


**KHAJURAHO NAGAR PARISHAD
NAGAR PARISHAD**

AUDIT REPORT 2019-20

**AUDITOR:
PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS**


मुख्य नगर पालिका अधिकारी
नगर परिषद खजुराहो
भारत
मुख्य नगर पालिका अधिकारी



INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of KHAJURAHO NAGAR PARISHAD

1. **Report on the Financial Statements**

We have audited the accompanying financial statements of KHAJURAHO NAGAR PARISHAD ("the ULB"), which comprise the Receipt & Payment Account for the year then ended, and a summary of the significant accounting policies 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.

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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.

- a) Accounts prepared as per the Manual in lieu of accounting standards for local bodies as issued by Institute of Chartered Accountants of India.


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- b) Revenue department's records related to recovery of revenue taxes and other revenue dues has minor differences with accounting records maintained by accounting department.
 - 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: 22-09-2020

UDIN: 20418806AAAABI8095


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नगरपालिका खजाना
महाराष्ट्र

For Patidar & Associates
Chartered Accountants




CA Neelesh Patidar
(Partner)
MRN - 418806



Annexure '1'

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 KHAJURAHO 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

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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.

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नगर पालिका खजुराहो
जिला नरसिंह (म. प्र.)





6. Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2020:

- a) The ULB did not have an appropriate internal financial control system over financial reporting since the internal controls adopted by the ULB did not adequately consider risk assessment, which is one of the essential components of internal control, with regard to the potential for fraud when performing risk assessment
- b) The ULB did not have an appropriate internal control system for tax and user charges collection, tax demand evaluation, which could potentially result in the ULB recognizing revenue without establishing reasonable certainty of ultimate collection.
- c) The ULB did not have an appropriate internal control system for inventory with regard to receipts, issue for production and physical verification. Further, the internal control system for identification and allocation of overheads to inventory was also not adequate. These could potentially result in material misstatements in the ULB's trade payables, consumption, inventory and expense account balances.
- d) The ULB did not have an appropriate internal control system for fixed asset with regard to purchase, construction, transfer and physical verification. Further, the internal control system for identification and allocation of overheads to fixed asset was also not adequate. These could potentially result in material misstatements in the ULB's grants, payable to contractors, tax and other statutory dues, fixed assets, capital work in process and accumulated depreciation account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the ULB's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the ULB has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of March 31, 2020 based on the criteria established by the ULB.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied to the audit of the

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March 31, 2020 financial statements of the ULB, and these material weaknesses do not affect our opinion on the financial statements of the ULB.

Date: 22-09-2020

For Patidar & Associates
Chartered Accountants



CA Neelesh Patidar
Partner
MRN - 418806

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Annexure '2'

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

1. Audit of Revenue

- 1) The auditor is responsible for audit of revenue from various sources.

We have verified the revenue from various sources which was recognized and entered in the books of account produced before us for verification.

- 2) He is also responsible to check the revenue receipts from the counter files of receipt book and verify that the money receipt is duly deposited in respective bank account. The counter foils or revenue receipts were 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.

- 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.

- 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 & monthly target.

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

We have verified the interest income from FDR's and noticed that interest income is not recognised in books of accounts on accrual basis. The same is recorded at the time of FDR maturity.

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

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

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.

ULB have not provided challans or returns for payment of EPF, TDS on GST, TDS-IT 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 totalling amount was noticed in course of our verification.

- 4) He shall verify that the expenditure for a particular scheme is limited to the funds allocated for that particular scheme any over payment shall be brought to the notice of the Commissioner / CMO.


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No such instance has been noticed during the course of our verification, although it is difficult to trace such transactions just from statement of grant. It is recommended to prepare specific cash book for specific grants in order to avoid diversion of funds of specific grants or cross utilisation of funds.

- 5) He shall also verify that the expenditure is in accordance with the guideline, directives, acts and rules issue by Government of India/ State Government.

In absence of availability of guidelines, directives, acts and rules issued by Government of India/ State Government, it was not possible for us to verify the expenditures in accordance with such guidelines etc.

- 6) During the audit financial propriety shall also be checked. All the expenditure shall be supported by financial and administrative sanctions accorded by competent authority and shall be limited to the administrative and financial limits of the sanctioning authority.


