

कार्यालय नगर परिषद ओंकारेश्वर, जिला खण्डवा म.प्र.

Office of Nagar Prishad Omkareshwar P1 Bus stand Omkareshwar,
Tehsil :- Punasha, Distic :- Khandwa

E-Mail:- cmoomkareshwar@mpurban.gov.in
Web site:- npomkareshwar.co.in

क्रमांक/1-लेखा/न.परि./2020/1795
प्रति

ओंकारेश्वर दिनांक 21/12/2020

संयुक्त संचालक
नगरीय प्रशासन एवं विकास
इन्दौर संभाग इन्दौर

विषय :- वित्तीय वर्ष 2019-20 की सी0ए0 आडिट रिपोर्ट प्रस्तुत करने बाबत।

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विषयांतर्गत निवेदन है कि निकाय का वित्तीय वर्ष 2019-20 सीए आडिट फर्म पाटीदार एण्ड एसोसिएट्स चार्टर्ड एकाउंटेंट भोपाल द्वारा किया गया है। आडिट उपरांत उनके द्वारा वित्तीय वर्ष 2019-20 की आडिट रिपोर्ट प्रेषित की गई है।

अतः वित्तीय वर्ष 2019-20 की सीए आडिट रिपोर्ट संलग्न सादर प्रेषित है।

संलग्न - आडिट रिपोर्ट मूल प्रति

मुख्य नगर पालिका अधिकारी
नगर परिषद ओंकारेश्वर

ओंकारेश्वर दिनांक 21/12/2020

पृ0 क्रमांक/1-लेखा/न.परि./2020/1796

प्रतिलिपि -

1. संयुक्त संचालक वित्त संचालनायक नगरीय प्रशासन एवं विकास म0प्र0 भोपाल

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नगर परिषद ओंकारेश्वर

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प्रति

ओंकारेश्वर दिनांक / / 2020

संयुक्त संचालक
नगरीय प्रशासन एवं विकास
इन्दौर संभाग इन्दौर

विषय :- वित्तीय वर्ष 2019-20 की सी0ए0 आडिट रिपोर्ट प्रस्तुत करने बाबत।

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संलग्न - आडिट रिपोर्ट मूल प्रति

श्री -
मुख्य नगर पालिका अधिकारी
नगर परिषद ओंकारेश्वर

पृ० क्रमांक / 1-लेखा / न.परि. / 2020 / 1796

ओंकारेश्वर दिनांक 21 / 12 / 2020

प्रतिलिपि -

1. संयुक्त संचालक वित्त संचालनालय नगरीय प्रशासन एवं विकास म0प्र0 भोपाल

मुख्य नगर पालिका अधिकारी
नगर परिषद ओंकारेश्वर

**OMKARESHWAR NAGAR
PARISHAD**

AUDIT REPORT 2019-20

**AUDITOR:
PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS**



INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of OMKARESHWAR NAGAR PARISHAD

1. Report on the Financial Statements

We have audited the accompanying financial statements of OMKARESHWAR NAGAR PARISHAD("the ULB"), which comprise the Receipt & Payment Account for the year then ended, 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/CMO has not directed us to perform audit of any other section in his office in addition to the above scope.

मुख्य नगर पालिका अधिकारी
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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.

- Accounts prepared as per the Manual in lieu of accounting standards for local bodies as issued by Institute of Chartered Accountants of India.
- Revenue department's records related to recovery of revenue taxes and other revenue dues has minor differences with accounting records maintained by accounting department.

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- c) Non-maintenance or incomplete registers as prescribed under manual and mentioned at point 3 of annexure 2.
- d) 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:

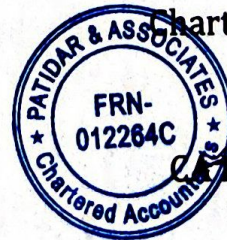
- a) We have sought and, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) Except for the possible effects 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: 19/11/2020

UDIN: 20418806AAAACH6359

मुख्य नगर पालिका अधिकारी
नगर परिषद, ओंकारेश्वर

For Patidar & Associates
Chartered Accountants



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 OMKARESHWAR 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,

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assessing the risk that a material weakness exists, and testing and evaluating the design 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 परिषद, अंकारेश्वर





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:

- 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
- 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.
- 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.
- 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.

नगर पालिका अधिकारी
नगर परिषद, साँकारेश्वर





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We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 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: 19/11/2020

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नगर परिषद, ओंकारेश्वर

For Patidar & Associates
Chartered Accountants



CA Neelesh Patidar
Partner
MRN - 418806



Annexure '2'

The Annexure referred to in paragraph 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 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. A detailed statement containing outstanding demand and tax collected during the year was provided to us by the concerned department duly certified by the concerned officer.

- 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. However due to quantum of transactions and inherent limitation of audit we cannot provide our absolute assurance on the entries of the cash book. It is general mandate that the entries of the cash book should be duly supported by necessary documentary evidences and authorizations.

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- 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 and monthly targets.

