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# AUDIT REPORT

Of

**NAGAR PARISHAD, HANUMANA**

at

**HANUMANA, REWA (MP)**

For

**F Y 2019-20**

:: by ::



**JAYANT KOTHARI & CO.**

*Chartered Accountants*

*129 Malviya Nagar Bhopal*

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# Audit Report of Nagar Parishad Hanumana

We have found Following Observation as per Scope of Audit in Terms of Reference Letter no. 170/2020, dated 23-06-2020, during our audit programme at Nagar Parishad Hanumana (Distt. REWA) from 1<sup>st</sup> Sep 2020 to 3<sup>rd</sup> Sep 2020.

## 1. Audit of Revenue

1. We have audited all the sources of revenue.
2. We have done audit of Revenue Receipts with their counterfoils, on systematic sample basis and we have observed that money received is duly deposited in respective bank account.
3. Collection were deposited in bank, same day or next morning of working day if needed, except for bank holiday.
4. All the Entries in cash Book has been Verified.
5. We have verified annual report on target provided and achieved for revenue recovery. We have observed that recovery percentage against current demand is very low which is tabulated below-

Sr. No.	Particulars	Demand	Recovery	Percentage
1.	Sampatti Kar	518500	89925	17%
2.	Samekit KAr	339120	116266	34%
3.	Nagriya Vikas Kar	199013	24738	12%
4.	Shiksha Upkar	150272	16912	11%
5.	Bhawan Bhoomi Kiraya	36540	17096	47%
6.	Jal Kar	257760	222107	86%

and recovery against previous year demand is indicated below table which is found to be very low .

Sr. No.	Particulars	Demand	Recovery	Percentage
1.	Sampatti Kar	2513889	253705	10%
2.	Samekit Kar	1941332	287847	15%
3.	Nagriya Vikas Kar	845480	72048	8.5%
4.	Shiksha Upkar	623360	47696	7.7%



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5.	Bhawan Bhoomi Kiraya	45660	21019	46%
6.	Jal Kar	127622	122066	96%

An appropriate measure for better recovery procedure is required, for recovery of outstanding demand.

6. We have verified FDR's receipts with FDR register and found that FDR's were kept and recorded properly but interest income from FDR were not recorded in Cash book on yearly basis. So it has been suggested to account for interest income on yearly basis.
7. We have verified that Investment were made in various banks, and explanation has been given, that It is the policy of the Nagar Parishad to maintain and invest in all banks to maintain harmony between Banks and Nagar Parishad.
8. We have observed that the adjustment entry of Rs. 7898293/- in cash book has been done on account of difference in cash book and balances of bank. It is explained to us that this is because of huge difference between cash book and bank balances, as bank reconciliation statement has not been prepared for previous years. Bank balances appears to be higher than of cash book therefore ULB has passed the entry of such amount to reconcile the differences. We have suggested that the amount should be reconciled at the earliest and bank reconciliation statement should be prepared on monthly basis.

## 2. Audit of Expenditure

1. We have audited all the expenditure under all schemes.
2. Cash book and expenditure has been audited and all the vouchers have been verified.
3. We have checked balance of cash book on monthly basis, there were some clerical mistake Found, and has been directed to accountant for their rectification, and same were rectified.
4. We have audited there were no over payment and all those expenditure that are related with their schemes, are properly allocated.
5. We have verified payments of expenditure on systematic sample basis and satisfied that almost payments and transactions were made as per the guidelines and directives issued by regulating authorities. TDS is deducted

in Accordance With the Income Tax Act, 1961.

6. During the audit we have verified financial propriety and found that all the expenditure has been supported by financial and administrative sanctions accorded by competent authority and limited to the administrative and financial limits of the sanctioning authority.
7. We have observed that all the cases of payment were appropriate sanctioned.
8. We have observed that the ULB has not paid GST on the fees paid to previous auditor.
9. Scheme wise Financial Statement has been annexed with the report.

### 3. Audit of Book Keeping

1. We have audited all the books of accounts.
2. We have audited all the books of accounts and the same were maintained as per accounting Rules applicable to urban local bodies.
3. We have audited that all advances were timely recovered according to the conditions of advances.
4. We have found that practices of preparing the bank reconciliation statements (BRS) on timely basis were not followed. Accordingly suggested to prepare BRS on timely basis preferably on monthly basis.
5. We have audited Receipts & Payment of grant register, and all the entries in cash book has duly verified.
6. We have found that Fixed Assets register has not been prepared on timely basis. Accordingly suggested to prepare the same on timely basis with appropriate entries annually.
7. We have audited and reconcile the accounts of Receipts and Payments of project funds.