We have verified the expenditure on test check basis and it was found that such expenditure were duly supported by financial and administrative sanctions accorded by competent authority. However, in absence of information/ written document with respect to administrative and financial limits of the sanctioning authority, it was not possible for us to verify whether the expenditure incurred and sanctioned by authority were within their limits or not.

- 7) All the cases where appropriate sanctions have not been obtained shall be reported and the compliance of audit observation shall be ensured during the audit Non-compliance of audit paras shall be brought to the notice of Commissioner / CMO). No such instances were noticed during the test check of such entries conducted by us.

- 8) The auditor shall be responsible for verification of scheme wise/ project wise Utilization Certificate (UCS). UC's shall be tallied with the Receipt & Payment Account and creation of Fixed Asset.

Utilization certificates of various schemes for verification of scheme wise project/ wise Utilization Certificate (UCS) were 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


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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.
List of temporary advances has been provided to us for verification and has been provided below:

S NO	DATE	NAME OF EMPLOYEE	ADVANCE PAID	ADJUSTMENT	BALANCE
	MAIN CASH BOOK				
1	11-07-2019	BABLU PATEL	10000	10000	0
2	16-09-2019	HARGOVIND GHOSH	11100	0	11100
3	11-10-2019	HARGOVIND GHOSH	13200	0	13200
4	23-10-2019	RAKESH BABU GUPTA	20000	20000	0
5	02-01-2020	HARGOVIND GHOSH	22000	22000	0
		TOTAL	76300	52000	24300
	MELA MAHASHIVRATRI CASH BOOK				
6	03-08-2019	HARGOVIND GHOSH	50000	50000	0
7	03-08-2019	NAND KISHORE KOANDER	40000	0	40000
8	05-10-2019	RAVINDRA PAL TIWARI	100000	100000	0
9	18-02-2020	NAND KISHORE KOANDER	150000	0	150000
		TOTAL	340000	150000	190000
		GRAND TOTAL	416300	202000	214300

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 not maintained all the required books of accounts as prescribed under MP MAM.
Following records were not provided to us:

1. Fixed Asset Registers
2. Security Deposit Registers
3. Stock Registers
4. Cheque Issued & Received Registers



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- 2) He shall verify that all the books of accounts and stores are maintained as per Accounting Rules applicable to the Urban local Bodies. Any discrepancies shall be brought to the notices of Commissioner / CMO.

As stated in point no. 1 above, as the books stores are not provided for verification, so it was not possible for us to verify whether the same is maintained as per Accounting Rules applicable to the urban local Bodies.

- 3) The auditor shall verify advance register and see that all the advance are timely recovered according to the condition of advance. All the case of non-recovery shall be specifically mentioned in audit report.

As per the information and explanation provided to us by the management of the ULB, no specific condition related to advances are placed. Hence, it is not possible for us to verify the cases of timely recovery of advances, if any.

- 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 prepared and provided by the ULB. Closing Balance of Bank account in State bank of India has difference with cashbook balance, reconciliation of which has been given below:

BRS	SBI A/c no. : 10312742901
Closing Balance as per bank Statement	13,21,88,813.1
<u>Cheque issued but not presented</u>	
Cheque no.	
530404	5,000
993133	3,000
993195	5,000
081090	1,334
825589	3,000
825661	5,000
182845	5,000
182849	5,000
182853	5,000
182855	5,000
182861	5,000
182872	3,000
E-Payments under process	1,945.05
Total	52,279.05
Closing Balance as per Cash Book	13,21,36,534



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Other than above these accounts have same closing balance as per cash book and bank statement. Account no and closing balance are given below:

A/c no. Ending	Balance (Rs.)
35809	9,338.36
35810	30,88,786.99
35854	23,179.59
35832	78,591.00
35887	8,124.00
2083	4,854.10
4402	20,020.20
6263	5,51,311.14
42901	13,21,36,534.00
43041	8,220.94
43290	14,496.00
48965	14,24,962.00
27389	6,54,850.00
14105	16,111.00
68070	3,04,62,820.09

- 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 which was in consonance with cashbook. We have found opening difference in some grant head as per previous year audit report and details provided by the ULB which were as follows:

अनुदान/अंशआन (सामान्य/विशिष्ट प्रयोजन)	प्राप्ति	भुगतान	शेष
अज्ञात	11,16,000.00	-	11,16,000.00
सामान्य प्रयोजनार्थ - मूलभूत सुविधा	46,36,000.00	-	46,36,000.00
अज्ञात	1,000.00	-	1,000.00
विशेष निधि	50,00,000.00	-	50,00,000.00
ससंद निधि/	11,20,018.00	11,20,018.00	-
विधायक निधि/	5,00,000.00	-	5,00,000.00

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14वां वित्त आयोग	2,48,52,000.00	-	2,48,52,000.00
प्रधानमंत्री आवास योजना	5,14,00,000.00	5,14,00,000.00	-
सड़क मरम्मत एवं अनुक्षण	14,99,000.00	-	14,99,000.00
अज्ञात	16,000.00	-	16,000.00
राज्य वित्त आयोग	44,29,000.00	-	44,29,000.00
अज्ञात	3,10,000.00	-	3,10,000.00
अज्ञात	17,78,000.00	-	17,78,000.00
नजुल राशि	31,745.00	-	31,745.00
प्रशासनिक ऍक्सप सामाजिक न्याय	2,358.00	-	2,358.00
अज्ञात	40,000.00	-	40,000.00
माहयोग	9,67,31,121.00	5,25,20,018.00	4,42,11,103.00

These Balances of grants are subject to revalidation, as utilisation certificates were not provided to us for verification so we cannot verify actual opening balance of grant. Also no specific details regarding payment of grants other than PMAY and sansad nidhi. In our opinion closing balance of grants are qualified.

- 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.
Separate cash book were not made available to us for verification. So cannot comment on that.

4. Audit of FDR

- 1) The auditor is responsible for audit of all fixed deposits and term deposits.
We have verified fixed deposits maintained by the ULB and provided to us for verification, the detail regarding the same is tabled below:-

(Signature)
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S.NO.	BANK NAME	FDR NO.	AMOUNT	ROI	Maturity date
1	Jila Sahakari Kendriya Maryadit	57214	17,00,000.00	7.25%	06-01-2021
2	Jila Sahakari Kendriya Maryadit	41563	16,80,191.00	7.25%	31-03-2021
3	Jila Sahakari Kendriya Maryadit	208425	12,85,838.00	8.50%	01-05-2020
4	Jila Sahakari Kendriya Maryadit	82749	21,12,711.00	7.25%	24-08-2021
5	Jila Sahakari Kendriya Maryadit	82750	23,50,313.00	7.25%	24-08-2022
6	Jila Sahakari Kendriya Maryadit	82761	20,51,578.00	7.25%	24-08-2022

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

Proper records of FDRs are maintained.

3) The case where FDR'S / TDR are kept at low rate of interest than the prevailing rate shall be immediately brought to the notice of Commissioner/ CMO.

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

4) Interest earned on FDR/TDR Shall be verified from entries in the cash book.

Interests on FDRs' are booked on receipt basis, as on the maturity and realization of invested amount is recorded in the cash book.

5. Audit of Tenders / Bids

1) The auditor is responsible for audit of all tenders / bids invited by the ULB.

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.

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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.
- 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 is provided in table at point 3(5) above.
- 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 at point 3(5) above.
- 3) He shall perform audit of loans provided for physical infrastructure and its utilization. During his audit the auditor shall specifically comment on the revenue mechanism i.e. whether the asset created out of the loan has generated the desired revenue or not. He shall also comment on the possible reasons for non-generation of revenue.

मुख्य निगरानी अधिकारी
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As per information provided by the ULB and according to our verification, ULB has accorded loan from HUDCO. The loan repayment has been timely made at each quarterly/annually (as applicable) rest. However, there was no document or information provided to verify whether the asset created out of the loan has generated the desired revenue or not. We cannot comment on the possible reasons for non generation of revenue.

Details of loan taken and repayment, as provided by the ULB to us, are provided here below:

Quarter	Interest Payment by ULB	Principal Payment by ULB	Total Payment
	Opening balance		7054500
1	1,89,363.00	1,85,750.00	3,75,113.00
2	1,84,341.00	1,85,750.00	3,70,091.00
3	1,77,365.00	1,85,750.00	3,63,115.00
4	1,72,373.00	1,85,750.00	3,58,123.00
	7,23,442.00	7,43,000.00	14,66,442.00
	Closing balance		63,11,500.00

The above details are provided by the ULB from their records and hence in the absence of loan statement from bank we cannot verify or comment on the actual outstanding of the balances as per bank.