- 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. Payments out of grant receipts were debited in that grant head only instead of debiting the respective expenditure. Hence it is difficult for us to verify the nature of expenses made from grant receipts.

- 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:

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Voucher no.	Date	Amount	Particular	Remarks
	14-02-2020	23,500.00	Tuv Rent	No Details / Invoice
101	07-06-2019	18,533.00	Advertisement expenses to Navduniya (Ltd.Co.)	TDS @ 1 % is deducted despite payment being made to Limited Company. As per the Income tax act TDS @2% should be deducted om payments made to other then Individual / HUF.
102	07-06-2019	13,543.00	Advertisement expenses to Navduniya (Ltd.Co.)	TDS @ 1 % is deducted despite payment being made to Limited Company. As per the Income tax act TDS @2% should be deducted om payments made to other then Individual / HUF.
95	02-03-2020	24,190.00	Sikander Trading	Contractor- GST TDS not deducted
	22-01-2020	13,920.00	Sikander Trading	Contractor- GST TDS not deducted, other payment also made

ULB have not provided challans or returns for payment of TDS on GST 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 test check 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.
No such instance has been noticed during the course of our verification.
- 5) He shall also verify that the expenditure is 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

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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 provided to us by the ULB. No major discrepancy was noticed during course of our verification.

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 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. Details regarding temporary advances were not provided to us by the ULB and hence we cannot comment on the same.

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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 provided Fixed Asset Registers, Stock Registers, Register of Advances to Contractors, as prescribed under MP MAM for verification.

- 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.

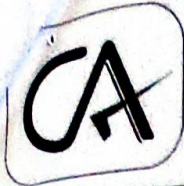
As per the information and explanation provided to us by the management of the ULB, no specific condition related to advances are placed. Hence, it is not possible for us to verify the cases of timely recovery of advances, if any.

- 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.

Bank Reconciliation is provided to us by the ULB for the bank account having reconciliation differences. ULB has explained that other than those there is no difference in any other bank account.

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BRS as produced by the ULB is provided below:

Bank A/c : SBI -086; MPGB 004 ; BOI -7679		
Date	Particular	Amount
31.03.2020	As per cashbook	14,98,810.00
	10.01.2020 grant received not added in cashbook	4,00,000.00
	Bank Interest not considered in cashbook	21,140.00
	Opening Balance Difference	1,21,390.81
31.03.2020	As per Bank	20,20,200.81
Note : Apart from above bank accounts, there is no difference in any other bank account		

In absence of bank statement we cannot verify the actual balance of bank accounts and its reconciliation with cashbook. On verification of cashbook we found the following balances:

S.No.	Bank Name	Closing Balance as per Cash book as on 31/03/2020
1	Amrut Yojna	54,63,134.94
2	Anudan Cashbook	1,16,93,238.00
3	Cashbook	14,98,810.00
4	Peyjal Yojna	16,24,846.00
5	Sehri Adhosanrachna	1,61,89,775.00
6	Swacchta Mad	10,58,454.00
TOTAL		3,75,28,257.94

- 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. We have verified the grant registers produced before us by the ULB and reconciled the entries as per cashbook on test check basis. No major discrepancies were noticed during the course of our verification. Summarised statement of grants maintained by the ULB has been provided to us and same has been provided in the point 6(1) of this report.

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नगर परिषद, अंकारेश्वर





- 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. We suggest the ULB to maintain Fixed Asset records as prescribed by the MP-MAM.
- 7) The auditor shall reconcile the account of receipt and payment especially for project funds.
Separate cash book were made available to us for verification and same was in reconciliation with receipt and payment account.

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:-

S.NO.	BANK NAME	Account no	AMOUNT
1	State Bank of India	38529974744	35,18,000.00

- 2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done.
Proper records of FDRs are maintained. As verified by us we found that timely renewals were done of the FDR.
- 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.

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5. **Audit of Tenders / Bids**

- 1) The auditor is responsible for audit of all tenders / bids invited by the ULB. Tender related documents were provided to us on test check basis. On verification of produced documents we can conclude that procedure of tendering was followed by the ULB.
- 2) He shall check whether competitive tendering procedures are followed for all bids. Tender related documents were provided to us on sampling basis, and except few minor irregularities we found them complete and appropriate. Competitive tendering procedures were followed for all bids.
- 3) He shall verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period. Tender related documents were provided on test check basis, and we have verified the receipts of tender fee / bid processing fee / performance guarantee etc. No major irregularities were found during our verification in the produced documents.
- 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 BG'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.