### 4. Audit of FDR:

1. We have done audit of all fixed deposits and term deposits.
2. Proper records of FDR's were maintained and all renewals were timely done.
3. It has been in practice of Nagar Parishad that to cover all the branches of banks FDR's and TDR's were Invested in proper manner.
4. Entries of interests earned in FDR/TDR has been verified.



5. Audit of Tenders/Bids:

1. We have audited that all the tenders/bids were properly invited by the ULB's.
2. We have checked that competitive procedures were followed in case of local bidding and online bidding.
3. We have verified that all the requisite procedures were adequately followed in case of Receipts of tender fee/ Bid Processing Fee/ Performance guarantee.
4. We have not found any bank guarantee.
5. The contract closures has been verified and have been appropriate.

6. Audit of Grants and Loans:

1. We have verified that grants issued by central government were properly utilized.
2. We have verified that grants issued by state government were properly utilized.
3. We have verified that adequate procedures were followed in case of loan provided for physical Infrastructure and its utilization.

It is highly recommended to implement Double Entry System for Book Keeping/Accounting. It is also recommended to implement Computerised Accounting System for better and smooth working.

Disclaimer

The Audit Report has been prepared on the basis of information furnished and made available to us by Nagar Parishad Hanumana. We disclaim any responsibility for any misinformation on part of audit.

Date: 10-09-2020

Place: Bhopal

For

Jayant Kothari & Co.

Chartered Accountants

CA Dhruv Kumar Pandey

(Partner)

मुख्य नगर पालिका अधिकारी  
नगर पालिका हनुमाना  
जिला-सिवा (म.प्र.)

**NAGAR PARISHAD**  
**HANUMANA, REWA, (M.P.)**

**RECEIPT & PAYMENT A/C**

( For the period from 01.04.2019 to 31.03.2020 )

Receipt	Amount (in Rs.)	Payment	Amount (in Rs.)
<b>Opening Balance</b> (As per Cash Book)	212,44,255.13	<b>Revenue Expenditure</b>	
		Salary Expenses	81,73,406.00
		Tender Expenses	42,000.00
<b>Revenue Income</b>		Hire Charges -Tractor	28,000.00
Samekit Kar	4,04,942.00	Jal praday akashmik	2,79,437.00
Property Tax	3,43,618.00	Travelling Expenses	1,06,411.00
Nagriya Vikas Upkar	97,789.00	News Paper Expenses	5,860.00
Shiksha Upkar	65,313.00	EPF Deoposit	1,98,384.00
		Vehicle Expenses	99,002.00
Jal Kar	3,48,901.00	Wages Expenses	51,96,530.00
Shop Premium	38,115.00	Honerarium to Adhyaksh & Parshad	3,12,533.22
Permission Fee-Building Plan	2,76,257.00	TDS	2,71,057.00
Mangal Bhawan Rent	24,600.00	GST Expenses	2,53,625.96
<b>OTHER TAX/FEEs</b>		Labour Welfair	1,00,911.36
Fees Water connection	2,500.00	Roylaty Expenses	31,690.00
Water Supply by Tanker	3,000.00	EPF Servise charges	18,200.00
Tender application	1,96,256.00	DRAIN Cleaning Expenses	3,78,500.00
Road cutting Fees	12,000.00	PMAY- URBAN	32,00,000.00
Tower fees	25,000.00	Repair & Maintinance Expenses	59,844.00
Recovery amount ( Excess Paid To employee)	1,08,723.00	Rain water harvesting	15,737.00
other rent	7,151.00	Plantation expenses	11,845.00
Other Receipts	2,90,384.00	NPS Expenses	3,11,228.00
Scrap Sales	640.00	Repair & Maintinance- FIRE	1,26,250.00
Shulbha complex fees	28,505.00	Repair & Maintinance- Tractor	49,839.00
RTI Fees	90.00	Professional Tax Expenses	39,325.00
Bazar Vasuli	1,75,858.00	Repair & Maintinance -Computer	52,322.00
Water connection fee	5,92,654.00	Sambal Yojana	15,60,000.00
Fee-Application	16,489.00	Election exp	61,079.36
Water connection Charges-Meter	14,952.00	Tender Advertisment	26,942.18
		Other expenses	2,75,469.47
Adjustment in cash book for previous years	78,98,293.81	DSC Expenses	13,500.00
Difference with bank balances		Audit Fee	35,000.00
<b>BANK INTEREST RECEIVED</b>			
Bank Interest	3,01,227.79	Program Activities Exp	20,400.00
<b>GRANT RECEIVED</b>		ULB Development Surcharge	8,197.00
Sambal Yojana	14,35,000.00	Electricity Expenses	44,26,221.00
Grant MP Govt. State Finance Commission	42,04,000.00	Advertisement	74,327.00
Grant MP Govt. Mulbhut suvidha	39,50,000.00	Akashmik sahayata	18,19,140.00
Grant MP Govt. -Road Development	9,57,000.00	Snchit Nidhi Exp.	6,35,759.00
Grant-14th Central Finance Commission	147,31,000.00	Bank Charges	649.00
Grant-Swachh Bharat Abhiyan	10,49,000.00	EPF Expenses	7,59,700.00
Grant -CM Urban Drinking Water Scheme	90,46,037.00	GPF Expenses	5,38,500.00
Antyeshti Sahaayta	30,000.00	Arreas Expenses	19,58,809.00
Grant-CM Urban Infrastructure Development	80,00,000.00	Repair & Maintenance ( Water Supply)	4,71,732.00
Hospital Nirman	2,53,000.00	<b>CAPITAL EXPENDITURE</b>	
PMAY- URBAN	39,78,817.00	PCC Road Construction	22,38,271.00
Other Grant	5,10,148.00	RCC Road Construction	34,40,137.00
Chungi Chhatipurti	185,27,898.00	WBM Road Construction	6,37,975.00
Compensation-Passenger Tax	6,98,000.00	Chabutra Nirman	5,93,104.00
Mudrank Fees	4,45,000.00	Fish Market Construction	1,54,807.00
<b>DEPOSITS</b>		Boundary wall construction	4,82,657.00
Earnest Money Deposit	68,284.00	CM Urban Drinking Water Scheme	20,71,029.13
		Pump Purchases	4,36,163.00
		Hand Pump Platform Construction	79,549.00
		CM Urban Infra Development	12,11,351.00

