

Alok Jain
B.Com., FCA
Managing Partner



JAIN ALOK & ASSOCIATES

CHARTERED ACCOUNTANTS

15, Patni Complex, Collectorate Road,
Chhindwara - 480001 (M.P.)
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AUDIT CERTIFICATE

We have examined the Balance Sheet and Income and Expenditure Account for the year ending 31st March, 2020 and the Balance Sheet as on 31st March, 2020 of the **Barhi Nagar Parishad**.

We have obtained all the information and explanations other than those mentioned in the Report, and taken in view of the accounting policies of the Madhya Pradesh Municipal Accounting Manual as acknowledged by the State Government. Subject to the comments in the appended Audit Report, I certify, as a result of audit, that in my opinion these Accounts and Balance Sheet exhibit a true and fair view of the state of affairs of the **Barhi Nagar Parishad** according to the best of information and explanations given to us and as shown in the books of the organization.

For Jain Alok & Associates
Chartered Accountants
(FRN No: 011896C)

CA Alok Jain
Partner
Membership No: 076831
Date: 1st Oct 2020
Place: Bhopal



मुख्य नगरपालिका अधिकारी
नगरपालिका वरिही
जिला-कटनी (म.प्र.)

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Independent Auditors' Report

TO,
THE CHIEF MUNICIPAL OFFICER,
BARHI NAGAR PARISHAD,

TO,
THE MEMBERS OF NAGAR PALIKA,
BARHI NAGAR PARISHAD,

Report on the Financial Statements

We have audited the accompanying Financial Statements of **BARHI NAGAR PARISHAD** ("the ULB"), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss, the Receipt & Payment Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management of Municipal Corporation is responsible for the matters in Madhya Pradesh Municipal Accounting Manual ("MPMAM") and The Madhya Pradesh Municipal Corporation Act, 1956 ("the Act") with respect to the preparation of these financial Statements that give a true and fair view of the financial position, financial performance and cash flow of the ULB in accordance with the accounting principles, including the Accounting Standards specified under Madhya Pradesh Municipal Accounting Manual. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act and Manual for safeguarding of the assets of the ULB and for preventing and detecting the 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 internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We have taken into account the provisions of the Act and MPMAM, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Madhya Pradesh Accounts Audit Manual and as per scope of work under assignment.

We conducted our audit in accordance with the Standards on Auditing specified under Madhya Pradesh Accounts Audit Manual. Those Standards require 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 mis-statement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the 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 true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes valuating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by ULB's Management, 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, and deviation, if any attached with this report (as per annexure A)

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the MPMAM in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) In the case of the Balance Sheet, of the state of affairs of the ULB as at March 31, 2020;
- b) In the case of the Statement of Income & Expenditure Account, of the excess of Income over Expenditure for the year ended on that date; and
- c) In the case of the Receipt & Payment & Bank Reconciliation for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters annexed with this report as Annexure A

Report on other Legal and Regulatory Requirements

As required by Madhya Pradesh Accounts Audit Manual and the letter of Directorate, Urban Administration & Development vide letter no. 545 dated 29/07/2020, and the records/documents produced before us, our opinion are as under:

1. Audit of Revenue
 - i) We have test checked receipts on random basis with the Receipt Books and found correct, however on an overall basis for the year, Gross receipts taken for all the department do not match with the receipts shown in Income & Expenditure Account. The observation are in Annexure A

- ii) We found that daily collection are deposited on the same day except in the cases of where banks are closed and some collection online by E- Nagar Palika software.
- iii) We have checked the entries of Manual Cash Book with the entries in tally software, and found it correct but we have checked Manual cash book from E- Nagar Palika software data then we found only contractor & Expenses payment entries reflected in software and both the side (Receipt & Payment) not matched.
- iv) We have not been provided with monthly/quarterly targets of revenues receipts, however we have compared Annual Budgeted Targets v/s Actual receipts for the year under audit. The observation are in Annexure A

