

VPCA AND ASSOCIATES
CHARTERED ACCOUNTANTS
CA. PULKIT AGRAWAL
ACA, B.com

212, fortune Ambiance south tukoganj Indore (M.P.)
Contact No.- 98061-85430
Email Id:- Pulkit@vsmc.co.in

AUDIT REPORT FOR THE YEAR
ENDING 2019-20
NAGAR PARISHAD NEMAWAR, DISTT. DEWAS (M.P.)

AUDIT REPORT IN CONNECTION WITH ANNUAL AUDIT OF NEMAWAR NAGAR PARISHAD

We have examined the Receipt & Payment Account, for the year ended on 31st March 2020, attached herewith, of Nagar Parishad Nemawar, Dewas. With regards to the Audit, we have made the following observation:

- We certify that the Receipt & Payment Account are in agreement with the books of account maintained at the office of Nagar Parishad;
- We report the following observations/discrepancies/inconsistencies:

"As per notes to accounts in annexure "A" Attached".

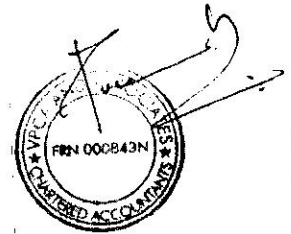
- The observations/discrepancies /inconsistencies observed in regards with the scope of audit have been detailed out in "Annexure B" along with its sub schedules B-1 to B-6
- Details regarding revenue collection against the budgeted targets and the growth attained during the year in comparison to previous year in given in "Annexure C".
- Subject to above,-

- I. We have obtained all the information and explanations which, to the of best our - knowledge and belief, were necessary for the purposes of the audit;
- II. In our opinion, proper books of accounts have been kept by the above named Entity so far as it appears from the examination of the books.
- III. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes thereon, given in above Annexure 'A' give a true and fair view of the Receipts and Payments account of the Nemawar Nagar Parishad for the year ended on as at 31st March 2020.

Place: Indore

Date: 26/03/2021

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27/03/2021
नगर पंचायत नमवार



Polkit Agarwal
Chartered Accountant
Membership No.431102
UDIN :- 21931102AAAAB02
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Notes to the accounts – Annexure "A"

- 1 We suggest that current/saving accounts should be linked with another sweep account with the bank so that idle fund automatically gets transferred to short term deposit without affecting the liquidity of fund, so that interest income can be earned.
- 2 We suggest that Bank Ledger Accounts for all banks should be prepared so that Bank Reconciliation Statement can be prepared periodically.

Audit of Revenue

S. No.	Indicators	Observation	Remarks
1.	The Auditor is responsible for audit of revenue from various sources.	We have audited all the sources by applying Sample Test Check Basis from where municipality is deriving its revenue for the financial year 2019-20 and details of various sources have been reported in Receipt & Payment Account.	The Sampatti kar, Samekit kar, Jal Kar, Nagariya Vikas Upkar, were found to have slow growth.
2.	The Auditor is Responsible for checking the revenue receipts from the counter files of receipt books & verifies that the money received is duly deposited in respective bank accounts.	We have checked all the revenue receipts from the counterfoils of the receipt books and they are found to be in agreement with the figures reported in the cash book and ledgers. All the revenue receipts are being deposited in a bank properly.	No discrepancies found.
3.	Percentage of Revenue Collection Increase / decrease in various heads in property tax, SamekitKar, ShikshaUpkar, NagriyaVikasUpkar& Other Tax as	Percentage of revenue collection increase/decrease in various heads in Property tax, SamekitKar, ShikshaUpkar, NagariyaVikasUpkar and other tax have been prepared in Annexure - "B-1".	There has been significant downfall in recovery of sampattikar and samekit both Current as well as outstanding for year



