2019-20
ANNUAL AUDIT REPORT

NAGAR PARISHAD, MEHGAON
DISTRICT – BHIND (M.P.)

Financial Year 2019-20

Assessment Year 2020-21

PRASAD KUMAR AGRAWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
B-1 VIVEK VIHAR GWALIOR

INDEPENDENT AUDITORS REPORT

To,
The CMO
ULB Nagar Parishad,
ULB Mehgaon Bhind (M.P.)

We have audited the Books of accounts and relevant records of **ULB** Nagar Parishad, **Mehgaon** for the FY 2019-20. The scope of work provided to us that required Audit under various heads i.e. **Audit of Revenue, Audit of Book Keeping, Audit of Expenditure,Audit of FDR, Audit of Tenders/Bills & Audit of Grants and Loans with our comments on specific points as on 31.03.2020.**

Management's Responsibility for the maintenance of records

The Management of Municipal corporation is responsible to maintained records as per the MP Municipal act 1961, and also required to maintained their accounting policies, procedure and books of accounts & records as per Madhya Pradesh Municipal accounting manual, This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the corporation and for preventing and detecting frauds and other irregularities .

Auditor's Responsibility

Our responsibility is to express an opinion on scope of work annexed herewith based on our audit. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures. An audit also includes assessing the accounting principles used and significant estimates made by management, We have conducted our audit in accordance with the Auditing standards generally accepted in 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 was established and maintained.

Report on Other legal and Regulatory Requirements

As required by the order of Joint Director of directorate, Urban Administration & development MP.

Further, on the basis of the accounts and records maintained and produced before us and information & explanations given. In our opinion proper books of accounts as required by law have not been kept by the Nagar Parishad, Mehgaon so far as appear from our examination.

UDIN :- 21401975AAAABL4797
Date-: 06/03/2021
Place-: Gwalior

For Prasad Kumar Agarwal & Associates
Chartered Accountants

Partner

नगर परिषद् मेहगांव , जिला भिंड (म. प्र.)

