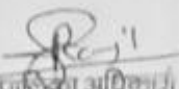


CHICHLI NAGAR PARISHAD

AUDIT REPORT 2019-20


मुख्य नगरपालिका अधिकारी
नगर परिषद चौदहरी

AUDITOR:
PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of CHICHLI NAGAR PARISHAD

1. Report on the Financial Statements

We have audited the accompanying financial statements of CHICHLI 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 has not directed us to perform audit of any other section in his office in addition to the above scope.

मुख्य नगर पारिषद अधिकारी
नगर परिषद बीछली





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.


मुख्य नगर पालिका अधिकारी
नगर परिषद चीचली





PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
cpatidar.associates@gmail.com

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

- 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: 20418806AAAACQ1289

मुख्य नगरपालिका अधिकारी
नगर परिषद वीरली

For Patidar & Associates
Chartered Accountants



Neelesh Patidar
(Partner)
MRN - 418806

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 CHICHLI 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 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.





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:

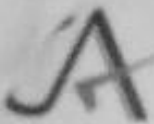
- The ULB did not have an appropriate internal financial control system over financial reporting since the internal controls adopted by the ULB did not adequately consider risk assessment, which is one of the essential components of internal control, with regard to the potential for fraud when performing 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.

मुख्य जेवर पालिका अधिकारी
नगर परिषद बीदल






PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9092958116
cpatidarassociates@gmail.com

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


Neelesh Patidar
Partner



For Patidar & Associates
Chartered Accountants

Neelesh Patidar
Partner
MRN - 418806



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

Annexure '2'

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. However no details and necessary explanation were provided by the ULB for the receipt head Difference in amount shown in Receipt & Payment Statement.

2) He is also responsible to check the revenue receipts from the counter files of receipt book and verify that the money receipt is duly deposited in respective bank account. The counter foils or revenue receipts were not made available to us for verification. It was informed to us that the revenue/tax collector/officer directly deposits the amount collected with main cashier at the cash counter, who in turn deposit this amount directly to the bank account. A register is being maintained by revenue/tax collector/officer from which collected amount move into cashier cash book. A detailed statement containing outstanding demand and tax collected during the year was provided to us by the concerned department 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 volume 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 every entry should be duly supported by necessary documentary evidences and authorizations.

मुख्य नगर पालिका अधिकाारी
बनार परिषद चीवर्त





PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
capatidar.associates@gmail.com

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

In case of Water Tax-

Water tax consumer wise long outstanding was provided by the ULB and produced below. However details related to since when dues are pending, interest charged on pending dues, legal action initiated against such pending dues etc were not provided nor recorded in the outstanding registers.

Ward no.	Consumer Name	PY's Outstanding	CY Outstanding	Total Outstanding
4	Indralama Chouia	5550	600	6150
4	Bitia bai	5550	600	6150
4	Rishipuram Tanikai	5550	600	6150
9	Ramkrishna Kourav	5550	600	6150
9	Gajulal Kahai	5550	600	6150
1	Rakesh Mehra	5550	600	6150
1	Sushila Bai	5550	600	6150

In case of property tax

Property tax register is not maintained properly as it 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:

Ward	Name	Total Outstanding at the end of the year including PY Outstanding				Total Outstanding including PY's
		Property tax	Samekit kar	Education cess	Urban Development cess	
7	Kallu Balram Kahaar	980	600	280	280	2140
7	Brajbhushan	1260	600	3860	2580	8300

मुख्य नगर पालिका अधिकारी
नगर परिषद चीवली





PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
cpatidar.associates@gmail.com

	Tamrkar					
7	Ajmer Ali					
7	Shokat Ali	1575	600	4500	4500	11175
4	Sunita Ganesh	7720	600	2205	2205	12730
5	Vinod Kumar	3860	600	1285	1285	7030
6	Kanija Bi	5460	600	780	780	7620
		3350	600	1165	1165	6280

7) The auditor shall verify the interest income from FDR's and verify that interest is duly and timely accounted for in cash book.
FDR details not provided by the ULB and hence we cannot comment on the same. However as per ULB's explanation, there are no FD's maintained by them during the year.

8) The case where, the investments are made on lesser interest rates shall be brought to the notice of the Commissioner/CMO.
FDR details not provided by the ULB and hence we cannot comment on whether the investments are made on lesser interest rates or not.