2. Audit of Expenditure

- i) We have performed the test check because of limitation of time and found them correct except in the cases where we specifically given annexure to the report.
- ii) We checked the Vouchers and duly verified from the Entries in Cash Books as well as in Tally Software and found it correct but but we have checked Manual cash book from E- Nagar Palika software data then we didn't found taxes payment entry & Bank Charges entries.
- iii) We checked monthly balances of manual cash book and found it correct.
- iv) We verified the grant register maintained by ULB and found that the expenditures under the schemes are limited to the funds allocated for that particular schemes.
- v) We verified the expenditure and found that they are generally in accordance with the guidelines, directives, acts and rules issued by Government of India / State Government.
- vi) No such case is noticed where the fund of the ULB has been mis-utilised, moreover on random check we did not noticed any mis-utilisation of financial limits of the sanctioning authority.
- vii) We verified scheme and project wise Utilization certificates and found it correct and tallied with Income and Expenditure Account and creation of fixed assets.
- viii) We have seen the budget variances in respect of Expenditure/Asset creation also and

found substantial variances. (Refer Annexure A) .

3. Audit of Book Keeping

- i) We checked the Books of Accounts and Stores Register and found it in accordance with Annual Financial Statements.
- ii) We verified that all the Books of Accounts and Stores Register are maintained as per applicable Accounting rules.
- iii) We checked the advance register and found it correct
- iv) We verified the Bank Reconciliation Statement and found it in accordance with records and bank statements of ULB.
- v) We checked the grant register and found it in accordance with receipts and payments of particular grant.
- vi) We checked the Fixed Assets Register and found it correct as per the records made available to us.
- vii) All the Receipts and Payments are reconciled.

4. Audit of Fixed Deposit Receipts

- i) We found that ULB did not have any Fixed deposits.

ii) Audit of Tenders/ Bids

- i) We have test checked the tender/bids files and found that the process have been properly followed and was as per the rules.
- ii) We have test checked the Contractor's files and found that the tender fee / bid processing fee are received and security deposit is deducted from the running bills during construction and maintenance period.
- iii) We have test checked the Contractor's Files and found that the Bank Guarantee received from the Contractors are not duly verified with the issuing Banker, moreover in the cases where contract period is extended no steps is taken towards extension of Bank Guarantee from the contractors and Issuing Banker.
- iv) We found that ULB is not taking strict action against delay in completion of work or slow process in work.

6. Audit of Grants and Loans

- i) We have checked and verified the Grants received from Central Government and its

Utilization Certificate issued by ULB and found to be correct.

- ii) We have checked and verified the Grants received from State Government and its Utilization Certificate issued by ULB and found to be correct.
- iii) We have not been not provided with Loan statement and utilization certificate of HUDCO Loan to find out the actual impact on liability shown in the Balance sheet.
- iv) The only loan taken by ULB from SUDA under IHSDP Scheme does not have any direct impact on revenue generation hence we can't comment on revenue mechanism.
- v) We have checked and verified that no loans / capital receipts / grants etc. are diverted to any revenue expenditure.

For Jain Alok & Associates

Chartered Accountants

(FRN No: 011896C)

CA Alok Jain

Partner

Membership No: 076831

Date: 01th Oct 2020

Place: Bhopal



मुख्य नगर विकास अधिकारी
नगर परिषद बरही
जिला-कटनी (म.प्र.)

ANNEXURE – A
(Part of Annexed Audit Report)
Emphasis of Matters

1. We found that ULB is violating TDS rules of the Income Tax Act regarding deducting TDS at higher rate due to non-availability of PAN No. Of the contractors, non-compliance of such provisions may attract following consequences
 - a) Person responsible for non-compliance shall be punishable with rigorous imprisonment for a term which shall be between 3 months and 7 years, along with fine.
 - b) ULB shall be liable to pay, by way of penalty, a sum equal to the amount of tax which ULB is failed to collect as aforesaid.
 - c) ULB Deposit Fund in one A/C and Made FDR in other A/C and Deducted in TDS in first A/C and ULB didn't take in Books.
2. We have test checked receipts on random basis with the Receipt Books and found correct, however on an overall basis for the year, Gross receipts taken for all the department do not match with the receipts shown in Income & Expenditure Account. The observations are as follows:-

S.No	Particulars	Actual Receipts as per Cashier Cash Book	As per Department Records	Differences
1	Property Tax	2409616	429517	1980099
2	Water Tax	1730125	1350339	379786
3	Rents	257248	125000	132248
			Total	2492133.00