प्राप्ति एवं भुगतान खाता

प्राप्ति	राशि	भुगतान	राशि
प्रारंभिक शेष	8,26,79,671.02	वेतन सामान्य प्रशासन	13,94,838.00
चुंगी चतिपूर्ति	2,09,23,522.00	जी पी एफ सामान्य प्रशासन	2,61,003.00
सम्पति कर गतवर्ष	2,58,238.00	सामान्य प्रशासन आकस्मिकता	11,476.00
समेकित कर चालू वर्ष	58,451.00	शाखा राजस्व वेतन	20,37,945.00
समेकित कर गत वर्ष	2,20,800.00	जी पी एफ राजस्व शाखा	4,83,000.00
समेकित कर चालू वर्ष	42,480.00	जल प्रदाय शाखा वेतन	9,63,538.00
निर्यात कर छतिपुर्ती अनुदान	1,84,000.00	जी पी एफ जल प्रदाय शाखा	65,000.00
यात्रीकर छतिपुर्ती	16,76,000.00	वेतन लोक निर्माण शाखा	4,54,106.00
पशुवध	450.00	वेतन स्वछता शाखा	93,41,681.00
हाट बाज़ार फीस	2,61,265.00	जी पी एफ स्वछता शाखा	16,24,000.00
दुकान किराया गत वर्ष	86,218.00	अस्थाई स्थापना सामान्य प्रशासन	2,74,760.00
दुकान किराया चालू वर्ष	1,85,544.00	राजस्व अस्थाई स्थापना	1,65,400.00
ज्वलनशील पदार्थ	1,300.00	जल प्रदाय अस्थाई स्थापना	14,84,264.00
खाद्पेय पदार्थ	600.00	प्रकाश व्यवस्था	2,51,600.00
अन्य	32,249.00	अग्नि शमन फायर वाहन अ. स्था .	1,90,750.00
प्रतिलिपि फीस	416.00	स्वछता अस्थाई स्थापना	23,08,032.00
प्रमाण पत्र फीस	400.00	वेतन एरियर	50,000.00
नामान्तरण फीस	3,997.00	कर्मचारी वर्दी / साबुन	12,518.00
अनुज्ञा शुल्क	2,103.00	परिषद् मानदेय	2,76,702.00
भवन निर्माण फीस	50.00	पटवारी भत्ता	3,300.00
मुक्यमंत्री अधोसराचना	80,00,000.00	क़ानूनी सलाहकार भत्ता	37,050.00
राज्य वित्त आयोग	38,63,000.00	विधुत प्रभार	53,81,778.00
सड़क मरम्मत अनुदान	13,82,000.00	विधुत सामग्री क्रय	12,35,869.00
14 वा वित्त आयोग	1,04,96,000.00	जल प्रदाय, मोटर पंप क्रय, मरम्मत	6,34,006.00
मूलभूत अनुदान	40,39,000.00	पाइप लाइन लीकेज मरम्मत	52,499.00
निर्माण कार्य	12,30,000.00	जल प्रदाय सामग्री क्रय	5,61,762.00
व्यक्तिगत शोचालय	12,240.00	हेड पंप मरमत/ सामग्री क्रय	2,71,373.00
प्रधानमंत्री आवास योजना	4,45,000.00	पैयजल परिवहन/ प्याऊ	56,410.00
जलकर गत वर्ष	88,580.00	वाहन मरम्मत	1,78,700.00
जलकर चालू वर्ष	43,770.00	वाहन डीजल क्रय	3,66,526.00
टेंकर शुल्क	17,100.00	डीजल फायर वाहन	65,546.00
टेंकर किराया	19,500.00	डीजल क्रय जनरेटर	46,098.00
राशन कार्ड शुल्क	1,970.00	कीटनाशक क्रय	3,97,577.00
मुद्रांक शुल्क	7,98,000.00	सफाई उपकरण क्रय	1,86,532.00
अधिभार	21,533.00	सार्वजानिक सडको का निर्माण	6,15,575.00
टेंडर फीस	4,04,035.00	स्वछता सामग्री क्रय	80,842.00
शिक्षा उपकर गत वर्ष	14,965.00	व्यक्तिगत शोचालय निर्माण	7,71,104.00
शिक्षा उपकर चालू वर्ष	5,428.00	पुलिया एवं अन्य निर्माण	1,82,77,169.70
विकास उपकर गत वर्ष	27,050.00	पोल एवं डिवाईडार निर्माण	49,98,392.00
विकास उपकर चालू वर्ष	5,096.00	पुराने निर्माण कार्यो पर व्यय	15,00,599.00
प्रशाधन शुल्क	20,141.00	हुडको ऋण अदायगी	4,32,142.00
निक्षेप	18,400.00	वृक्षा रोपण	92,360.00
अन्य अनुदान	62,28,709.00	आय कर लेबर टैक्स एवं अन्य कर देय	18,57,085.00
		पुस्तकालय/ वाचनालय	15,969.18
		टेलीफोन/ इन्टरनेट देयक	13,310.00
		स्वागत समारोह	96,982.00
		निक्षेप	3,900.00
		अन्य व्यय	1,08,084.70
		मुक्यमंत्री अधोसरचना	17,45,780.00
		आर्थिक योजना	18,424.00
		श्रम विभाग योजना	28,70,000.00
		स्टेशनरी छपाई क्रय इत्यादि	1,12,217.00
		विज्ञापन	45,000.00
		विज्ञप्ति विज्ञापन	5,31,749.00
		फर्नीचर क्रय	20,160.00
		स्कूल मरम्मत पुताई	15,200.36
		प्रधानमंत्री आवास योजना	46,75,000.00
		फोटोकॉपी इत्यादि	9,615.00
		निर्वाचन कार्य	5,15,430.00
		सोंदर्य करण पर व्यय	2,36,544.00
		स्वछता सर्वेक्षन पर	7,44,840.54
		जनहित कार्य	2,20,926.00
		अंतिम शेष	**7,20,49,231.54**
	14,37,99,271.02		**14,37,99,271.02**

Chartered Accountant Gwalior

नगर परिषद् मेहगांव , जिला भिंड (म. प्र.)

