AUDIT REPORT

NAGAR PALIKA PARISHAD, KARELI
NARSINGHPUR (M.P.)

Prepared By:

Maheshwari & Goyal

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MAHESHWARI & GOYAL FRN 012946C Chartered Accountants

Maheshwari & Goyal
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To,
The Joint Director
Urban Local Bodies
Jabalpur (M.P.)

Report on the Financial Statements

We have audited the accompanying financial statements of **Nagar Palika Parishad – Kareli** (Narsinghpur- M.P.) which comprise of receipts and payments account for the year ended on 31st March, 2020.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with applicable Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. 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 control relevant to the entity's preparation and presentation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the

MAHESHWARI & GOYAL FRN 012946C Chartered Accountants

purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 unmodified opinion on the State of Affairs and our qualified audit opinion on the results of operations and cash flows.

Enclosures : Receipts & Payments Accounts, Checklist

Date : 12.10.2020

Place : Jabalpur

For Maheshwari & Goyal
(Chartered Accountants)
FRN : 012946C

MAHESHWARI & GOYAL FRN 012946C Chartered Accountants

Mayank Singhai
(MRN : 433056)

NAGAR PALIKA PARISHAD, KARELI
District : NARSINGHPUR (MP), PIN : 487221
ABTRACT SHEET FOR REPORTING ON AUDIT PARAS FOR THE PERIOD
1-04-2019 TO 31-03-2020

Sno.	Parameters	Description	Observations in Brief	Suggestions
1	Audit of Revenue	a) The auditor is responsible for audit of revenue from various sources.	1) On test check basis we have verified the revenue from reciepts maintained by the management for all sources. 2) GST has not been charged on all tender docuemnts sold by the management.	The management should take neccesary steps to rectify the same. GST register Should be maintained seprately.
		b) He is also responsible to check the revenue reciepts from the counterfoils of reciept books and verify that money received is duly deposited in the respective bank account.	On test check basis we have verified the revenue from reciepts maintained by the management for all sources.	Not Applicable
		c) Percentage of revenue collection increase/decrease in various heads of property tax, samekit kar, shiksha upkar, Nagriya vikas upkar and other tax compared to previous year shall be part of report.	The details are provided in the Annexure	The management should take neccesary steps to rectify the same
		d) Delay beyond 2 working days shall be immediately brought to the notice of commisioner/CMO.	No such cases exist.	Not Applicable
		e) The Entries in cash book shall be verified.	The entries in cash book have been verified and discrepancies have been reported to management which have been rectified by them.	The management should take neccesary steps to rectify the same
		f) Auditor shall specifically mention in report, the revenue recovery against the quaterly and monthly targets. Any lapses in the revenue recovery shall be the part of report.	During the course of our audit we noticed that Demand of samekit kar, Property tax, Nagriya Prashasan kar is not maintained in register person wise. As per the discussion the data sent to the government is on estimated basisby adding certain percentage to the previous year figures. The lapses between the targeted revenue and achieved revenue is mentioned in Annexure to this report.	The management should take neccesary steps to rectify the same Demand is to be raised by posting in a demand register for individual years and all the recoveries related to previous year demands has to be saperately recorded in the demand register of that year.

MAHESHWARI & GOYAL
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012946C
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		g) Auditor shall verify the interest income from the FDR's and verify the interest income is duly and timely accounted for in cash book.	Interest Income is duly accounted for in cash book.	The management has recorded Interst earned on FDRs on last day of the FY instead they should record the interest income Periodically i.e Monthly or Quarterly.
		h) The cases where, the investment is made on lesser interest rates shall be brought to the notice of the commissioner/CMO.	As per the information and explanations available to us the management has not taken quotations from various banks regarding rate of interest on deposits.The management has invested the funds in the same bank where the account is maintained. In absence of the same we cannot comment whether the interest rate is lower or not.	The management should Take quatations from various Banks Reagding Rate of interest and make investment in that bank which provided highest ROI.
2	Audit of Expenditure	a) The auditor is responsible for audit of expenditure under all the schemes.	On test check basis we have verified the expenditure under all the schemes with relevant vouchers.	Not Applicable
		b) He is also responsible for checking the entries in cash book and verify them from relevant vouchers.	On test check basis we have verified the expenditure under all the schemes with relevant vouchers.	Not Applicable
		c) He should also check monthly balances of cash book and guide the accountants to rectify errors, if any.	These have been verified on test check basis. No adverse obervation on the same.	Not Applicable
		d) He shall verify that the expenditure for a particular scheme is limited to the funds allocated for the particular scheme. Any overpayment shall be brought to the notice of Commissioner/CMO.	These have been verified on test check basis. No adverse obervation on the same.	Not Applicable
		e) He shall verify that the expenditure is in accordance with the guidelines,directives, acts and rules issued by Government of India / State Government.	These have been verified on test check basis. No adverse obervation on the same.	Not Applicable
		f) During the audit financial property 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 limit of sanctioning authority.	These have been verified on test check basis. No adverse obervation on the same.	Not Applicable
		g) All the cases where appropriate sanctions have not been obtained shall be reported and compliance of audit observations shall be ensured during the audit. Non-complianes of audit shall be brought to the notice of Commissioner/CMO.	These have been verified on test check basis. No adverse obervation on the same.	Not Applicable