3. We have verified the dates of the Quarterly TDS Returns from the website of TDS TRACES and found it filled within the due dates and same day deducted and deposit in bank.
4. On checking we found that TDS has not been deducted on payment of hiring of vehicles.
5. Meter reading are not mentioned in the Vehicle Log Book moreover No average is set for any of the vehicle and in some places diesel usage is also not entered in the Vehicle Log Book.
6. We found that ULB has not any FDR's during the year 2019-20 and we observed that ULB had huge Balances in saving accounts.
7. We have gone through Contractor's file on random basis and observed the following:

- (a) That majority of works contract are not completed within stipulated time.
 - (b) No approval for extension of time period is obtained from the authority.
 - (c) No penalty or Compensation is charged from contractors for delay in the work.
 - (d) No completion certificates are issued by the Engineers to any contractor.
 - (e) Final bill payments are still due in every file which we checked.
 - (f) Documents regarding Provident Fund Registration is not available on records.
 - (g) Documents regarding Labour Act Registration is not available on records.
 - (h) Labour Report is not available.
 - (i) Royalty Certificate is also not available.
 - (j) Photographs of Work Completed are also not available in Contractor's File for specific work.
 - (k) No Register is maintained for amount deducted as Performance Guarantee from bills of Contractors.
8. We found in case of Grants that ULB is spending excess amount than the amount actually received in specific grants by paying from the Municipal Funds.
9. Bank balances has been worked out on the basis of Bank statement & Cash Book provided. Some of the Bank Balances are subject to confirmation and adjustments arising due to reconciliation. Details are given below-

Nagar Parishad BARHI
Summary of BRS as on 31 March 2020

Sr. No.	Name of The Bank and Branch	Bank Account Number	Specify the purpose for which the bank account is maintained	Balance as per Cash book as on 31.03.2020	Balance as per Bank Book as on 31.03.2020
1	2	3	4	5	6
1	State Bank of India	32560050909	MP Bhawan Nirman & Karmkar Mandal	418886.00	418886.00
2	State Bank of India	53033457885	Grant Account	64568826.00	64243833.00
3	State Bank of India	11232530114	Taxes and Services	3134231.00	3007003.00
4	State Bank of India	11232530534	Grant Account	613145.00	725510.00
5	State Bank of India	11232530090	EMD Account	726159.00	622903.00
6	State Bank of India	30318994851	Grant Account	14,566.00	14,566.00

7	CMPGB	2004591030025523'	Taxes and Services	562128.00	579165.00
8	Punjab National Bank	SA0171720	ULB	33,713.00	33,713.00
9	Zila Sahkari Kendriya bank	145	ULB	7,438.00	7,438.00
10	Central Bank of India	2389062357	BRGF	1515219.00	1519919.00
11	State Bank of India	11232530227	SJSRY	305945.00	305945.00
12	State Bank of India	11232558415	Sanchit nidhi	1049332.00	1186174.00
13	State Bank of India	36477580026	PMAY	2718592.00	2718592.00
14	State Bank of India	883227805	SBM	4222058.00	4222058.00
TOTAL				79834521.00	79549988.00