आय एवं भुगतान खाता

व्यय	राशि	आय	राशि
वेतन सामान्य प्रशासन	13,94,838.00	चुंगी चतिपूर्ति	2,09,23,522.00
जी पी एफ सामान्य प्रशासन	2,61,003.00	सम्पति कर गतवर्ष	2,58,238.00
सामान्य प्रशासन आकस्मिकता	11,476.00	समेकित कर चालू वर्ष	58,451.00
शाखा राजस्व वेतन	20,37,945.00	समेकित कर गत वर्ष	2,20,800.00
जी पी एफ राजस्व शाखा	4,83,000.00	समेकित कर चालू वर्ष	42,480.00
जल प्रदाय शाखा वेतन	9,63,538.00	निर्यात कर छतिपुर्ती अनुदान	1,84,000.00
जी पी एफ जल प्रदाय शाखा	65,000.00	यात्रीकर छतिपुर्ती	16,76,000.00
वेतन लोक निर्माण शाखा	4,54,106.00	पशुवध	450.00
वेतन स्वछता शाखा	93,41,681.00	हाट बाज़ार फीस	2,61,265.00
जी पी एफ स्वछता शाखा	16,24,000.00	दुकान किराया गत वर्ष	86,218.00
अस्थाई स्थापना सामान्य प्रशासन	2,74,760.00	दुकान किराया चालू वर्ष	1,85,544.00
राजस्व अस्थाई स्थापना	1,65,400.00	ज्वलनशील पदार्थ	1,300.00
जल प्रदाय अस्थाई स्थापना	14,84,264.00	खादपेय पदार्थ	600.00
प्रकाश व्यवस्था	2,51,600.00	अन्य	32,249.00
अग्नि शमन फायर वाहन अ. स्था .	1,90,750.00	प्रतिलिपि फीस	416.00
स्वछता अस्थाई स्थापना	23,08,032.00	प्रमाण पत्र फीस	400.00
वेतन एरियर	50,000.00	नामान्तरण फीस	3,997.00
कर्मचारी वर्दी / साबुन	12,518.00	अनुज्ञा शुल्क	2,103.00
परिषद् मानदेय	2,76,702.00	भवन निर्माण फीस	50.00
पटवारी भत्ता	3,300.00	जलकर गत वर्ष	88,580.00
क़ानूनी सलाहकार भत्ता	37,050.00	जलकर चालू वर्ष	43,770.00
पाइप लाइन लीकेज मरम्मत	52,499.00	टेंकर शुल्क	17,100.00
पैयजल परिवहन/ प्याऊ	56,410.00	टेंकर किराया	19,500.00
वाहन मरम्मत	1,78,700.00	राशन कार्ड शुल्क	1,970.00
वाहन डीजल क्रय	3,66,526.00	अधिभार	21,533.00
डीजल फायर वाहन	65,546.00	टेंडर फीस	4,04,035.00
डीजल क्रय जनरेटर	46,098.00	शिक्षा उपकर गत वर्ष	14,965.00
कीटनाशक क्रय	3,97,577.00	शिक्षा उपकर चालू वर्ष	5,428.00
सफाई उपकरण क्रय	1,86,532.00	विकास उपकर गत वर्ष	27,050.00
स्वछता सामग्री क्रय	80,842.00	विकास उपकर चालू वर्ष	5,096.00
हुडको ऋण अदायगी	4,32,142.00	प्रशाधन शुल्क	20,141.00
वृक्षा रोपण	92,360.00	निक्षेप	18,400.00
आय कर लेबर टैक्स एवं अन्य कर देय	18,57,085.00		
पुस्तकालय/ वाचनालय	15,969.18		
टेलीफोन/ इन्टरनेट देयक	13,310.00	व्यय का आय पर आधिक्य	64,55,980.78
स्वागत समारोह	96,982.00		
निक्षेप	3,900.00		
अन्य व्यय	1,08,084.70		
आर्थिक योजना	18,424.00		
श्रम विभाग योजना	28,70,000.00		
स्टेशनरी छपाई क्रय इत्यादि	1,12,217.00		
विज्ञापन	45,000.00		
विज्ञप्ति विज्ञापन	5,31,749.00		
फर्नीचर क्रय	20,160.00		
स्कूल मरम्मत पुताई	15,200.36		
फोटोकॉपी इत्यादि	9,615.00		
निर्वाचन कार्य	5,15,430.00		
सौंदर्य करण पर व्यय	2,36,544.00		
स्वछता सर्वेक्वन पर	7,44,840.54		
जनहित कार्य	2,20,926.00		
	3,10,81,631.78		**3,10,81,631.78**

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

Heading	SR. NO.	Points to be Checked.	Remarks	Suggestion
Audit of Revenue	I.	The auditor is responsible for audit of revenue from various sources.	We have verified accounts and maintenance of records of various sources of income i.e Taxes, Fees, Rental income and Assigned Revenues to ULB i.e. Compensation in lieu of Octroi and Passenger Tax etc. Levy and calculation of taxes, fees etc. is not checked by us.	• Decline in revenue is majorly due to non- collection of taxes because of lack of manpower and robust methods like collecting the tax by sending the staff directly to homes for collection of cheques or with card swiping machines to collect the tax, such methods should be adopted. • Various schemes and incentives should be introduced on regular intervals to increase the revenue collection. • The cash/bill receipt books should be maintained by only one person. Further the receipt of daily taxes should be done by a single person rather than different individuals.
	ii.	He is also responsible to check the revenue receipts from the counter files of receipt books and verify that the money received is duly deposited in the respective bank account.	We have verified revenue receipt on test check basis the revenue receipts were verified with counter files on sample basis and it was observed that the same was deposited timely in respective bank accounts, but the signature of the person depositing was missing.	
	iii.	Percentage of revenue collection increases decreases in various heads in property tax samekit kar shiksha upkar Nagariya vikas upkar and other tax, compared to previous year shall be part of report.	The comparison of all the taxes with regard to yearly targets have been duly verified and is forming part of the report, annexed herewith Details as per **Annexure-1.**	
	iii.	Delay beyond 2 working days shall be immediately brought to the notice of Commissioner/CMO.	There are no any instances of Delay in receipts deposited in bank beyond 2 working days & brought to the knowledge of CMO. **Annexure-2.**	

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी नगर परिषद मेहगांव भिण्ड (म.प्र.)