- 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 निगर पालिका अधिकारी
नगर पालिका खजाना
विशेष निगर पालक (म.प.)





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कार्यालय, नगर परिषद खजुराहो जिला छतरपुर (म0प्र0)

प्राप्ति एवं भुगतान

वर्ष 2019-20

प्राप्ति	राशि	भुगतान	राशि
प्रारंभिक शेष	15,89,06,635.61		
नगरीय विकास उपकर (चालू)	2,68,384.00	पदाधिकारियों का वेतन	31,46,538.00
नगरीय विकास उपकर (बकाया)	1,40,011.00	आकस्मिकता (कम्प्यूटर ऑपरेटर)	3,88,498.00
चुंगी क्षतिपूर्ति -मुआवजा अनुदान	2,31,60,662.00	अस्थाई स्थापना	36,000.00
सम्पत्ति कर (चालू)	14,85,794.00	पदाधिकारियों का वेतन	13,10,889.00
सम्पत्ति कर (बकाया)	7,79,532.00	पदाधिकारियों को वेतन	13,49,276.00
समेकित कर (चालू)	15,540.00	कर्मचारियों का वेतन	5,18,344.00
समेकित कर (बकाया)	77,238.00	शववाहन डीज़ल	11,544.00
यात्री सीमा कर अनुदान	3,15,000.00	फायर बिग्रेड संधारण	1,06,514.00
विज्ञापन पट प्रदर्शन कर	1,48,634.00	फायर बिग्रेड सुधार	14,287.00
शिक्षा उपकर (चालू)	73,380.00	टाटा एस सुधार/	29,763.00
शिक्षा उपकर (बकाया)	31,003.00	संधारण	51,952.00
वाहन विराम शुल्क (पार्किंग फीस)	6,68,240.00	इलेक्ट्रिक मैकेनिक मस्टर	1,02,830.00
लीज नवीनीकरण	1,047.00	सडक प्रकाश मस्टर	3,14,960.00
भूखण्ड अन्तरण शुल्क (अर्थदण्ड)	1,83,240.00	फायर बिग्रेड मस्टर	2,05,660.00
अतिरिक्त मुद्रांक शुल्क अनुदान	39,22,000.00	क्लैम्स	97,468.00
भवन निर्माण अनुज्ञा शुल्क	1,09,225.00	लेड रिपेयर वर्क	3,58,447.04
भवन भूमि नामांतरण शुल्क	9,700.00	सामग्री क्रय (बल्ब, लैम्प, उपकरण/	8,62,168.38
वित्तपिम्पजमक उवनदज	70,182.00	नवीन प्रकाश बिन्दु	4,71,527.00
भवन अनुज्ञा आवेदन शुल्क	3,542.00	विद्युत पोल शिफ्टिंग कार्य	38,575.00
वाटर हारवेटिंग शुल्क	55,000.00	फायर वाहन क्रय	7,31,600.00
प्रमाण-पत्र शुल्क	550.00	विद्युत प्रवाह का खर्च	5,05,711.00
वेजा कब्जा शुल्क(पट्टाधिकृत भू-भाटक)	19,000.00	स्ट्रीट लाईट विद्युत प्रभार	11,26,613.00
फार्म्स/स्टेशनरी विक्रय शुल्क	5,35,000.00	स्थापना	3,52,264.00