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		h) Auditor shall be responsible for verification of scheme wise project wise Utilization Certificates (UCs). UCs shall be tallied with Income and Expenditure records and creation of Fixed Assets.	These have been verified on test check basis. No adverse obervation on the same.	Not Applicable
		i) The auditor shall verify that all the temporary advances have been fully recovered.	As per the information and explanations available to us from the management, there are no advance given by the management.	Not Applicable
3	Audit of Book Keeping	a) The auditor is responsible for audit of books of accounts as well as stores.	Store register and Stationery register for 19-20 is maintained but was not verified by CMO at the time of Audit.	The management should get all registers verified by CMO.
		b) He shall verify that all books of accounts and stores are maintained as per accounting rules applicable to Urban Local Bodies (ULBs). Any descrepancies shall be brought to the notice of Commissioner/CMO.	The books have been maintained under cash accounting system under single entry.	The management should take neccesary steps to rectify the same
		c) The auditor shall verify advance register and see that all advances are timely recovered according to the condition of advances. All the cases of non-recovery shall be specifically mentioned in audit report.	As per the information and explanations available to us from the management, there are no advance given by the management. Advance register is also not prepared by the management.	Not Applicable
		d) The auditor shall verify that all the temporary advances have been fully recovered.	As per the information and explanations available to us from the management, there are no advance given by the management.	Not Applicable
		e) Bank reconcilation statement shall be verified with the records of ULB and the Bank concerned. If reconcialation statements are not prepared auditor will help in preparing BRS	Bank Reconciliation Statements are prepared for the year 19-20 and no descripencies found during the time of audit. (Please Refer General remarks Point - e.)	Not Applicable
		f) He shall be responsible for verifying the entries in grant register. The reciepts and payments of grants shall be duly verified with entries of cash book.	Grant Registers have been verified on test check basis. No adverse obervation on the same.	Not Applicable
		g) The auditor shall verify the fixed asset register from other records and descrepancies shall be brought to the notice of Commissioner/CMO.	Fixed asset register for 19-20 is not maintained and verified by CMO at the time of Audit.	The management should maintain Fixed asset register for every year and should verify by CMO at the end of the year.
		h) The auditor shall reconcile the accounts of reciepts and payments especially for project funds.	.	Not Applicable

MAHESHWARI & GOYAL * Chartered Accountants * FRN 012946C

4	Audit of FDR	a) The auditor is responsible for audit of Fixed deposits and term deposits.	These have been verified on test check basis. No adverse obervation on the same.	Not Applicable
		b) It shall be ensured that proper recornds of FDR's are maintained and all renewals are timely done.	All the FDR's are renewed on time. No seprate register is mainatined for FDR's	The management should maintain Fixed asset register for every year and should verify by CMO at the end of the year.
		c) The cases where, FDR's/TDR's are kept at low rate of interest then the prevailing rate shall be immediately brought to the notice of Commissioner/CMO.	As per the information and explanations available to us the management has not taken quotations from various banks regarding rate of interest on deposits. Management has made the deposit in the same bank in the same bank where the account was created. In absence of the same we cannot comment whether the interest rate is lower or not.	The management should take Quotations from different banks availabe and make Fixed Deposit at higher rate available.
		d) Interest earned on FDR/TDR shall be verified from entries in the cash book.	These have been verified . No adverse obervation on the same.	The management has recorded Interst earned on FDRs on last day of the FY instead they should record the interest income Periodically i.e Monthly or Quarterly.
5	Audit of Tender/Bids.	a) Auditor is responsible for audit of all the tenders/bids invited by the ULB's.	These have been verified on test check basis. No adverse obervation on the same. Although we notices that the parties bidding for all the projects are same.	Not Applicable
		b) He shall check whether competitive tendering procedures are followed for all bids.	Yes, all competitive procedures are followed for all bids.	The management should take neccesary steps to rectify the same
		c) He shall verify the reciepts of all tender fee/Bid processing fee/Performance Guarantee both during the construction and maintenance period.	These have been verified on test check basis. No adverse obervation on the same.	Not Applicable
		d) The bank guarrantees, if received in lieu of bid processing fee/ performance guarantee shall be verified from the issuing bank.	Instead of BG the management asks to Create FDRs.	In accordance with the guidelines, directives, acts and rules issued by Government of India / State Government They should create BGs from the contractor/vendor.
		e) Conditions of BG's shall also be verified, any BG with any such condition which is against the interest of the ULB shall be verified and brought to the notice of Commissioner/CMO.	These have been verified on test check basis. No adverse obervation on the same.	Not Applicable
		f) The cases of extention of BG's shall be brought to the notice of Commissioner/ CMO. Proper guidance to extend the BG's shall also be given to ULB's.	These have been verified on test check basis. No adverse obervation on the same.	Not Applicable