	iv.	The entries in cash book shall be verified.	We have verified various cash book entries on test check basis and observed that various cutting and corrections are made including use of whitener therein which is not a fair practice.	
	v.	The auditor shall specifically mention in the report, the revenue recovery against the quarterly and monthly targets. Any lapses in the revenue recovery shall be a part of the report.	ULB did not fixed any quarterly and monthly targets. Only Budgeted yearly targets were fixed for revenue recoveries. ULB did not achieve its yearly revenue recovery targets. Mehgaon Municipality has still not achieved desired tax recovery efficiency ,On the basis of information provided by Revenue Department).	
	vi.	The auditor shall verify the interest income from FDR's and verify that interest income is duly and timely accounted for in cash book.	FDRs Interest income is duly checked and not accounted in cash book timely. Only Bank Interest From some savings accounts is accounted in Cash Book.	
	vii.	The cases where, the investments are made on lesser interest rates shall be brought to the notice of the commissioner/CMO.	There is no procedure of calling rate of interest from different banks and same brought to the notice of the CMO.	
Audit of Expenditure	I.	The auditor is responsible for audit of expenditure under all	We have test check expenditures under various scheme on the basis of entries in	• On the Notesheet the CMO and The President should put their

Chartered Accountant Gwalior PRASAD KUMAR AGARWAL & ASSOCIATES

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

		the schemes.	cash book. ULB has not prepared scheme wise cash book. Therefore identification of scheme wise expenditure is not possible.	official Seal with the Signature. • Whenever the signature of a Witness is taken the details of witness like the name, address should be mentioned. • The attendance register should be kept with a person incharge and should be daily verified and signed by the CMO/ Chief Accountant. • The completion report and testing report of the project should be attached in the files as in many of the files the completion report and testing report were missing
	ii.	He is also responsible for checking the entries in cash book and verifying them from relevant vouchers.	During the verification of voucher from entries in cash book, we have observed that various vouchers are missing. Vehicle log book is there in the parishad but not maintained on daily basis. Further vouchers are not kept/maintain properly owing to same proper voucher verification could not be done.	
	iii.	He should also check monthly balances of the cash book and guide the accountant to rectify errors, if any.	While the scrutiny of records we have found cash books for same period was maintained separately and but there are many cuttings in the cash books. ULB is required to get its accounting staff trained so that records can be kept properly and reliably.	
	iv.	He shall verify that the expenditure for a particular scheme is limited to the funds allocated for that particular scheme any over payment shall brought to the notice of the commissioner/CMO.	ULB has not prepared any Scheme wise Cash book and scheme wise expenditures records. Grant register is properly updated and maintained. where fund allocated to particular scheme cannot be ascertained.	
	v.	He shall also verify that the expenditure is accordance with the guidelines, directives, acts	The expenditures were checked on sample basis as all expense and construction files were not presented	

Prasad Kumar Agarwal & Associates Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

		and rules issued by Government of India/ State Government.	before us for audit. The expenses were in accordance with the applicable directives, except for the following observation 1. There is no completion certificate and no testing reports in most of the files of construction. 2. There were no pre/post photographs of the construction sites in the files.	
	vi.	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.	On the basis of our audit we have observed that all the expenditures have been supported by financial and administrative sanctions accorded by competent authority and are limited to the administrative and financial limits of the sanctioning authority. Although the CMO and president should put their official seal and signatures as in most of the vouchers and supporting the official seal was not found and is some the signatures were also missing.	
	vii.	All the cases where appropriate sanctions have not been obtained shall be reported and the compliance of audit observations shall be ensured during the audit. Non compliances of audit paras shall be brought to the notice of commissioner/CMO.	No such case observed.	

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

	viii	The auditor shall be responsible for verification of scheme wise project wise Utilization Certificates (UCs). UC's shall be tallied with the income & expenditure records and creation of Fixed Asset.	During the course of audit no utilization certificate was made available before us. Moreover ULB has not prepared fixed asset register. ULB has not prepared scheme wise project wise UCs. Further records regarding income & expenditure are not maintained properly.	
Audit of Book Keeping	I.	The auditor is responsible for audit of all the books of accounts as well as stores.	As per recommendations of the Eleventh Finance Commission (EFC) and the guidelines issued by the Ministry of Finance, Government of India, the Comptroller and Auditor General of India (C&AG) had constituted a Task Force to recommend budget and accounting formats for ULBs. The Task Force in its report, inter alia, suggested formats for maintaining Books of Accounts. The Urban Administration and Development Department (UADD) published the Madhya Pradesh Municipal Accounts Manual (MPMAM) in July, 2007 adopting such formats Mehgaon municipality is required to follow such formats.we have examined the books of Accounts taking MP MAM as a base. Further, During the F.Y. 2019-20 Books of Accounts are maintained by ULB on	• The books of accounts are not fully shifted to SAP, still the revenue collection is recorded under Single entry system, hence full/ complete transition is done.