NAGAR PARISHAD, BARHI (M.P.)
BALANCE SHEET
As at 31ST MARCH 2020

TABLE :2

	Particulars	Schedule No.		Current Year (19-20)
A	SOURCES OF FUNDS			
A1	Reserves and Surplus			
	Municipal (General) Fund	B-1		39,561,580.00
	Earmarked Funds	B-2		386,142.00
	Reserves	B-3		11,513,466.00
	Total Reserves and Surplus			51,461,188.00
A-2	Grants, Contributions for Specific Purpose	B-4		40,582,921.00
A3	Loans			
	Secured Loans	B-5		40,318,566.90
	Unsecured Loans	B-6		-
	Total Loans			40,318,566.90
	TOTAL SOURCES OF FUNDS (A1-A3)			132,362,675.90
B	APPLICATION OF FUNDS			
B1	Fixed Assets			
	Gross Block	B-11		45,125,813.00
	Less : Accaumulated depreciation			6,141,339.00
	Net Block			38,984,474.00
	Capital Work in Progress			10,270,963.00
	Total Fixed Assets			49,255,437.00
B2	Investments			
	Investments-General Fund	B-12		1,161,993.00
	Investments-other Fund	B-13		-
	Total Investment			1,161,993.00
B3	Current Assets, loans & Advance			
	Stock in hand (Inventories)	B-14		22,803.00
	Sundry Debtors (Receivables)	B-15		5,017,203.00
	Prepaid Expenses	B-16		18,207.00
	Cash and Bank Balance	B-17		82,391,179.00
	Loans , advances and deposits	B-18		500,971.90
	Total Current Assets			87,950,363.90
B4	Current Liabilities and Provisions			
	Deposits received	B-7		3,218,885.00
	Deposits Works	B-8		-
	Other liabilities(Sundry Creditors)	B-9		1,601,049.00
	Provisions	B-10		1,185,184.00
	Total Current Liabilities			6,005,118.00
	Total Current Liabilities			81,945,245.90
B5	Net Current Assets (B3-B4)			-
C	Other Assets.	B-19		-
D	Miscellaneous Expenditure (to the extent not written off)	B-20		-
	TOTAL APPLICATION OF FUNDS (B1+B2+B5+C+D)			132,362,675.90

मुख्य नगरपालिका अधिकारी
नगर परिषद वरही
जिला-कटनी (म.प्र.)



Dr. Anil

NAGAR PARISHAD BARHI
INCOME AND EXPENDITURE STATEMENT
FOR THE PERIOD FROM 1st April to 31st March 2020

TABLE :1

	ITEM/ HEAD OF ACCOUNT	Schedule No.	Current Year (19-20) (Rs.)
A	INCOME		
	Tax Revenue	IE-1	4,759,955.00
	Assigned Revenues & Compensation	IE-2	12,415,885.00
	Rental Income From Municipal Properties	IE-3	257,248.00
	Fees & User Charges	IE-4	379,786.54
	Sale & Hire Charges	IE-5	445,374.39
	Revenue Grants, Contributions & Subsidies	IE-6	3,923,566.92
	Income From investments	IE-7	110,017.16
	Interest Earned	IE-8	2,478,954.12
	Other Income	IE-9	71,942.04
	TOTAL -INCOME		24,842,729.17
B	EXPENDITURE		
	Establishment Expenses	IE-10	11,041,520.40
	Administrative Expenses	IE-11	5,917,249.21
	Operations & Maintenance	IE-12	4,524,758.04
	Interest & Finance Expenses	IE-13	5,434.24
	Programme Expenses	IE-14	23,275.20
	Revenue Grants, Contributions & Subsidies	IE-15	127,652.00
	Provisions & Write Off	IE-16	-
	Miscellaneous Expenses	IE-17	-
	Depreciation	B-11	3769045.5
	TOTAL - EXPENDITURE		25,408,934.59
C	Gross Surplus / (deficit) of income over expenditure before prior period items (A-B)		(566,205.42)
D	Add/Less : Prior Period items (Net)	IE-18	-
E	Gross Surplus / (deficit) of income over expenditure after prior period items (C-D)		(566,205.42)
F	Less : Transfer to Reserve Funds		-
G	Net Balance being surplus / deficit carried over to Municipal Fund (E-F)		(566,205.42)

नगर पंचायत का अधिकारी
नगर पंचायत वरही
जिला-कटनी (म.प्र.)



Davis

Abstract Sheet for reporting on Audit Paras for Financial Year 2019-20

Name of ULB: BARHI

Name of Auditor: Jain Alok & Associates

Audit of Revenue							
s.no.	Parameters	Description			Observation in Brief	Suggestions	
1	Audit of Revenue					We observed growth in recovery in comparison to last year	NA
1	Revenue Tax	Receipts	6	7			
		Year 2018-19	Year 2019-20	% of Growth			
1	Property Tax	207107	429517	51.78			
2	Samekit Kar	1350123	1660651	18.70			
3	Urban Development C	89233	129388	31.03			
4	Education Cess	2869	3588	20.04			
	Sub Total	1649332	2223144				
	Non Tax Revenue						
1	Rent	36948	125000	70.44			
2	Water Tax	867400	1350339	35.76			
3	Other Tax/Fees	0	0	0.00			
	Sub Total	3746663	1764143				
	Grand Total	5078711	3105958				