MAHESHWARI & GOYAL FRN 012946C Chartered Accountants

6	**Audit of Grants and Loans**	a) The auditor is responsible for the audit of grants given by central government and its utilization.	According to the rule no. 129 Madhya pradesh Municiple Act 1971, The urban local bodies is required to maintain grant register for the financial year. During the time of audit we noticed that Pradhan mantri awas yojna grant register is not prepared. The other Grants register for the year 19-20 has been mainatained properly.	The management should properly maintain the Grant register and should verify by CMO timely.
		b) He shall perform audit of loans provided for physical infrastructure and its utilization. During the 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.	Not Applicable	Not Applicable
		c) The auditor shall specifically point out any diversion of funds from capital reciepts/grants/loans to revenue expenditure.	No adverse obervation on the same.	Not Applicable
7	**Incidences relating to diversion of funds from Capital reciepts/ Grants/ Loans to Revenue Nature Expenditure and from one scheme/project to another.**		These have been verified on test check basis. No adverse obervation on the same.	Not Applicable
8	**Whether all the temporary advances have been fully recovered or not.**		No adverse obervation on the same.	Not Applicable
9	**Whetehr the bank reconciliation statements have been duly prepared.**		Bank Reconciliation Statements are prepared for the year 19-20 and no descripencies found during the time of audit. (Please Refer General remarks Point - e.)	

MAHESHWARI & GOYAL * Chartered Accountants * FRN 012946C

10	General Remarks	Medical advcance register is not maintained by the organisation.	
		Medical Insurance for permanent employees is not done by the organisation.	
		During the time of audit we have found that the vehicle owned by the management are not insured.	
		TDS register is not maintained for past years. It is maintained from December 2019. TDS Is deducted on all eligible payments made. During the course of our audit, we found that there are pending Major defaults from FY 2012-13 to FY 2018-19. Non compliance of which results into heavy penalties.	The management should properly maintain the TDS register and should verify by CMO timely. Management should take immidiate actions to rectify the pending defaults of Previous Years on TRACES portal
		During the verification of cash book it has been found that there was a opening difference of 1,65,956.00 in passbook & Cash book as on 31.03.2019, this difference was considered as cash in hand as per tally accounting when there was no cash in hand as per Cash book i.e. bank of previous FY was not reconciled and this difference was adjusted during the year by recording less receipts from banks just to reach at the closing balance of the bank.	

UDIN :20433056AAAADQ8258

Date : 12.10.2020

For Maheshwari & Goyal
(Chartered Accountants)
(FRN : 012946C)

MAHESHWARI & GOYAL * Chartered Accountants * FRN 012946C

Mayank Singhai
(MRN : 433056)

NAGAR PALIKA PARISHAD, KARELI
District : NARSINGHPUR (MP), PIN : 487221
RECEIPTS & PAYMENTS ACCOUNT
1-04-2019 TO 31-03-2020

Receipts	Amount	
Opening Balance		
Bank Accounts (Schedule-A)	109,939,550.00	
Cash	165,958.00	110,105,508.00
Revenue Income		
Tax Revenue	595,733.00	
Assigned Revenues & Compensations	44,925,926.00	
Rental Income From Municipal Properties	7,578,950.00	
Fees & User Charges	1,933,770.00	
Sale & Hire Charges	479,427.00	
Revenue Grants, Contribution & Subsidies	9,964.00	
Income From Investments	-	
Interest Earned	1,455,451.00	
Other Income	183,424.00	57,162,645.00
Capital Receipts and Liabilities		
Earmarked Funds	16,280.00	
Grants, Contribution for Specific Purposes	62,398,851.00	
Deposits Received	1,272,353.00	
Other Liabilities	2,719,522.00	
Investments -General Funds	8,883,627.00	
Sundry Debtors (Receivables)	5,701,199.00	80,991,832.00
Total		**248,259,985.00**