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

			Single entry system basis.	
	ii.	He shall verify that all the books of accounts and stores are maintained as per Accounting Rules applicable to Urban Local Bodies.(ULBs) Any discrepancies shall be brought to the notice of Commissioner/CMO.	Although ULB has shifted to SAP accounting, still there are some accounts in which the expenses are not accounted in the system, hence it is not fully implemented. Books of accounts and Stores are maintained by ULB in General Way Accounting rules applicable to urban local bodies are governed by MPMAM and the books maintained by ULB are not as per MPMAM and same has been brought to the notice of CMO.	
	iii.	The auditor shall verify advance register and see that all the advances are timely recovered according to the conditions of advances. All the cases of non recovery shall be specifically mentioned in audit report.	As per Para 4.1.6 of Chapter 9 of MP MAM 2007. Register of Advances will record details concerning advances extended to employees and its subsequent adjustment and it will maintain separate register for each type of advance. Scrutiny of the records reveals that no any register for advances are maintained by the Mehgaon Municipality and details regarding sanction no, accounting code, accounting head and date of posting are also not maintained anywhere.	

Prasad Kumar Agarwal & Associates Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

	iv.	Bank reconciliation states shall be verified from the records of ULB and the bank concerned. If bank reconciliation statements are not prepared the auditor will help in the preparation of BRS.	Rules 97-98 of Madhya Pradesh Municipal Accounts Rules 1971 provide that the reconciliation of any difference between the balances of cash book and bank accounts is required to be conducted every month. As the Inder ULB Bank reconciliation statement were not updated. We helped and guided them to prepare the same.	
	v.	He shall be responsible for verifying the entries in the grant register. The receipts and payments of grants shall be duly verified from the entries in the cash book.	Grant register is not maintained only schemes register are maintained but details of grant utilization (payment of grant) for particularwork for which grant is received is not fully updated in register. There were also various grants grouped under other grants where head (mad) is unidentified.	
	vi.	The auditor shall verify the fixed asset register form other records and discrepancies shall be brought to the notice of commissioner/CMO.	Fixed Asset register and dead stock register not found in the branch it is not maintained at ULB. Details of various register required to be maintained in accordance with prescribed format in MPMAM.	
	vii.	The auditor shall reconcile the accounts of receipt and payments especially for project	No separate cash book is maintained for project wise receipt and payments, details of expenditure made out of grant	

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

		funds.	was also incomplete in grant register. Hence we could not verify the same.	
Audit of FDR.	I.	The auditor is responsible for audit of all Fixed deposits and term deposits.	As informed by officials of Mehgaon that they have invested in fund in FDR.	• FDRs should be created out of excess funds so that the funds are not idle and are constantly generating revenue.
	ii.	It shall be ensured that proper records of FDR's are maintained and all renewals are timely done.	FDRs are automatically renewed by Core Banking Bank through system on time.	
	iii.	The cases where FDR's/TDR's are kept at low rate of interest than the prevailing rate shall be immediately brought to the notice of commissioner/CMO.	There is no procedure of calling interest rate from different banks.	
	iv.	Interest earned on FDR/TDR shall be verified from entries in the cash book.	Interest earned on FDR/TDR is entered on Consolidated basis not on annual basis.	
Audit of Tenders/Bids.	I.	The auditor is responsible for audit of all tenders/bids invited by the ULB's.	We have verified the online bids invited by ULB on test check basis. Tenders allotted on nomination/quotation basis are not made available before us for verification therefore we are unable to give our opinion on the same.	• More competitive tendering process should be implemented. • The limit of online tendering should be reduced so that more and more tenders are put online so as to increase the transparency. • Tender Register should be maintained.

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

	ii.	He shall check whether competitive tendering procedures are followed for all bids.	While going through stock register we have observed that various purchases are made on quotation basis instead of online tendering basis although requirement of such items are above the limit prescribed for online tenders.	
	iii.	He shall verify the receipts of tender fee/bid processing fee/ performance guarantee both during the construction and maintenance period.	We have randomly verified tender fee bid processing fee/performance guarantee on the basis of records provided before us.	
	iv.	The bank guarantees, if received in lieu of bid processing fee/ performance guarantee shall be verified from the issuing banks.	We did not receive any bank guarantee in the books of accounts or not provided to us by the officials during the course of audit for the year 2019-20.	
	v.	The conditions of BG's 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/CMO.	Not applicable	
	vi.	The cases of extension 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.	Not Applicable.	

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

it of Grants Loans.	I.	The auditor is responsible for the audit of grants given by central government and its utilization.	Grant register is not maintained and details of grant utilization (payment of grant) for particular work for which grant is received is not fully updated in register. There were also various grants grouped under other grants where head (mad) is unidentified. Hence we are unable to form any opinion on the same.	• More and more assets should be created for the welfare of the people as well as for generating more revenues. • Idle funds should be invested in Mutual funds, as they provide better returns against any other form of investment.
	ii.	He is responsible for audit of grants received from state government and its utilization.	During the F.Y.2019-20 ULB has not issued any utilization certificate.	
	iii.	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.	Further, as informed by the ULB officials no any loan was taken by Mehgaon Municipality During F.Y. 19-20.	