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.

Date	Voucher no.	Particular	Amount	Remarks
06-01-2020	308	CC road Construction	Rs 252603/-	TDS not deducted
17-07-2019	123	CC road Construction	-	TDS not deducted

मुख्य मैजर पब्लिक अकाउंटन्ट
अमर परिषद चौक





PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
cpatidar.associates@gmail.com

04-09-2019	164	-	Rs. 99800/-	No Invoice or bill attached
04-09-2019	158	-	Rs. 752379/-	No Invoice or bill attached
31-12-2019	298	-	Rs. 458899/-	No Invoice or bill attached

- i. In the case of payment under construction contracts, running bills or demand for part payment were not presented by the concerned contractor. This unable us to verify whether contractor is registered under GST or not and rate at which TDS should be deducted.
 - ii. ULB have not provided challans or returns for payment of TDS on GST to the Government. However ULB has explained that same had been duly deposited on or before the due date. Non compliance of tax provision attract statutory penalty.
- 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 of 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.

मुख्य नगरपालिका अधिकारी
जगर परिसर सीताबाग





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 not provided to us by the ULB. Hence same cannot be commented upon.

We are unable to verify the details of capitalization of expenditure since there is neither any proof available nor completion of work from respective department. There is no cross check mechanism exist to ensure the completion of project except payment of final bill. It is suggested that a proper internal control system should be framed to identify the fixed asset and its recognition in fixed asset register and books of account of the ULB.

- 9) He shall verify that all temporary advances have been fully recovered. Details regarding temporary advances were not provided to us by the ULB and hence we cannot comment on the same.

3. Audit of Book Keeping

- 1) The auditor is responsible for audit of the books of accounts as well as stores. As per the information and explanation provided to us by the management of the ULB and on perusal of books of accounts, it was noticed by us that the ULB has

मुख्य सचिव, नगरपालिका, अतिरिक्त
सचिव, परिषद, नगर





PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
cpatidar.associates@gmail.com

maintained books required to draw receipt and payment, however it does not maintained all the required books of accounts as prescribed under MP MAM. Fixed asset Registers, Security Deposit Registers, Stock Registers, Register of Advances to Contractors, Register of Settlement of contractor / Supplier Bills are among the records which were not provided to us.

- 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 no details of any advances were provided to us by the management of the ULB, also 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 Reconciliation is not provided to us by the ULB despite having differences in closing bank balance and cash book balance. The bank account closing balance as on 31st March 2020 as written in cash book are as follows:

S.No.	Bank Name	Bank Account No.	Closing Balance as per Pass book as on 31/03/2020
1	SBI	34593911640	2,66,31,027.00
2	MP Gramin Bank	203751030015531	77,02,000.00
3	MP Gramin Bank	203751030021303	28,32,000.00
4	Kotak Mahindra Bank	3912716434	1,344.00
5	Kotak Mahindra Bank	3912667859	82,07,364.00
6	Kotak Mahindra Bank	3911966175	14,85,007.00
7	Kotak Mahindra Bank	3913442394	4,04,93,604.00

मुद्रित नाम पर चालू खाता अधीनस्थ
बचत (परिवर्तन) खाता





PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
capatidar.associates@gmail.com

8	Kotak Mahindra Bank		
9	Canara Bank	4877702017	41,34,540.00
10	HDFC	4769132000008	2,08,82,633.00
11	Axis	-	5,40,939.00
		918010111974538	4,68,978.00
	TOTAL		11,33,79,436.00

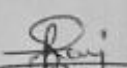
The closing cash book balance stood at Rs. 62,81,987/-.

In the absence of necessary details related to differences, we are unable to provide ULB the necessary guidance regarding preparation of BRS.

- 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 not made available to us. 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 produced at point 6(1) of this annexure.
- 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.
As per ULB, no separate scheme wise report is being prepared by ULB. Also we did not found any detail related to cash book being maintained by ULB. So cannot comment on that.

4. Audit of FDR

- 1) The auditor is responsible for audit of all fixed deposits and term deposits. FDR details not provided by the ULB and hence we cannot verify any such records. However as per ULB's explanation, there are no FD's maintained by them during the year.
- 2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done.