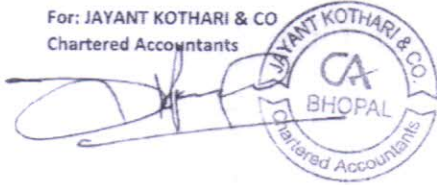


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जिला-रेवा 48 प्र०

		Bridges & Flyover	4,02,728.00
		Bulk purchase-Electrical Items	9,40,583.00
		Kanji House	82,504.00
		AUTO Ricksha Purchase	48,782.00
		Murmikaran	4,73,024.00
		SBM Toliet Construction	4,27,445.00
		<b>OTHER PAYMENT</b>	
		Security deposit refund	55,500.00
		Hudco Loan Repayment	34,68,386.00
		<b>Closing Balance</b>	<b>527,46,566.05</b>
		(As per Cash Book)	
<b>Total</b>	<b>1004,00,697.73</b>	<b>Total</b>	<b>1004,00,697.73</b>

As per our report of even date annexed

For: JAYANT KOTHARI & CO  
Chartered Accountants



CA Dhruv Kumar Pandey  
Partner

मुख्य नगर पालिका अधिकारी  
नगर विकास विभाग  
जिला-सीवा (म० प्र०)

**REVISED ABSTRACT SHEET FOR REPORTING ON AUDIT PARAS FOR FINANCIAL YEAR 2019-20**

**Name of ULB: Nagar Parishad Hanumana, Rewa (M.P.)**

**Name of Auditor: Jayant Kothari & Co.**

Sr.No. Parameters		Observation In Brief			Suggestions
1 Audit of Revenue					
		Year 2019-20	Year 2018-19	% of Growth	
(i)	Sampati Kar	3,43,618.00	1,18,880.00	189.05	overall good growth .
(ii)	Samaykit Kar	4,04,942.00	98,205.00	312.34	overall good growth .
(iii)	Nagariye Vikas Upkar	97,789.00	-	#DIV/0!	overall good growth .
(iv)	Shiksha Upkar	65,313.00	15,349.00	325.52	overall good growth .
	Kul Yog	9,11,662.00	2,32,434.00	292.22	
					Recovery Pattern should be fixed on size
					and age of amount pending for recovery.
	Gair Rajaswa Wasoli				
(i)	Bhavan Bhumi Khiraya	62,715.00	-	#DIV/0!	as compared to last year recovery process is good.
(ii)	Jal Upbhogta prabhar	3,48,901.00	2,51,064.00	38.97	It is observed that in current Financial Year recovery under this head is at good
(iii)	Thos upshist prabhandan upbhogta prabhar				NOT YET WORKED ON IT
	Kul Yog	411616.00	251064.00	63.95	overall good growth .
	Maha Yog	13,23,278.00	4,83,498.00	173.69	