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

	iv.	The auditor shall specifically point out any diversion of funds from capital receipts/grants/loans to revenue expenditure.	During the audit as per randomaly checked records no diversion of funds from capital receipts/grants/loans to revenue expenditure.	

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

/3/2021

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

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

NAME OF ULB: NAGAR PARISHAD, MEHGAON

NAME OF AUDITOR: Prasad Kumar Agrawal & Associates

o.	PARAMETERS	DESCRIPTION			OBSERVATION IN BRIEF	SUGGESTIONS
	Audit of Revenue					
	राजस्व कर वसूली	Receipts in Rs.				
		Year 2018-19	Year 2019-20	% of Growth		
)	संपत्तिकर	184179	316689	71.95%	Increase in Collection of Shows efforts are Made for Collection.	Camps & New Policies Should be organised by ULB. New discounting Policies Should be introduced by ULB for those who have to pay since long.Various incomes accrued but not collected are recorded in Receipts & Payments Account andIncome & Expenditure Accounts. Such amounts are not received so they should not form part of receipts and payments account. Such errors should immediately be reversed to present thetrue statement of affairs of the entity.
)	समेकित कर	174927	263280	50.51%	Increase in Collection of Shows efforts are Made for Collection.	
i)	नगरीय विकास उपकर	12666	32146	153.80%	Increase in Collection of Shows efforts are Made for Collection.	
)	शिक्षा उपकर	6333	20393	222.01%	Increase in Collection of Shows efforts are Made for Collection.	
	कुल योग	3,78,105.00	6,32,508.00			
	गैर राजस्व वसूली					

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

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

NAME OF ULB: NAGAR PARISHAD, MEHGAON					
NAME OF AUDITOR: Prasad Kumar Agrawal & Associates					
PARAMETERS	**DESCRIPTION**			**OBSERVATION IN BRIEF**	**SUGGESTIONS**
भवन भूमि किराया	312446	271762	-13.02%	Decrease in Collection of Shows Less efforts are Made for Collection.	Camps & New Policies Should be organised by ULB. New discounting Policies Should be introduced by ULB for those who have to pay Rent since long.
जल उपभोक्ता प्रभार	180106	132350	-26.52%	Decrease in Collection of Shows Less efforts are Made for Collection.	Camps & New Policies Should be organised by ULB. New discounting Policies Should be introduced by ULB for those who have to pay water tax since long.
ठोस अपशिष्ट प्रबंधन उपभोक्ता प्रभार	-		0.00%	no collection for this year.	
अन्य कर / शुल्क	382495	383074	0.15%		Camps & New Policies Should be organised by ULB. New discounting Policies Should be introduced by ULB for those who have to pay since long.
कुल योग	8,75,047.00	7,87,186.00			
महा योग	**12,53,152.00**	**14,19,694.00**			

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
(म.प्र.)

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

NAME OF ULB: NAGAR PARISHAD, MEHGAON

NAME OF AUDITOR: Prasad Kumar Agrawal & Associates

. no.	PARAMETERS	DESCRIPTION			OBSERVATION IN BRIEF	SUGGESTIONS
2	Audit of Expenditure				Bifurcation of Capital & revenue Expenditure should be Properly done. No one to one correlation was found between grant received and expenditure so far.	Nature of Expenditure Should be Understood by Staff. Training of GL Codes should be Provided to staff.
3	Audit of Book Keeping				Record of Security Deposit & EMD should be Improved.	Books of Security Deposit & EMD Should be Maintained as per MPMAM
4	Audit of FDR				Interest on FDRs should be entered on Accrual Basis. Usally excess cash kept in bank account. New FDR has been made in this year.	FDR Sheet should be prepared Annually on Accrual Basis.
5	Audit of Tenders/Bids				Tenders are online & transparent but more control required when the payment made to Publishers, reputed and local newspaper rates should be compared. Sometime it has been seen that local newspapers are charging high rates incomparison to reputed newspaper.	Comparison should be done at the time of fixing the rates of publicity of tenders & others.
6	Audit of Grants & Loans				Heads of Grant should be mentioned Properly & FDRs made from Grants & Loans should be mentioned specifically and interest received on FDRs should be credited in Grant fund instead of other & Municipal Fund.	FDR Sheet should be prepared Annually on Grant Basis.