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	compared to previous year shall be part of Audit Report.		
4.	Delay beyond 2 working days shall be immediately brought to the notice of Commissioner/CMO.	The amount received through different revenue sources have been deposited in bank on the same day when received except in some cases which are annexed to this report.	No discrepancies.
5.	Entries in Cash Book should be verified.	We have verified all the entries reported in the cash book on sample test check basis and found to be satisfactory.	Receipts are found to be accurate.
6.	Auditor shall specifically mention in report the revenue recovery against the Quarterly & Monthly Targets. Any lapses in revenue recovery shall form part of report.	Budgets estimated of income and expenditure are prepared on very higher side we suggest that budgeted income and expenditure should be estimated on the basis of actual past income and expenditure if we compare with the budgeted figure the realization of income is not up to the mark and we compare the same with the past year actual income the growth is positive. Recovery against target has been specifically mentioned in Annexure "B-2".	Municipality should use actual figures of past year while preparing budget so that under or over recovery is comparable against budgeted figures.
7.	The Auditor shall verify the interest income from FDR and verify that interest income is duly & timely recorded in Cash Book.	The Interest income is recorded on cash basis only, i.e., only when FDR's mature. Therefore, there is no interest income recorded during the Financial Year 2019-20 and no FDR are matured during the current financial year.	The Balance of FDRs should also form part of Opening and Closing balances of Cash and Bank balance. Detailed comments are made under Audit of FDRs
8.	The Cases were investments are made on lesser interest rates shall be brought to the notice of Commissioner / CMO.	There were no investments made by Municipal Corporation.	Nil.

Audit of Expenditure

S. No.	Indicators	Observations	Remarks
1.	The auditor is responsible for audit of expenditure under all the schemes.	We have audited the expenditures incurred by the municipality using sample test check basis during the F.Y.2019-20. The irregularities found during vouching are mentioned in following supra.	Recovery against target has been specifically mentioned in Annexure "C".
2.	The Auditor is responsible for checking the entries in Cash Book & Verifying them from relevant vouchers.	We have audited the expenditures incurred by the municipality by applying sample test check basis. On checking the entries in cash book with relevant vouchers we found some minor discrepancies which are annexed in the report as "Annexure-B-3"	There are instances found where parishad expended more than allowed limit on Employees conveyance (Yatri bahita to employee) Parishad has to recover the excess amount expended from the particular employee details of which is given in the Annexure B-4
3.	Auditor shall check monthly balance of the Cash Book & guide the accountant to rectify the errors.	We examined the daily balances of the cash book and arithmetical & clerical errors have been identified by us, which was dealt with appropriately and rectified at the year end. Closing Balance has been worked out correctly by giving above rectification effects.	Municipality has to more focus on arithmetical errors.
4.	Auditor shall verify that the expenditure of a particular scheme is limited to the funds allocated for that particular scheme any over payment shall be brought to the notice of commissioner/CMO.	The funds allocated for particular schemes were used only for that scheme. Any over Utilizations where payments were made using own funds of Municipality are annexed in this report as "Annexure-B-4"	Out of Own Fund expenses are brought to the notice with the "Annexure B-5".
5.	Auditor shall verify that expenditure is accordance with the guidelines directives act and rules issued by government of India.	All the amounts have been expensed in accordance with the guidelines, conditions, directives and rules issued by the government of the state or central government as the case may be and no contraventions were found or noticed during the course of audit.	Amounts were expended within the Guidelines issued by the Government.



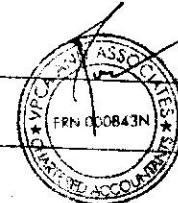
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for the year 2019-20

6.	During the audit financial propriety shall also be checked. All the expenditure should be supported by financial administrative sanctions.	We found that all the expenditures were properly supported by the relevant and required vouchers, they were also adequately supported by the administrative and financial sanction accorded by the competent authority i.e., CMO/President.	No discrepancies found.
7.	All the cases where appropriate sanction has not been obtained shall be reported and the compliance of Audit observation shall be ensured during the Audit.	During the course of audit by applying Sample Test check basis, we did not come across any such expenditure which has been incurred without obtaining permission from the relevant sanctioning authority.	All the expenses were properly sanctioned.
8.	Auditor shall be responsible for verification of scheme project wise Utilization Certificates (UC'S) & shall be tallied with Income & Expenditure records and creation of Fixed Assets.	From the verification of utilization certificates and discussion with the management we found that they are preparing utilization certificates properly for specific Schemes/Projects on timely basis as and when they are being asked from the higher authority/sanctioning authority.	UC'S are prepared by the management of the ULB.