**Seal & Signature of Auditor**

**Jayant Kothari & Co.**

**Chartered Accountants**



**Partner**

**CA. Dhruv Kumar Pandey**

**MRN : 403602**

मुख्य निमित्त अधिकारी  
नगर निरिक्षक इलाहाबाद  
जिला-सीता (मं २०)

REVISED ABSTRACT SHEET FOR REPORTING ON AUDIT PARAS FOR FINANCIAL YEAR 2019-20

Name of ULB: Nagar Parishad Hanumana, Rewa (M.P.)

Name of Auditor: Jayant Kothari & Co.

Sr. No.	Parameters	Description	Observation In Brief	Suggestions
2	Audit of Expenditure	We have verified expense vouchers for various heads on systematic sample basis. During the audit we have verified financial propriety and found that all the expenditure has been supported by financial and administrative sanctions accorded by competent authority and limited to the administrative and financial limits of the sanctioning authority.	We observed that BRGF cash book is not maintained for current year. We have observed that MP state government has closed down the BRGF scheme, and all the remaining fund has been refunded to government account by concerned authorities. Further we have observed the fund available in BRGF scheme. And the fund is being kept by ULB in unauthorized manner.	as the BRGF Scheme is closed down by the government. The amount available with ULB should be refunded and reported to the government
3	Audit of Book Keeping	1. Overall Book Keeping found satisfactory. Accounts are maintained in Single Entry System manually. 2. Advance Register should be maintained properly. 3. Receipt & Payment A/C prepared on monthly basis.	We have found the practice of preparing the bank reconciliation statement (BRS) were not followed. Accordingly suggested to prepare BRS on timely basis preferably on monthly basis. We have found that Fixed Assets register has not been prepared on timely basis. Accordingly suggested to prepare the same on timely basis with appropriated entries annually.	Computer Based Accounting System is highly recommended.
4	Audit of FDR	We have done audit of all fixed deposits and term deposits.	Interest recorded in Cash Book only in Maturity of FDRs. It has been in practice of Nagar Parishad that to cover all the branches of banks FDR's and TDR's were Invested in proper manner. Entries of interest earned in FDR/TDR has been verified.	Interest should be entered on earned basis.
5	Audit of Tenders/ Bids	Regarding tender document and procedur.	No trail is available to verify the tender amount deposited by bidder and no such record maintained at ULB level. It has been explained by ULB to us that the entire tender process is online therefore we need not to maintain the same.	All document should be maintained by ULB.



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नगर पंचायत हनुमाना,  
जिला-रीवा (म.प्र.)

6	<b>Audit of Grants &amp; Loans</b> 1. We have verified that grants issued by central government were properly utilized		We have verified that adequate procedures were followed in case of loan provided for physical infrastructure and its utilization.	Utilization Report should be prepared and monitored on regular basis.
7	<b>Incidences relating to Diversion of funds from Capital/ Receipts/ Grants/ Loans to Revenue Nature Expenditure and from one scheme / project to another</b> There is no trail or tracing system of utilization of fund.		Seperated cash book and bank account should be maintained.	Proper monitoring required.
8	<b>Any Other</b>			
	a) Percentage of Revenue Expenditure (Establishment, Salary, Operation & Maintenance) with respect to Revenue Receipt (Tax and non Tax) excluding Octroi, Entry Tax, Stamp Duty and other grants etc.	Total Revenue Expenditure is Rs. 30410136.55 Total Revenue Receipt is Rs.3374964.79 Revenue Expenditure is 901.05% of Revenue Receipts.	Revenue recovery is not good.	More recovery required, expenses should monitored carefully.
	b) Percentage of Capital Expenditure with respect to Total Expenditure	28.79%	Percentage of completion not mentioned any where.	Capital Exp should recognized on completion basis.

Seal & Signature of Auditor  
 Jayant Kothari & Co.  
 Chartered Accountants  
 BHOPAL  
 Partner  
 CA. Dhruv Kumar Pandey  
 MRN : 403602

मुख्य नगर-पुणे  
 नगरपालिका इ.ग.ना.  
 जिला-रीवा (म.प्र.)