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विकास शुल्क	7,650.00	आकस्मिकता	7,10,383.00
जी. एस. टी.	2,16,375.00	मरम्मत तथा संधारण हैण्डपम्प सुधार	750.00
सुलभ काम्पलेक्स ठेका राशि	2,500.00	जलप्रदाय सुधार संधारण एवं फिटिंग सामग्री	1,35,761.80
सेफ्टिक टैंक सफाई शुल्क	9,600.00	सुधार	6,685.00
अपजी चतुर्द चंजत नैनसा	600.00	निःशुल्क प्याऊ व्यवस्था	1,53,020.00
सफाई कार्य सहयोग राशि	1,86,540.00	नये कार्यो का व्यय, नलकूप खनन	24,51,624.39
राशनकार्ड आवेदन शुल्क	1,480.00	मोटर पम्प क्रय/स्टार्टर क्रय	1,27,691.00
RTI	1,584.00	जलप्रदाय विद्युत प्रभार	5,14,921.00
पेनल्टी- पॉलिथीन इस्तेमाल	3,810.00	कर्मचारियों का वेतन	47,72,392.00
सेवाग्राम आवासीय भूखण्ड	4,849.00	विनिमयीकरण कर्मचारी	20,38,954.00
विद्याधर बस्ती	1,44,243.00	आकस्मिकता	1,28,589.00
आबादी विस्तार योजना	76,068.00	अतिरिक्त सफाई कामगार/ट्रेक्टर चालक	21,55,668.00
खजुराहो प्रांगण	28,408.00	नई टाटा एस ड्राइवर सैलरी शव वहां	1,36,335.00
अस्थाई भूखण्ड	2,640.00	प्लास्टिक बाइलिंग मशीन	7,29,998.74
अधिकारी/कर्मचारी आवास गृह	8,600.00	उपइपसम जवपसमजे	8,69,999.99
शॉपिंग काम्पलेक्स बस स्टेण्ड	38,968.00	नई टाटा एस रिपेयर	9,369.00
बस स्टेण्ड नवीन दुकान	48,605.00	नई टाटा एस डीज़ल	92,617.00
शॉपिंग काम्पलेक्स गोल मार्केट	3,55,385.00	सफाई उपकरण क्रय और मरम्मत, सफाई रिक्शा एवं हाथ कचरा गाडी सुधार	3,03,056.22
प्रतीक्षालय बुकिंग ऑफिस बस स्टेण्ड	2,800.00	आपे तिपहिया वाहन क्रय/सुधार	35,506.28
प्रेमसागर तालाब स्थित गजीबो	18,060.00	संधारण	2,33,701.00
चौपाटी चबूतरा/कैन्टीन	17,244.00	ट्रेक्टर संधारण	3,59,115.00
श्यामा प्रसाद मुखर्जी मार्केट दुकान किराया	64,295.00	एवं मरम्मत	1,44,442.24
चन्द्रवर्मन मार्केट दुकान किराया	2,28,651.00	ट्रेक्टर ट्राली सुधार	50,370.00
शिवसागर तालाब बंधान दुकान	54,684.00	स्वच्छता सामग्री / ब्लीचिंग पाउडर	5,19,360.25
पत्थर गुमटी	5,520.00	झाड़ू टोकनी क्रय	47,500.00
बस्ती चौराहा दुकाने-दीनदयाल उपाध्याय मार्केट	44,749.00	फागिंग मशीन क्रय/सुधार (स्प्रेगन मशीन)	90,865.68

मुद्रा नमो पालिका अधिकाय
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आईडीएसएमटी शार्पिंग काम्पलेक्स-बस स्टेशन	1,71,702.00	सेक्सन मशीन सुधार संधारण	2,525.00
मत्स्य संग्रहण क्षेत्र (तालाब) नीलामी	19,960.00	सफाई अभियान (जे.सी.बी. मशीन किराया)	7,15,572.78
पुराना भंडार और इमारती सामान के विक्रय से आय	1,42,957.00	सूचना सम्प्रेषण SBM	1,22,685.50
विशिष्ट प्रयोजनार्थ (बैंको से)	69,37,387.00	स्वच्छ सर्वेक्षण 2020 SBM	2,13,506.40
दुकानों के निर्माण से प्रीमियम	35,20,000.00	सार्वजनिक शौचालय निर्माण एवं मरम्मत	3,60,887.84
सेवाग्राम आवासीय	1,712.00	कर्मचारियों की वेतन	39,32,458.00
चन्द्रवर्मन मार्केट दुकान प्रीमियम	9,35,000.00	आकस्मिकता	3,25,412.00
अज्ञात	11,16,000.00	अन्य प्रभार-पौधा,बीज,खाद आदि (ट्रीगार्ड क्रय)	1,71,000.00
सामान्य प्रयोजनार्थ - मूलभूत सुविधा	46,36,000.00	सार्व. उद्यान चबूतरों का निर्माण(चिलड्रन पार्क)	38,25,807.42
अज्ञात	1,000.00	मरम्मत (वाटिका संधारण)	396.00
विशेष निधि	50,00,000.00	ट्री कटाई मशीन	15,000.16
ससंद निधि/	11,20,018.00	श्री सीटर बैन्च क्रय	3,16,806.40
विधायक निधि/	5,00,000.00	पदाधिकारियों का वेतन	29,64,095.00
14वां वित्त आयोग	2,48,52,000.00	शार्पिंग काम्पलेक्स निर्माण(दुकान निर्माण)	3,55,800.96
प्रधानमंत्री आवास योजना	5,14,00,000.00	कर्मचारी आवास भवन (महिला बसती गृह)	1,49,858.72
सड़क मरम्मत एवं अनुक्षण	14,99,000.00	विभिन्न मरम्मतीकरण कार्य	19,712.00
अज्ञात	16,000.00	नये रास्तों, सड़कों का निर्माण	57,18,732.44
राज्य वित्त आयोग	44,29,000.00	नई नालियों निर्माण	27,91,760.00
अज्ञात	3,10,000.00	खड़जा, फर्शीकरण (सी.सी.कार्य)	3,71,643.87
अज्ञात	17,78,000.00	पुलिया रिपेयर वर्क	59,968.04
नजुल राशि	31,745.00	रोड डिवार्डर ग्रिल स्थापना	9,71,519.50
एडमिस्ट्राटिव ऐक्सप सामाजिक न्याय	2,358.00	पेवर्स ब्लॉक स्थापना कार्य	35,58,606.10
अज्ञात	40,000.00	मेला ग्राउण्ड का समतलीकरण	61,536.43
जल कर से प्राप्तिप्रां	1,01,016.00	नाला निर्माण	5,00,651.07
जल कर (कर्मचारियों से)	6,265.00	मुख्य 0अधो 0श 0वि 0 कार्य द्वितीय चरण	21,53,970.18
जल विक्रय (वाटर टैकर किराया)	553.00	स्टेडियम/बच्चों का खेलकूद निर्माण/डस्ट प्रदाय	3,80,730.92