Audit of Book Keeping

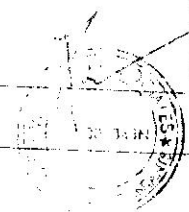
S. NO.	Indicators	Observations	Remarks
1.	Auditor is responsible for audit of all the books of accounts as well as stores.	We have verified the Cash book, Ledgers, Cashier cash book, Grant register, Bank account statements, Vouchers, Receipt books, Challan books and all the other Cash books specifically for other projects maintained by the municipality by applying sample test check basis. The books were found to be fair and any discrepancies including Arithmetical errors are dealt with in	The Books of accounts are properly maintained by the ULB.



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		respective points.	
2.	Auditor shall verify that all the books of accounts and stores are maintained as per Accounting Rules applicable to ULB, any discrepancies observed should be brought into notice.	The books of Accounts are being maintained in Single Entry Accounting System by applying cash system of Accounting. Ledgers are maintained only for Income and Expenses. Individual Bank Account ledgers are not maintained. Only consolidated Bank book is prepared.	We suggest that Bank Ledger Accounts for all banks should be prepared so that proper Bank Reconciliation Statement can be prepared on periodically.
3.	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 the audit report.	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 the audit report.	No Discrepancies found.
4.	Bank Reconciliation Statement shall be verified from the records of ULB & the bank concerned.	Municipality is preparing bank reconciliation statements for its bank accounts. All the statements are annexed to this report in "Annexure-B-6".	Totaling mistakes need to be avoided.
5.	Auditor shall be responsible for verifying the entries in the grant register. The Receipt & payments of grants shall be duly verified from the entries in the Cash Book.	We have reconciled the accounts of receipts and payments for the grant received and utilized during the year.	No discrepancies found.
6.	The Auditor shall verify the fixed assets register from the records & the discrepancies shall be	The Auditor shall verify the fixed assets register from the records & the discrepancies shall be brought to the notice of CMO.	No Fixed Assets register has been maintained.

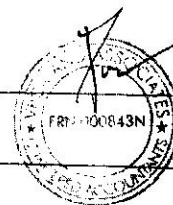

 for the purpose of the audit



	brought to the notice of CMO.		
7.	The auditor shall reconcile the accounts of receipt and payments especially for project funds.	The Receipt & payment for project funds are reconciled and all the receipts and payments of project funds are annexed to the report.	No such instances observed.

Audit of FDR

S. No.	Indicators	Observations	Remarks
1.	The auditor is responsible for audit of all FDR & TDR.	We have physically verified all the FDRs held by the municipality and complete details of which are being hereby annexed to this report in Annexure "B-5".	No FDR are made by Corporation.
2.	Auditor shall ensure that proper records of FDR are maintained and all renewals are timely done.	Municipality has opted for auto renewal of the FDRs on its maturity thereby risk of not getting timely renewal of FDRs is almost nil and management has prepared proper register and records for the FDRs and they are in agreement with the physical FDRs.	No Discrepancies were found.
3.	Cases where FDR & TDR are kept at low rate of interest than the prevailing rate shall be immediately brought to the notice of Commissioner/CMO.	All the FDRs have been kept at the appropriate rate of interest and we didn't come across any instances where the FDRs have been kept at low rate of interest than the prevailing market rate.	No Discrepancies were found.
4.	Interest earned on FDR shall be verified from entries in the Cash Book.	As regards the verification of the interest earned and its reporting in the cash book we draw attention to the point that municipality is following and preparing its	No Discrepancies were found.

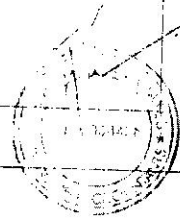


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		records on the cash basis of accounting thereby reporting interest income only at the time of receipts of such interest and not else.	
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Audit of Tenders/Bids

S. No.	Indicators	Observations	Remarks
1.	The auditor is responsible for audit of all tenders/bids invited by ULB.	We have audited tenders/ bids invited by the ULB during the F.Y.2019-20 by applying Sample Test Check Basis and no contraventions or exceptions were noticed during the course of audit other than those which have been discussed in next points.	None
2.	Auditor shall check whether competitive tendering procedures are followed for all bids.	By applying Sample Test Check Basis, We found that competitive tendering procedures are being followed by the municipality except in the cases where only one bidder was involved in the bidding process.	None
3.	Auditor shall verify that receipts of tender fee/bid processing fee/performance guarantee both during the construction and maintenance period.	We have verified the receipts of Bid processing fees/Tender fees and the same have been accounted for in the books of account.	None
4.	The bank guarantee, if received in lieu of bid processing fee/ performance guarantee shall be verified from the issuing bank.	There are no Bank guarantee	No such instances found