मुख्य नगर पालिका अधिकारी
नगर परिषद नीम





FDR details not provided by the ULB and hence we cannot verify any such records or timely renewals of the same.

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.
FDR details not provided by the ULB and hence we cannot verify any such records or whether FDR'S / TDR are kept at low rate of interest than the prevailing rate or not.

4) Interest earned on FDR/TDR Shall be verified from entries in the cash book.
FDR details not provided by the ULB and hence we cannot verify any such records.

5. **Audit of Tenders / Bids**

1) The auditor is responsible for audit of all tenders / bids invited by the ULB.
No tender related documents were provided, so we can comment on procedures of tenders / bids.

2) He shall check whether competitive tendering procedures are followed for all bids.
No tender related documents were provided, so we can comment on whether competitive tendering procedures were followed for all bids or not.

3) He shall verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period.
No tender related documents were provided, so we cannot verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period.

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.

मुख्य नगर पालिका अधिकाारी
नगर परिषद चीफ





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:-


Grant Type	Amount as per register
MukhyaMantri Adhosarachna	3,00,00,000
Mudrank Shulk	1,46,000
14 th Finance	50,50,000
Rajvitt Aayog	23,42,000
Vaniya Kar par Adhibhaar	32,85,000
Vishesh Nidhi	1,00,00,000
Chungi Shati Purti	1,38,16,746
Sadak Marammat	8,57,000
Total	65496746

However we have noticed difference in grant amount as UADD records and as per accounting records as follows:

S.No.	Grants	Received	UADD	Difference
1	Sadak Marammat	8,57,000	9,41,000	84,000
2	Rajya Vitt Aayog	23,42,000	23,44,000	2,000
	Total	31,99,000	32,85,000	86,000

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.


मुख्य नगर पालिका अधिकारी
नगर परिषद सीवली





PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
cpatidar.associates@gmail.com

- 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 explained to us ULB has not accorded any loan during the year. Hence we cannot comment on loan receipt and repayments.

- 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.

मुख्य नगर पालिका अधिकारी
नगर परिषद वीरगढ़





PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
cpatidar.associates@gmail.com

Other Audit Observations

1. Non recovery of taxes

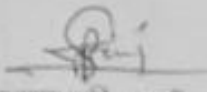
Urban Local Bodies (ULB) earns revenue from their own resources through taxes, rent, fees, issue of licenses etc. In test check of Nagar Parishad as of 31 March 2020 a sum of Rs 17.36 lakhs (as shown in Table Below) plus Interest & Penalties were outstanding against the taxpayers, although the ULBs had 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	5.52	4.33	1.19	4.68	2.47	2.21	3.41
2	Samekit Kar	3.30	2.08	1.22	1.64	1.29	0.35	1.57
3	Nagriya Vikas Upkar	1.82	1.00	0.81	1.12	0.64	0.47	1.29
4	Shiksha upkar	1.82	1.01	0.81	1.12	0.94	0.18	0.99
5	Bhawan/Bhumi Kiraya	4.32	3.37	0.95	0.62	0.52	0.09	1.04
6	Jal Upbhokta Prabhar	10.03	3.72	6.32	3.90	0.74	3.16	9.47
7	Tehh Bajari	0.00	0.00	0.00	3.80	3.44	0.36	0.36
	Total	26.82	15.51	11.30	16.87	10.82	6.05	17.36
	Total Un-Recovered amount							17.36