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

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

NAME OF ULB: NAGAR PARISHAD, MEHGAON

NAME OF AUDITOR: Prasad Kumar Agrawal & Associates

Sr. no.	PARAMETERS	DESCRIPTION			OBSERVATION IN BRIEF	SUGGESTIONS
7	Incidences relating to diversion of funds from capital receipts/Grants/Loans to Revenue Nature Expenditure and from one shceme/project to another				No Such Incidences are Found During the Audit.	
		Revenue Expenditure	Revenue Receipts			
8	any other (a) percentage of revenue expenditure (establishment , salary, operation & maintenance) with Respect to Revenue receipts(Tax & non Tax) excluding octroi, Entry tax,Stamp Duty and other grants etc.	3,10,81,631.78	2,46,25,651.00	126.22%	Revenue Expediture is 119.23% of Revenue Revenue Receipts. Income should be increased by Collection of taxes & Interest & fees & Charges. In this year previous year bills has also been paid including GST. GST Paid challans should be taken from vendors.	Proper headwise accounting should be maintained by the officials. Previous year expeses to be bifurcated seperatly. Diversion of funds should be informed to head office.

PRASAD KUMAR AGARWAL & ... Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

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

NAME OF ULB: NAGAR PARISHAD, MEHGAON

NAME OF AUDITOR: Prasad Kumar Agrawal & Associates

.	PARAMETERS	DESCRIPTION			OBSERVATION IN BRIEF	SUGGESTIONS
		Capital Expenditure	Total Expenditure			
	(b)Percentage of Capital Expenditure with Respect to Total Expenditure	4,06,68,407.70	7,17,50,039.48	56.68%	Percentage of Capital Expenditure to Total Expenditure is normal to 69.39 %. Expenditure should be in the ratio with revenue expenditure.	Proper headwise accounting should be maintained by the officials.

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

Percentage of revenue collection increases decreases in various heads in property tax

Annexure-1

Audit Of Revenue						
Sr.NO	Parameter	description			Overview in brief	Suggetions
	Revenue Income	Receipts in Rs				
		Year 2018-19	Year 2019-20	% of Growth		
1	**Property tax**	184179	316689	71.95		
2	**Samekit kar**	174927	263280	50.51		
3	**Nagariya vikas upkar**	12666	32146	153.80		
4	**Shiksha upkar**	6333	20393	222.01		
	Total	**378105**	**632508**	67.28		
	Non Revenue Taxes					
1	**Building/Complex rent**	312446	271762	(13.02)		
2	**Water Charges**	180106	132350	(26.52)		
3	**Other Misc Taxes**	382495	383074	0.15		
	Total	**875047**	**787186**	(10.04)		
	Grant Total	1253152	1419694	13.29	Collection of dues as compare to previous year is not satisfactory	ULB should taken steps to recover its previous as well as current dues

Various incomes accrued but not collected are recorded in Receipts & Payments Account and Income & Expenditure Accounts. Such amounts are not received so they should not form part of receipts and payments account. Such errors should immediately be reversed to present the true statement of affairs of the entity.

PRASAD KUMAR AGARWAL & ASSOCIATES
Chartered Accountant
Gwalior

5/3/2021

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

Annexure-2

Receipts deposited in bank beyond two working days

Aa per ULB the collection is deposited in bank with in 2 days except in the case of bank holidays and servers problems.

Head of Revenue	Date of Collection	Date of Deposited in Bank Statement	Differnce in days	Amount	Reason

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

Annexure-3

S.no	Register	Whether Maintained	Remark
1	Stock Register	Maintained but not provided	Accounting rules 1999 of the MP Municipal corporation Act 1961 provides that the CMO shall constitute a committee to verify the stocks held by the municipality & Committee shall conduct stock verification at least twice in a year. While the course of audit we have observed that no such committee was constituted and no any physical verification of stock was done by the ULB. Ceriticate in respect of no of pages in Stock register is not found. Stock register was not certify by competent authority
2	Cheque Received Register	Not Maintained	
3	Cheque Dishonored Register	Not Maintained	
4	Cheque Issued Register	Maintained	
5	Register of advances to employees	Not Maintained	register of advances are not maintained by the Chanderi Municipality
6	Register of security deposits	Not Maintained	
7	Register of Earnest Money Deposits	Not Maintained	
8	Register of retention money	Not Maintained	
9	Investment Register	Not Maintained	As per MP MAM investment register will contain details concerning investment of fund in specific securities & details of investment matured during the year.
10	Loan Register	Not Maintained	

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

Annexure-4

Status of Maintenance of various Fixes Assets Register at Baihar Municipal Council

S.No	Type of Register	Remark
1	Building Register	As per format provided in MP MAM, Ulbs are required to prepare building register which contains details of survey No, location,area,details of use of building etc including details of improvement if any, during the course of verification of records it has been found that no such list /register and details are prepared by ULB.
2	Roads & Street Register	As per format provided in MP MAM, Ulbs are required to prepare ward wise, area wise list of roads, streets ,lanes & footpaths including details of improvement if any, during the course of verification of records it has been found that no such list and details are prepared by ULB
3	Drain Register	As per format provided in MP MAM, Ulbs are required to maintain register which will contain details about all drains including underground drains & the same will be maintain on continuous basis & not for any specific year. while examining the records it has been observed that no such registers are maintain.
4	Public lighting system register	As per format provided in MP MAM, Ulbs are required to maintain register which will contain details about all Public lighting system & the same will be maintain on continuous basis & not for any specific year, while examining the records it has been observed that no such registers are maintain.
5	Vehicle Register	Not Maintained
6	Office Equipment Register	Not Maintained
7	Furniture & Fixture Register	Not Maintained
8	Computer & Peripheral Register	Not Maintained