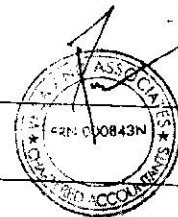


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5.	The Conditions of BG's shall also be verified and any BG, with any such condition which is against the interest of the ULB shall be verified and brought to the notice of Commissioner/CMO.	No such instances observed.	No such instances observed.
6.	The cases of extension of BG shall be brought to the notice of Commissioner/CMO proper guidance to extend the BG shall also be given to ULB.	As no guarantees were received by the municipality question of extension of bank guarantees shall not arise.	None.

Audit of Grants and Loans

S. No.	Indicators	Observations	Remarks
1.	Auditor is responsible for audit of Grants given by CG and its utilization.	On verification of records and communication with the management we found that grant is being received by the central and Utilization Certificates have been issued by the Authority.	None
2.	Auditor is responsible for audit of Grants received from State Government and its Utilization.	We have audited various grants received from the state government during the year covered under the audit and their Utilization Certificates have been issued by the Authority.	None
3.	The auditor shall perform audit of loans provided for physical infrastructure and its utilization. During this audit the auditor shall specifically comment on the revenue mechanism ie; whether the asset created out of the loan has generated	No Loan Outstanding	None



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 for Municipal Association

desired outcome or not. He shall also comment on the possible reasons for non-generation of the revenue.		
4. The auditor shall specifically point out any diversion of funds from capital receipts/grant/loans to revenue expenditure and from one scheme/project to another.	On Sample Test check basis of the records, we didn't find any diversion of fund from capital receipts/grants/loans to revenue expenditure.	No such instances observed

NAGAR PARISHAD NEMAWAR, DISTRICT DEWAS

Annexure "B-1"

Amount deposited in the Bank after 2 working days

Date of receipt	Date of deposit	Amount	Delay in deposit
08/10/2019	10/10/2019	1590	One Day

Annexure "B-2"

S. No.	Particulars	Audited Actual 18-19(A)	Budget 19-20(B)	Audited Actual 19-20(C)	Growth in Budget as compared to 19-20 (B)-(C)	Actual Achievement 2019-20 (A)-(C)
1	Property tax outstanding	103861	360686	134125	-63%	29%
2	Property tax current	31248	882000	58626	-93%	88%
3	Samekit Kar Outstanding	76253	217230	172245	-21%	12%
4	Samekit Kar current	33120	176600	104480	-41%	24%
5	Shiksha Upkar outstanding	45736	0	60624	-	33%
6	Shiksha upkar current	17985	270784	37014	-86%	100%
7	Rent Outstanding	27140	39500	58780	49%	117%

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8	Regt Current	18900	250000	33610	-87%	78%
9	Jalkar outstanding	173235	430000	198480	-54%	15%
10	Jalkar current	115050	462600	133590	-71%	16%

The above data reveals that Budget estimate of income are estimated to very high. We suggest that budgeted income should be estimated on the basis of actual past income collections. If we compare with the budgeted figure the realization of income is not up to the mark whereas when we compare the same with the past year actual income the growth is positive.

Annexure "B-3"

Discrepancies observed during Audit of Expenditure

Date	Name of the employee	Amount allowed	Amount expended	Amount to be recovered

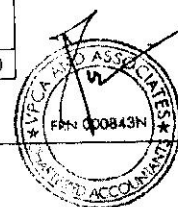
Annexure "B-4"

Details of Grant released and utilization in the year

Grant Name	Amount received as grant (fund)	Amount of expense from that Grant (fund)	Utilise from own fund

Grants which remain unutilized during the Year

Grant Name	Opening Balance	Amount received as grant (fund)	Amount of expense from that Grant (fund)	Unutilized grant
Mp road development	0	1749000	0	1749000
Mulbhoot	0	571000	0	571000
Others	0	4976884	0	4976884
14 th Central Finance	0	1310000	0	1310000
Swachh Bharat Mission	0	1262000	0	1262000
CM Special	0	3153000	0	3153000



