair & Handling	25,09,546.00
Nagar Vikas		Contingency (Water Supply)	16,02,229.00
Outstanding	98,945.00	New Tasks	3,37,240.00
Current	1,33,677.00	Health Establishment	27,43,542.00
Yatri Kar	7,62,000.00	Health Contingency	4,13,942.00
Market Fees	3,14,040.00	Fuel Expenditure	1,21,133.00



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**C.M.O.**  
**NAGAR PARISHAD**  
**BHAINSEDEHI**



# NPJS & ASSOCIATES

CHARTERED ACCOUNTANTS

+91-9179179143  
npjs.associates@gmail.com

Kanji House	2,820.00	Other	35,20,755.00
Building Rent	32,080.00	Diesel	1,34,054.00
Marriage Registration	350.00	Building	4,302.00
Shop Rentals		Contingency	3,27,495.00
Outstanding	2,21,114.00	Public Works Establishment	14,85,191.00
Current	1,29,642.00	House Building	16,68,782.00
Retrieval From Cadaver Vehicle	43,000.00	Building Repairs	90,370.00
Mutation Fee	17,700.00	Road Construction	29,04,930.00
Temporary Meddling	1,28,790.00	Road Repair	1,25,590.00
Premium On Posts		Drain Construction	43,24,891.00
Outstanding	2,918.00	Culvert Construction	1,77,125.00
Current	702.00	Culvert Repair	2,55,859.00
Interest	18,22,783.00	Contingency (Public Works)	6,12,268.00
Sadak Marammat Anudan	7,41,000.00	Public Works Other	36,673.00
Sadak Nirman Anudan	50,00,000.00	Reading Room Contingency	24,500.00
Mulbhoot	27,85,000.00	Garbage Cart / Cart Dustbin Purchase	1,95,000.00
Rajya Vitt Aayog	22,33,000.00	Pond Construction	6,19,647.00
14th Finance Commission	91,46,000.00	Other Construction Expenses	37,08,683.00
Mudrank Shulk	2,79,000.00	Principal	2,27,600.00
Colony Development	1,40,000.00	Interest	2,56,588.00
Other Grants (Pond Conservation)	35,00,000.00	Motor Purchasing & Repairing	6,51,659.00
Shop Sale	90,750.00	Telephone Expenditure	54,751.00



*Kewika*  
**C.M.O.**  
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**BHAINSEHI**





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<b>Jalkar</b>		<b>Audit Fees</b>	<b>71,300.00</b>
Current	9,66,695.00	Various	12,66,381.00
Outstanding	1,88,830.00	Deposit	43,37,289.00
Other	4,55,296.00		
Building Permit	4,800.00		
Various	10,77,458.00		
Other Miscellaneous	1,370.00		
<b>Advance</b>			
Other	1,52,824.00		
Deposit	22,87,168.00		
		<b>Closing Balance</b>	<b>5,90,56,324.00</b>
<b>Total</b>	<b>11,54,53,491.00</b>	<b>Total</b>	<b>11,54,53,491.00</b>

Chief Accountant

Chief Municipal Officer, Bhainsdehi

C.M.O.

BHAINSEHI





**Other Audit Observations**

**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 Rs24.96 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	Sampatti Kar	6.00	4.12	1.88	11.23	4.96	6.27	8.15
2	Samekit Kar	4.05	1.49	2.56	2.38	0.95	1.43	4.00
3	Nagriya Vikas Upkar	1.93	1.00	0.93	3.27	1.34	1.93	2.86
4	Shiksha upkar	2.44	1.08	1.35	3.27	1.37	1.90	3.26
5	Shop rent	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Jal Upbhokta Prabhar	4.87	1.88	2.99	11.48	9.44	2.04	5.03
7	Tehh Bajar	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	Adhibhaar	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Bhumi Kiraya	2.54	1.95	0.59	2.96	1.87	1.09	1.68
10	Bazzar Fees	0.00	0.00	0.00	3.15	3.15	0.00	0.00
11	Other	0.00	0.00	0.00	11.41	11.41	0.00	0.00
	<b>Total</b>	<b>21.82</b>	<b>11.53</b>	<b>10.30</b>	<b>49.14</b>	<b>34.47</b>	<b>14.67</b>	<b>24.96</b>
	<b>Total Un-Recovered amount</b>							<b>24.96</b>

Date: 30/10/2020

**C.M.O.**  
**NAGAR PARISHAD**  
**BHAINSEHI**

For NPJS & Associates  
Chartered Accountants  
  
CA Jitendra Singh  
Partner  
MRN - 421786



# Reporting on Audit Paras for Financial Year 2019-20

**Name of ULB:** Bhainsdehi Nagar Parishad

**Name of Auditor:** NPJS & 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	407.31%  $(3,24,09,346 / 79,57,016) \times 100$		



**C.M.O.**  
**NAGAR PARISHAD**  
**BHAINSDEHI**