Date: 30-11-2020


पुस्तक नमून परामर्शक अडिटर
नगर परिषद बीकानेर



For Patidar & Associates
Chartered Accountants

CA Neelesh Patidar
Partner
MRN - 418806

Nagar Parishad Chichli Dist. Narsinghpur, M.P.
Receipts and Payments 2019-20

Receipts	Amount	Payments	Amount
Opening Balance	62,78,504		
Grant Receipts		Administrative Expenses	
Sadak Marammat		Salary Regular	36,94,762
Vadiya Kar	9,41,000	Salary Temporary	55,51,435
Rajya Vitt Ayog	32,85,000	Printing Charges	1,06,557
Mudrank Shulk	23,44,000	Councilor's honorarium	3,72,720
Chhungi kshatipurti	1,46,000	Stationery Purchase	31,976
Vishesh Nidhi	1,38,16,746	Legal Charges	68,000
14th Finance Commission	1,00,00,000		
Swachh Bharat Mission	50,50,000	Operation and Maintenance	
	22,00,000	Vehicle Rent	38,540
Revenue From Own Sources		Computer Purchase/ Repair	2,10,278
Sampatti kar		Electricity Bill	27,40,206
Samakit kar	6,79,900	Telephone / Internet Expenses	19,273
Nagariya Vikas Upkar	3,36,808	JCB Machine Expenses	3,68,951
Siksha Upkar	1,64,863	Electricity Material	16,87,222
New Water connections	1,94,846	Health Department Expenses	52,31,886
Jalkar	75,000	Tent Expenses	1,74,043
Solid Waste Management	3,98,920	Pesticides Expenses	22,06,265
Building Rent	36,680	Water Supply Material Purchase	2,90,876
Market Fees	1,26,750	Income Tax (TDS)	2,77,361
Other Receipts	3,44,303	Lok Sabha Election	40,815
Licence Fees	76,504	other Expenses	4,36,225
Water Tanker	2,000	Munaadi	8,345
	25,000	Festival Celebration Expenses	1,10,830
		Tender fee	2,41,815
Difference in Amount	15,80,424	Newspaper and Periodicals	44,480
		Miscellaneous Expenses	1,76,847
		Diesel and Petrol (Fuel)	3,31,625
		Motor pump repair and Maintenance	88,170
		Public works Department (Construction Expenses)	1,03,17,831
		Security Deposit	2,80,489
		Closing Balance	1,29,56,325
Total	4,81,03,248	Total	4,81,03,248

Chief Accounts Officer



[Signature]
मुख्य नगर पालिका अधिकारी

नगर परिषद चिचली
Chief Municipal Officer, Chichli Nagar Parishad

Municipal Corporation, Nagar Parishad Patidar & Associates									
Sl. No.	Parameters	Description		% of Growth	Observation in brief				Suggestions
		Audit of Revenue	Receipt in (Rs.)						
	Rajaswa Kar wasool	2018-19	2019-20						
1	Sampati Kar	4.68	6.80	45.14	Collection % w.r.t. total dues is 66.63% which is Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.		
2	Sametkar Kar	1.64	3.37	105.92	Collection % w.r.t. total dues is 68.21% which is 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	1.12	1.65	47.39	Collection % w.r.t. total dues is 56.12% which is 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	1.12	1.95	74.20	Collection % w.r.t. total dues is 66.33% which is Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.		
	Total	8.56	13.76						
	Gaur-Rajswa wasool								
5	Bhawan/Bhumil Kitya	0.23	3.90	1632.89	Collection % w.r.t. total dues is 78.99% which is Good	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.		
6	lat Upbhokta Prabhar	3.90	4.46	14.33	Collection % w.r.t. total dues is 32.00% 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	4.13	8.36						
	Grand Total	12.68	22.12						
Previous year wasool patrak shows different closing balance than current year wasool patrak opening balance. The opening and closing balance of previous year wasool patrak should be same as closing balance of current year wasool patrak.									

Previous year wasool patrak shows different closing balance than current year wasool patrak opening balance. The opening and closing balance should be in reconciliation.

Patidar & Associates
Chartered Accountants
12/2019



Reporting on Audit Paras for Financial Year 2019-20

Name of ULB:

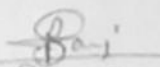
Name of Auditor:

Chichli Nagar Parishad
Patidar & Associates, Chartered Accountants

S. No.	Parameters	Description	Observation in brief	Suggestions
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 as it is neither deducted nor deposited.
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	Details not provided by the ULB.
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	Details not provided by the ULB.
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	



	a) Percentage of revenue expenditure (Establishment, salary, Operation & Maintenance) with respect to revenue receipts (Tax & Non Tax).	964.4% $(2,37,38,551/24,61,574) \times 100$		
	b) Percentage of Capital expenditure wrt Total expenditure.	30.89% $(1,06,08,707/3,43,47,258) \times 100$		
9	Whether all the temporary advances have been fully recovered or not.		Cases of outstanding advances have been outlined in point no. 3 (3) of report attached.	Details not provided by the ULB.
10	Whether bank reconciliation statements is being regularly prepared		BRS not provided.	ULB should prepare monthly BRS.


 मुख्य नगर पालिका अधिकारी
 नगर परिषद बीचली