रुका म. पाटिदार अध्यक्ष
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मेला आयोजन (महाशिवरात्रि)	13,42,281.00	निर्माण और मरम्मत	5,03,087.84
मेला मकर संक्रांति/बसंत	3,250.00	पुस्तकालय/वाचनालय	9,808.00
पंचमी/अमावस्या			
दैनिक/	1,31,050.00	मूलधन	7,43,000.00
सप्ताहिक बाजार फीस	43,880.00	ब्याज	7,23,442.00
अस्थायी (विविध) अग्रिम	1,80,014.00	राष्ट्रीय पर्व समारोह (स्वतंत्रता/गणतंत्र)	73,134.00
सिक्योरिटी डिपोजिट	10,63,300.75	गांधी जयंती/अम्बेडकर जयंती	23,141.00
अर्नेस्ट मनी (अमानत)	50,000.00	कानूनी प्रभार	82,114.00
वाणिज्य कर (टिकेदार) जी.	5,74,519.90	विधिक शुल्क	44,997.00
एस.टी. टीडीएस			
आयकर (टिकेदार)	6,41,838.80	पिसउ मिजपअंस 2018	31,49,766.36
रोकी गई राशियां	17,09,134.50	एरियर्स राशि (छटवां/सातवां वेतनमान)	4,65,376.00
रायल्टी चार्ज	4,34,777.00	सेवा निवृत्ति उपदान (अर्जित अवकाश नगदीकरण)	11,50,553.00
सामान्य भविष्य निधि	16,97,132.00	भृत्य/स्वीपर्स को वर्दी	36,750.00
जीवन बीमा प्रीमियम	4,83,570.00	अध्यक्ष/सदस्यों का मानदेय	2,59,142.00
परिवार कल्याण निधि	70,300.00	यात्रा भत्ता	41,588.00
अंकेक्षण वसूली	73,177.00	नवीन अंशदायी पेंशन (नियोक्ता अंशदान)	3,16,443.00
देयक फार्म फीस	532.81	टेलीफोन ट्रंककॉल प्रभार	97,058.00
श्रम उपकर	2,09,408.07	लेखा परीक्षा फीस (अंकेक्षण शुल्क)	41,300.00
कर्मकार मण्डल फीस (श्रम उपकर)	6,92,579.00	प्रिंटिंग एवं स्टेशनरी	2,01,295.44
समूह बीमा योजना (सफाई कामगार)	1,530.00	निविदा सूचना नीलामी इत्यादि	1,51,444.00
नवीन अंशदान पेंशन कटौती	3,14,535.00	सार्वजनिक सूचना	1,31,737.00
आयकर (कर्मचारी)	1,49,953.00	अन्योदय मेला/नगर उदय अभियान	25,200.00
वृत्तिकर (कर्मचारी)	99,404.00	बोर्ड एवं अन्य लिखाई कार्य	60,354.00
स्रोत पर संग्रहित आयकर जै	8,378.00	योजनाओं की तैयारी (समग्र पोर्टल)	30,200.00
चैक निरस्त द्वारा	4,17,438.50	डी.पी.आर. तैयार शुल्क	94,999.52
नवीन फिक्स डिपोजिट	17,00,000.00	वाहन बीमा एवं पंजीयन आदि	94,765.00
राशि अन्तरण	7,63,60,000.00	वाटर कूलर क्रय/आर.ओ. मशीन क्रय	30,000.00
फिक्स डिपोजिट राशि अन्तरण	1,56,89,628.00	(फैक्स,कम्प्यूटर,टाईप राईटर,फोटोकॉपी मशीन सुधार)	37,800.00
अधिक भुगतान वेतन वसूली	74,441.00	फर्नीचर, फिक्चर्स क्रय/सुधार	14,652.06
ट्रेक्टर बैटरी स्कैप वैल्यू	2,400.00	बैंक प्रभार	4,104.60