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Purpose				
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Appendix "B-5"

FDR No.	Bank	FDR Date	Maturity Date	FDR Amount

Seal & sign of Auditor



VPCA AND ASSOCIATES
CHARTERED ACCOUNTANTS

CA PULKIT AGRAWAL

MRN: 431102

INDORE: 24/03/2021

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NAGAR PARISHAD, NEMAWAR
Balance Sheet As On 31.03.2020

Liabilities	Amount	Assets	Amount
<u>Municipal Fund</u>	9631070.45	<u>Fixed Assets</u>	2434203.19
<u>Grant and Contribution</u>	13021884.00	<u>Cash and Bank Balances</u>	
		Cash in Hand	0.00
<u>Deposit Received</u>	122237.92	Boi-4936	44767.27
		Boi-5591	1849790.81
<u>Provision</u>	52571.27	Boi-5787	6707568.73
		Boi-5920	440773.84
		Boi-6288	1164.00
		Hdfc-6453	7510539.30
		Hdfc-7853	25881.00
		Sbi-8261	3813075.50
Total Rs.	22827763.64	Total Rs.	22827763.64

As per our report of even date attached
 FOR: VPC & ASSOCIATES
 CHARTERED ACCOUNTANTS

CA PULKIT AGRAWAL
 FRN: 000847N
 INDORE: 21/03/2021



For Nagar Parishad, Nemawar

Chief Municipal Officer

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NAGAR PARISHAD, NEMAWAR
RECEIPT AND PAYMENT ACCOUNT 01.04.2019 To 31.03.2020

Receipt	Amount	Payment	Amount
Opening Cash and Bank Balances :			
Cash in Hand	0.00	Salaries and Other Benefits	9164346.00
Boi-4936	579217.27	Rent exp.other	12000.00
Boi-5591	1375419.81	Conveyance Hire & Exp.	72974.00
Boi-5787	33019684.73	Electricity Exp.	673026.00
Boi-5920	519412.84	Telephone exp.	26790.18
Hdfc-5453	7500292.30	Web and Internet Exp.	14000.00
Sbi-8261	1947696.24	Newspaper exp.	2920.00
		Printing exp.	38219.00
Property tax	462443.00	Stationery Exp.	133046.00
Samekit kar	103781.00	Fuel Exp.	736229.00
Education cess	36274.00	Insurance Vehicle	160104.00
Water tax	328025.00	Audit fees	33250.00
Sewerage tax	53500.00	Legal fees	44500.00
Compensation - Octroi	6397186.00	Advertisement Exp.	46518.00
Rent Shopping Complex	74455.00	Festival Celebration exp.	607000.00
Mutation fees	18980.00	Miscellaneous Exp.	424177.00
Rent - Guest house	7080.00	Sanitation and Other Material	102136.00
Rent - Market	157035.00	Water Treatment Chemical	8802.00
Rent - Staff Quarter	30000.00	R&M-Infrastructure Assets	1314921.00
Fees for Certificate and Extract	4640.00	R&M-Public Convenience	747964.44
Permission Fee - Building Plan	569663.00	R&M-Buildings	7247.00
Connection Charges	22000.00	R&M-Vehicles	211436.00
User charges - Water Supply	23920.00	R&M-Office Equipments	10702.00
Entry Fees - Bus Stand	216055.00	R&M-Electrical Appliances	10030.00
Parking fees	30000.00	R&M-Plant & Machinery	111930.00
Sale - Tender	38000.00	O&M - Cleaning	671927.00
Saving Bank Interest	1723678.00	Bank Charges	1011.12
Miscellaneous income	61452.00	Sambal Yojna	48000.00
Grant GoI RAY/HFA	20600000.00	P.M Aawas Yojna	4860000.00
Grant GoMP - Sambal Yojna	200000.00	Building and Other Structures	222239.15
Grants - Central Govt.	1310000.00	Road and Bridges	101131.00
Grants - State Govt.	11711884.00	Furniture and Fittings	106780.00
Earnest Money Deposit	185200.00	Deposit Repaid	119600.00
Security Deposit	56637.92	Recoveries Payable - Paid	129162.73
		Closing Cash and Bank Balances :	
		Cash in Hand	0.00
		Boi-4936	14757.27
		Boi-5591	1849190.81



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for ... Nemawar

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1510 · M. M.