Abstract Sheet for reporting on Audit Paras for Financial Year 2019-20**Name of ULB: BARHI****Name of Auditor: Jain Alok & Associates**

Sr. No.	Parameters	Description	Observation in Brief	Suggestions
2	Audit of Expenditure	We have performed test check of Payment Vouchers entered in the Main Cash Book and Grant Register.	We did not observe any major discrepancies	
3	Audit of Book Keeping	We checked all the Books of Accounts prepared by the ULB (Main Cash Book, Cashier Cash Book, Grant Register etc)	We observed that ULB has maintaining Fixed Assets Register. But not updating on regular basis	ULB should update fixed assets register time to time.
4	Audit of FDR	we have checked FDR and found that although ULB is not maintaining fixed Deposit register.	ULB does have old FDR but is maintaining huge balance in bank accounts	ULB should invest in FDR for shorter or longer period.
5	Audit of Tenders/Bids	i) We have test checked the tender/bid files and found that the process have been properly followed and was as per the rules.	No Observations	NA
6	Audit of Grants & Loans	We have checked and verified the Grants received from Central and State Government.	No Material Observations	NA
7	Incidences relating to diversion of funds from Capital receipts/Grants/Loans to Revenue Nature Expenditure and from one scheme/project to another	We did not observed any of such cases	No Observations	NA

Abstract Sheet for reporting on Audit Paras for Financial Year 2019-20

Name of ULB: BARHI

Name of Auditor: Jain Alok & Associates

Sr. No.	Parameters	Description	Observation in Brief	Suggestions
8	Any Other			
	a) Percentage of Revenue Expenditure (Establishment, Salary, Operation & Maintenance) with respect to Revenue Receipts (Tax and non tax) excluding Octroi, Entry Tax, Stamp Duty and other grants etc.	37.53%	We Observed that Revenue expenditure is majorly done from grants and revenue income from own resources is very low	We suggest that ULB should take strict action to recover the tax by issuing notice to the public and increase the staff and make the staff more efficient
	b) Percentage of capital expenditure with respect to Total Expenditure	84.00%	We observed that the major source of capital expenditure is grants due to low recovery of taxes from public.	

Dehru
मुख्य मन्त्रिालिका अधिकारी
नगर परिषद वरही
जिला-कटनी (म.प्र.)



Jain

Nagar Parishad Barhi
Receipts and Payments
1-Apr-2019 to 31-Mar-2020

Page 1

Receipts		Payments	
1-Apr-2019 to 31-Mar-2020		1-Apr-2019 to 31-Mar-2020	
Opening Balance	6,31,43,190.10	Current Liabilities	5,59,45,320.00
Bank Accounts	6,31,43,190.10	340 - Deposits Received	40,000.00
Current Liabilities	22,47,543.00	350 - Other Liabilities	5,59,05,320.00
340 - Deposits Received	22,47,543.00	Current Assets	2,58,730.00
Current Assets	28,45,875.00	460 - Loans, Advances and Deposits	2,58,730.00
431 - Sundry Debtors (Receivables)	28,45,875.00	Revenue Expenditure	2,87,94,228.00
Capital Receipts and Liabilities	5,18,75,888.00	210 - Establishment Expenses	61,970.00
310 - Municipal (General) Fund	1,57,15,597.00	220 - Administrative Expenses	93,020.00
320 - Grants, Contribution for Specific Purposes	3,61,60,291.00	230 - Operations & Maintenance	42,000.00
Revenue Income	1,42,70,654.00	240 - Interest & Finance Charges	23.00
110 - Tax Revenue	11,53,592.00	250 - Programme Expenses	2,85,97,215.00
120 - Assigned Revenues & Compensations	81,85,545.00	Closing Balance	4,93,84,872.10
130 - Rental Income From Municipal Properties	93,210.00	Bank Accounts	4,93,84,872.10
140 - Fees & User Charges	30,21,730.00		
150 - Sale & Hire Charges	357.00		
170 - Income From Investments	5,403.00		
171 - Interest Earned	10,94,292.00		
180 - Other Income	7,16,525.00		
Total	13,43,83,150.10	Total	13,43,83,150.10