मुख्य कार्यकारी अधिकारी
नगर परिषद खजुराहो
खजुराहो





PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

+91-9893958116
capatidar.associates@gmail.com

	शासकीय कार्य यात्रा वाहन किराया/	1,44,270.00
	कार्यालयीन आकस्मिकता (विविध व्यय)निर्वाचन	5,340.00
	नगरपालिका आकस्मिकता (विविध व्यय)	22,690.00
	अस्थाई (विविध) अग्रिम	76,300.00
	सिक्योरिटी डिपोजिट	1,73,712.00
	अर्नेस्टमनी (अमानत)	15,000.00
	आयकर (टिकेदार)	6,94,060.00
	GST टीडीएस	6,03,926.00
	रोकी गई राशियां	3,33,319.00
	सेवाकर (जी.एस.टी. राशि)	1,95,450.00
	श्रम उपकर	4,17,363.00
	रॉयल्टी	4,34,777.00
	बिल्डिंग परमिशन अबपस लैब टैक्स	7,91,808.00
	सामान्य भविष्य निधि	16,97,132.00
	जीवन बीमा प्रीमियम	4,83,570.00
	परिभाषित अंशदान पेंशन	3,16,443.00
	वृत्तिकर (कर्मचारी)	99,404.00
	आयकर (कर्मचारी)	1,49,953.00
	आयकर टी.सी.एस. राशि	3,960.00
	नवीन एफ.डी.	1,73,89,628.00
	पृथक केशबुक राशि अंतरण	5,27,44,639.00
	सेवाकर राशि अन्तरण (पृथक खाता)	7,63,60,000.00
	पुनः चैक जारी	5,000.00
	idsmt रेवेलॉगिंग फण्ड	48,50,000.00
	अंतिम शेष	17,96,82,830.41
योग	40,53,38,572.94	योग 40,53,38,572.94

मुख्य नगर पालिका अधिकारी
नगर पालिका परिषद, खजुराहो, म.प्र.

मुख्य लेखा अधिकारी





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 65.72 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	20.38	6.20	14	24.00	10.85	13	27
2	Samekit Kar	5.54	0.66	5	3.00	0.12	3	8
3	Nagriya Vikas Upkar	10.14	0.94	9	6.00	2.03	4	13
4	Shiksha upkar	2.43	0.25	2	1.75	0.53	1	3
5	Shop rent	5.94	0.03	6	10.74	7.05	4	10
6	Jal Upbhokta Prabhar	0.00	0.00	0	2.50	1.15	1	1
7	Tehh Bajar	0.00	0.00	0	0.95	0.95	0	0
		0.00	0.00	0	5.11	2.00	3	3
	Total	44.43	8.07	36.35	54.05	24.68	29.37	65.72
	Total Un-Recovered amount							65.72

For Patidar & Associates
Chartered Accountants


Date: 22-09-2020



CA Neelesh Patidar
Partner
MRN - 418806

मुख्य कार्यकारी अधिकारी
नगर पंचायत खजुराहो
मि. प्र.