PRASAD KUMAR & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

Audit Observations

- In respect of EPF and ESI, no records have been made available to us for the verification of the same.
- Attendance records are still maintained manually in register even after the acquisition of biometric machines. Biometric machines should be used for attendance records and salary processing should be based on biometric machines. High manipulation in salary payments is possible in absence of biometric attendance resulting in higher salaries.
- Insurance cover of most of the vehicles owned by the ULB has expired and no steps are taken by the ULB for the renewal of such insurance.
- Vehicles like tractors, trollies and other vehicles hired on contract by ULB are not properly documented. Agreement file not provided to us. Registration certificate and license should be obtained before hiring such heavy weight vehicles and log book hired vehicles not provided to us.
- During verification it is found that opening balance of cash in bank of last year audited figures were Rs. 81603247.00 and this year opening balance is showing Rs. 82679671.02 Difference of Rs. 1076424.02 has not been justified by the management.
- Fixed asset register is not maintained by the ULB, so we are unable to do the verification of fixed assets and Fixed assets are not numbered.
- Stock register and stationery register is not maintained by the auditee, so the verification of such items was no possible in absence of documents.
- As observed they do not maintain any advance register because of which is it unable to identify to whom they have given the advance and whether settlement has been done or not.
- Log book of most of the vehicles was not provided for inspection. Errors/observations found in the log books provided are given below. In addition the proper authority should inspect the log books at regular intervals to avoid such discrepancies.
- As per the CGST Act, 2% TDS should be deducted on bills of more than RS 2,50,000. ULB is deducting such TDS on all the bills without any threshold. Moreover, such TDS deducted is not paid into the Govt Account, but paid to the party itself. Such an act of nonpayment is a punishable offence under GST Act. Such TDS appearing to be deducted should be paid to Govt account as soon as possible. Also, efforts should be made to recover such TDS from parties whom payment has been made.
- Labour tax of 1% is deducted on every payment of construction works. Such tax is not deposited on monthly basis into the Govt Account.
- The requisite details to verify the regular compliance related to TDS under Income Tax law as well as under GST law has not been provided to us. We could not verify whether there are any outstanding demands, interest, penalty, late fees or any other sums under Income Tax or GST law.

PRASAD KUMAR AGARWAL & ASSOCIATES Chartered Accountant Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)

- Invoices for the payment of diesel do not mention the vehicle in which the diesel was poured. Invoices of the petrol pump should give complete details of vehicle number and date on which diesel was purchased.

- Various payments are made towards purchase of diesel against bill invoices which does not contain Vehicle Number.
- Various incomes accrued but not collected are recorded in Receipts & Payments Account and Income & Expenditure Accounts. Such amounts are not received so they should not form part of receipts and payments account. Such errors should immediately be reversed to present the true statement of affairs of the entity.
- We are not provided with the ledgers by the Municipal Corporation. So, we are unable to comment on Income & Expenditure Account, Receipts & Payments A/c.
- Nagar Parishad not provided Balance Sheet ,Bank Reconciliation statements, cash flow statement. It is suggested that proper balance sheet should be prepared.
- The ledgers of the expenses are not maintained by the management, hence we cannot assume about the correctness of the income and expenditure details.
- CL register, Medical leave register and optional leave register is not maintained by ULB which makes the cross checking of salary calculations highly difficult for us.
- Measurement book for none of the works carried out by the ULB is made available for inspection during the audit schedule. The before and after pictures of construction done by them are not found.
- Pre and post completion pictures are not attached with vouchers of payment to the contractors for construction contracts. No third party bill is enclosed with the civil work payments only internal estimates has been provided. Payment to contractors are made without invoices of contractors.
- They do not maintain any record of the offline tenders issued by them. So we cannot predict how many offline tenders are issued during the period. They do not maintain any file of the tenders work because of which it is not possible for us to check the measurement book. It is suggested that tender record should be maintained so that we can come to know how much work is done, how much work is pending and how many tenders are allotted during the period.
- The CCTV cameras are not there in the premises.
- The rent of shops and other premises have not been fully recovered during the period.
- Electricity bills are not deposited within time limits due to which penalties are paid which can be avoided.
- Bank Reconciliation statement not provided to us.

PRASAD KUMAR AGARWAL & ASSOCIATES
Chartered Accountant
Gwalior

मुख्य नगर पालिका अधिकारी
नगर परिषद मेहगांव भिण्ड (म.प्र.)