25891.00

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Total

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FOR A. C. AND ASSOCIATES

For Nagar Parishad Nemaigar

Chief Municipal Officer

DESIGN

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-NAGAR PARISHAD, NEMAWAR			
INCOME AND EXPENDITURE ACCOUNT 01.04.2019 To 31.03.2020			
Expenditure	Amount	Income	Amount
Salaries and Other Benefits	9164346.00	Property tax	462443.00
Rent exp.other	12000.00	Samekit kar	103781.00
Conveyance Hire & Exp.	72974.00	Education cess	36274.00
Electricity Exp.	673026.00	Water tax	128025.00
Telephone exp.	26790.18	Sewerage tax	53500.00
Web and Internet Exp.	14000.00	Compensation - Octroi	6197186.00
Newspaper exp.	2920.00	Rent Shopping Complex	74435.00
Printing exp.	38219.00	Mutation fees	18980.00
Stationery Exp.	133046.00	Rent - Guest house	7080.00
Fuel Exp.	736229.00	Rent - Market	137035.00
Insurance Vehicle	160104.00	Rent - Staff Quarter	4000.00
Audit fees	33250.00	Fees for Certificate and Extract	4640.00
Legal fees	44500.00	Permission Fee - Building Plan	509653.00
Advertisement Exp.	346518.00	Connection Charges	22040.00
Festival Celebration exp.	607000.00	User charges - Water Supply	25920.00
Miscellaneous Exp.	824177.00	Entry Fees - Bus Stand	214355.00
Sanitation and Other Material	702436.00	Parking fees	3000.00
Water Treatment Chemical	8802.00	Sale - Tender	3000.00
R&M-Infrastructure Assets	1704921.00	Saving Bank Interest	1724578.00
R&M-Public Convenience	747964.44	Miscellaneous income	61452.00
R&M-Buildings	57747.00	Grant Gol RAY/HFA	2000000.00
R&M-Vehicles	211436.00	Grant GoMP - Sambal Yojna	2000000.00
R&M-Office Equipments	50702.00		
R&M-Electrical Appliances	20080.00	To Deficit	35678415.74
R&M-Plant & Machinery	111930.00		
O&M - Cleaning	670927.00		
Bank Charges	1041.12		
Sambal Yojna	460000.00		
P.M Aawas Yojna	48600000.00		
Total	66237085.74	Total	66237085.74
As per our report of even date attached			
FOR: VPCA AND ASSOCIATES		For Nagar Parishad, Nemawar	
CHARTERED ACCOUNTANTS			
CA PULKIT AGRAWAL		22/03/21	
FRN: 000843N		Chief Municipal Officer	
INDORE: 24/03/2021			

Nagar Parishad-Nemawar
BANK RECONCILIATION AS ON 31.03.2020

Sr.	No. of the Bank and Branch	Bank Account Number	Specify the purpose for which the bank account is maintained	Balance as per General Cash Book (Rs.)	Closing Balance As on 31.03.20	Difference	Remarks
1	2	3	4	5	6	7	
1	State of India	892310110004936	Tax Receipt	44,797.27	43,747.19	1,020.08	Unreconciled Opening Balance
2	State of India	892310110005591	Swachhite Abhiyan	1,849,790.81	1,849,790.81	-	
3	State of India	892310110005787		6,707,568.73	6,707,568.73	-	
4	State of India	892310110005920		440,773.84	440,773.84	-	
5	State of India	892310110008288		1,164.00	1,164.00	-	
6	HDFC Bank	50200010995453	General Account	7,510,539.30	7,511,129.30	(590.00)	Unreconciled Opening Balance
7	HDFC Bank	50100334247853		25,881.00	25,881.00	-	
8	State Bank of India	34611558281	General Account	3,813,075.50	4,918,785.85	(1,105,690.35)	Unreconciled Opening Balance
9	Cash - Hand		Municipal Funds				
TOTAL AMOUNT				14,426,595.45	14,426,595.45		

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