Name of ULB
Name of Auditor
Khajuraho Nagar Parishad
Patidar & Associates

Name of Auditor			Patidar & Associates							Amount in Rupees
S.no.	Parameters	Description			% of growth	Observation in brief				Suggestions
	Audit of Revenue	Receipt in (Rs.)								
	Rajaswa Kar wasooli	2018-19	2019-20							
1	Sampatti Kar	21.69	17.05	-21.37	Collection % w.r.t. total dues is 38.43%	Below Average	which is	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.	
2	Samekit Kar	1.42	0.78	-45.34	Collection % w.r.t. total dues is 9.09%	Poor	which is	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	3.95	2.97	-24.91	Collection % w.r.t. total dues is 18.38%	Poor	which is	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	1.09	0.78	-28.14	Collection % w.r.t. total dues is 18.75%	Poor	which is	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.	
	Total	28.15	21.58							
	Gair-Rajaswa wasooli									
5	Shop rent	0.00	7.07	NA	Collection % w.r.t. total dues is 42.41%	Below Average	which is	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.	
6	Jal Upbhokta Prabhar	0.00	1.15	NA	Collection % w.r.t. total dues is 46.00%	Below Average	which is	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.	
7	Tehh Bajar	0.00	0.95	NA	Collection % w.r.t. total dues is 100.00%	Very good	which is	Need to improve collection efforts of previous years dues.	Previous year dues were not outstanding.	
	Total	0.00	9.17							
	Grand Total	28.15	30.75							
										




मुकुन्द नगर पालिका आधिकारिक
 नगर पालिका खजुराहो
 २०१९-२०२० (म.स.)

Reporting on Audit Paras for Financial Year 2019-20

Name of ULB: Khajuraho Nagar Parishad

Name of Auditor: Patidar & Associates, Chartered Accountants

<u>S. no.</u>	<u>Parameters</u>	<u>Description</u>	<u>Observation in brief</u>	<u>Suggestions</u>
2	Audit of Expenditure:	Verification of Expenditures are as per guidelines, directives, and rules under all schemes and entries of expenditures in cash book, Diversion of Funds, financial propriety of expenditures, scheme project wise utilisation certificate.	Observations were listed in brief in point no. 2 of annexure 2 of audit report attached	Vouchers should be adequately supported with proper documents. TDS should be correctly deducted and deposited on time.
3	Audit of Book keeping	Verification of books of accounts and stores are maintained as per accounting rules, advance register and check timely recovery, Bank reconciliation statement, grant register, fixed asset register	Observations were listed in brief in point no. 3 of annexure 2 of audit report attached	Required books of accounts as prescribed under MP MAM Should be maintained.
4	Audit of FDR/TDR	Verify fixed deposits and term deposits and their maintenance	Observations were listed in brief in point no. 4 of annexure 2 of audit report attached	NA.
5	Audit of Tenders and Bids	Verify Tenders/Bids invited by ULB and competitive tendering procedures followed	Observations were listed in brief in point no. 5 of annexure 2 of audit report attached	Procedure for Tenders opening and Performance review should be carefully monitored.
6	Audit of Grants & Loans	Verification of Grant received from Government and its utilisation	Observations were listed in brief in point no. 6 of annexure 2 of audit report attached	Grant register should be updated and balanced regularly with its Utilization Certificate.
7	Verify whether any diversion of funds from capital receipt* /grants /Loans to revenue expenditure and from one scheme /project to another.		Observations related to diversion of funds has been pointed out in point no. 6 (iv) of annexure 2 of report attached	


 मुख्य अधिकारी
 नगर परिषद खजुराहो
 खजुराहो, मध्य प्रदेश



	a) Percentage of revenue expenditure (Establishment, salary, Operation & Maintenance) with respect to revenue receipts (Tax & Non Tax).	479.71% $(4,30,12,941 / 89,66,504) \times 100$		
	b) Percentage of Capital expenditure wrt Total expenditure.	39.23% $(2,77,70,673 / 7,07,83,614) \times 100$		
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.	ULB should impose strict action to collect such amount or make necessary adjustment after prior approval of relevant authority.
10	Whether bank reconciliation statements is being regularly prepared		BRS prepared by the ULB and attached with this report.	ULB should prepare BRS on monthly basis.



मुख्य नगर पालिका अधिकारी
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