Payments	Amount	
Revenue Expenditure		
Establishment Expenses	43,855,117.00	
Administrative E Expenses	4,401,110.00	
Operations & Maintenance	19,441,843.00	
Interest & Finance Charges	6,402.00	
Programme Expenses	319,707.00	
Revenue Grants, Contribution and Subsidies	13,063,609.00	81,087,788.00
Capital Receipts and Liabilities		
Grants, Contribution for Specific Purposes	-	
Capital Receipts & Liabilities	-	
Deposits Received	3,514,772.00	
Other Liabilities	5,793,027.00	9,307,799.00
Capital Expenditure & Assets		
Fixed Assets	8,796,744.00	
Capital Work-in- Progress	36,635,220.00	
Loans, Advances and Deposits	-	45,431,964.00
Closing Balance		
Bank Accounts (Schedule-A)	112,432,434.00	112,432,434.00
Cash	-	
Total		**248,259,985.00**

UDIN :20433056AAAADQ8258

Date : 12.10.2020

MAHESHWARI & GOYAL * Chartered Accountants * FRN 012946C

For Maheshwari & Goyal
(Chartered Accountants)

Mayank Singhai
(MRN : 433056)

Bank Balances

Sr. No.	Particulars	Balance as per Pass book 31.03.2019	Balance as per Pass book 31.03.2020	Balance as per Tally book 31.03.2020
1	SBI - 170	46,012,289.00	42,723,433.70	42,723,433.70
2	SBI - 6307	6,328.00	6,376.00	6,376.00
3	SBI - 36706877224	587,218.93	315,920.21	315,920.21
4	CBI - 1810582116	311,361.00	311,361.59	311,361.59
5	CBI - 1810582478	564,042.00	564,042.00	564,042.00
6	CBI - 1810542923	342,920.00	355,114.00	355,114.00
7	CBI 3226368965	761,027.88	788,089.88	788,089.88
8	CBI - 3601171280	3,046,737.00	9,623,254.00	9,623,254.00
9	MPGB - 203671000004108	5,761,955.00	6,044,441.00	6,044,441.00
10	UBI - 447801010024037	1,683,240.00	1,683,209.22	1,683,209.22
11	UBI - 447801010200272	1,794,883.91	164,822.35	164,822.35
12	UBI - 447801010200288	1,419,952.82	3,787,168.82	3,787,168.82
13	UBI - 447801010200412	3,838,583.00	360,970.00	360,970.00
14	UBI - 447801010024003	5,987,135.79	5,873,555.90	5,873,555.90
15	MKB - 203671030001459	147,199.00	155,179.29	155,179.29
16	MPGB - 203671100005849	1,698,335.20	8,703,370.74	8,703,370.74
17	MPGB - 203671030004573	122,434.00	128,227.83	128,227.83
18	JSK - 663008019353	1,558,364.90	468,373.90	468,373.90
19	JSK - 663008018940	493,198.90	515,398.90	515,398.90
20	JSK - 663008019295	840,716.00	878,643.90	878,643.90
21	ALLA - 50431504722	18,732,417.00	14,188,701.00	14,188,701.00
22	Vijya Bank - 762501011001651	4,109,236.00	4,261,895.00	4,261,895.00
23	ICICI - 1018	10,119,974.26	10,530,885.26	10,530,885.26
	Grand Total	**109,939,549.59**	**112,432,434.49**	**112,432,434.49**

Date : 12.10.2020

For Maheshwari & Goyal
(Chartered Accountants)

Mayank Singhai
(MRN : 433056)

MAHESHWARI & GOYAL * FRN 012946C * Chartered Accountants

FDR Closing balance as on 31.03.2020

Sr. No.	Particulars	Amount
1	Sanchit Nidhi/jks/34069	2357069.00
2	Sanchit Nidhi/jks/42396	1309887.00
3	Sanchit Nidhi/MGB/804304	235683.72
4	Sanchit Nidhi/UBI/8567171	2351260.00
5	14th FC /BOB/364311	2458929.00
6	14th FC /CBI/177149	2000000.00
7	Jal Aawardhan Yojna/BOB/820135	6192243.55
8	Jal Aawardhan Yojna/CBI/262243	5107702.00
9	Jal Aawardhan Yojna/MGB/650097	10810126.00
10	Jal Aawardhan Yojna/UBI/210927	11752209.00
11	Jal Aawardhan Yojna/UBI/364137	6116823.00
12	Jal Aawardhan Yojna/UBI/650098	3549959.00
13	FD/ Jsk/1595/42428	1600000.00
	Grand Total	**55841891.27**

Date : 12.10.2020

For Maheshwari & Goyal
(Chartered Accountants)

MAHESHWARI & GOYAL FRN 012946C Chartered Accountants

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