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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 below:-

Grant	Opening	Received	Payment	Closing
12th Finance Commission	1,61,942	-	-	1,61,942
14th Finance Commission	8,22,962	99,50,000	83,57,541	24,15,421
State Finance Commission	13,84,460	27,77,000	47,96,220	(6,34,760)
Sadak Marammat	28,48,873	6,14,000	14,01,498	20,61,375
Mulbhoot Suvidha	29,43,855	23,68,000	55,25,512	(2,13,657)
Community Toilet	1,64,848	-	-	(1,44,811)
CM Sanitation Programme	30,10,014	-	-	30,10,014
Swacch Bharat Mission	86,515	-	-	86,515
Special Fund	1,18,180	-	-	1,18,180
Special Fund 2014-15	10,57,583	-	2,72,257	7,85,326
Swacch Bharat Mission Sarvekshan	2,404	-	-	2,404
Individual Toilet Construction	2,72,876	-	-	2,72,876
Mobile Toilet Purchase	88,716	-	-	88,716
Suchna Siksha evam Sarvekshan Hetu	6,801	-	2,500	4,301
MLA Fund	68,082	-	-	68,082
MLA Fund- Gayatri Shakti Peeth	17,739	-	-	17,739
MP-Fund	63,901	-	-	63,901
Birth & Death Record	17,500	-	-	17,500
Kitchen Shed	48,095	-	-	48,095
Rain Basera Construction	50,000	-	-	50,000
Special Fund-Changing Room & Rest House	2,85,200	-	-	2,85,200
Vidhaye Swachanudan	-	10,000	10,000	-
CM Swacchta Programme 2017-18	1,13,060	-	1,03,820	9,240
Special Fund- Contingency Fund	12,44,070	-	10,24,617	2,19,453
CM Adhosanrachna	2,45,429	-	-	2,45,429
Special Fund-Development Work	50,98,000	-	52,04,632	(1,06,632)
Office of the Collector Khandwa-Dharamshala	10,00,000	-	-	10,00,000
CM Swacchta Programme 2019	-	5,30,000	5,24,249	5,751
MP Swachanudan	-	5,000	5,000	-

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CM Community Toilet 2012-13	3,23,204	-	-	3,23,204
Material Recovery Facility Centre	-	10,05,000	7,43,945	2,61,055
IEC 2019	-	5,92,142	1,16,000	4,76,142
Mudrank Shulk	-	-	-	-
Chhungikshati purti	-	-	-	-
Yatrikar	-	-	-	-
14th Finance Commission General Basic Grant	-	-	-	-
14th Finance Commission Performance Grant	-	-	-	-
Total	2,15,44,309	1,78,51,142	2,80,87,791	1,09,98,001

In some grant head we found excess expenditure of grant over receipt. ULB has not provided explanation for this discrepancy and hence same could not be verified.

However we have noticed difference in grant amount as UADD records and as per accounting records as follows:

Grant	Received	UADD	Difference
State Finance Commission	27,77,000	21,07,000	6,70,000
Sadak Marammat	6,14,000	6,70,000	(56,000)
Mulbhoot Suvidha	23,68,000	21,99,000	1,69,000
Vidhaye Swachanudan	10,000	-	10,000
MP Swachanudan	5,000	-	5,000
Material Recovery Facility Centre	10,05,000	-	10,05,000
IEC 2019	5,92,142	-	5,92,142
Mudrank Shulk	-	1,80,000	(1,80,000)
Chhungikshati purti	-	1,08,49,646	(1,08,49,646)
Yatrikar	-	20,75,000	(20,75,000)
Total	1,78,51,142		

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 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

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revenue or not. He shall also comment on the possible reasons for non-generation of revenue.

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.

S.No.	Financial Institution	Object of Loan
1	HUDCO	Loan Took For peyjal yojna and Mukhya mantri Adhosanrachna Yojna. Under those Schemes water supply lines and roads were made. Probable collection of water tax from new connections will be revenue model from peyjal yojna. No specific revenue model from development under adhosanrachna yojna .

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

Quarter	Total Payment
24-05-2019	8,65,014.00
22-08-2019	8,62,728.00
28-11-2019	8,46,961.00
27-03-2020	8,36,218.00

- 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.

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Nagar Parishad Omkareshwar, District Khandwa

Receipts and Payments
1-Apr-2019 to 31-Mar-2020

Receipts	Amount	Payments	Amount
Opening Balance	7,35,64,692.90		
Tuv Loan	7,12,000.00	AMRUT YOJNA	15,53,854.00
14 Vitt	75,52,394.00	HUDCO Loan	34,10,921.00
MUKHYAMANTI ADHO SARACHNA P-2	1,48,56,296.00	P4	63,500.00
Mukyamantri Swachta Program	5,30,000.00	SAMBAL YOJNA	9,55,000.00
Mulbhut	19,48,514.00	SD	1,20,199.00
Mulbhut Suvdiha Anudan	1,52,938.00	SHEHARI PAYJAL	1,17,21,009.00
Rajya Vitt Ayog	27,77,000.00	SIHASTHA 2016	49,98,238.00
Road Grant	19,959.00	Duties & Taxes	1,00,967.00
SBM IEC	4,76,142.00		
SBM MRF	2,61,055.00		
		Fixed Assets	
		Car Purchase	7,54,947.00
		Construction A/C	54,47,846.00
		Electricity, Sanitation, Water	61,66,664.00
Direct Incomes		Material Pur.	66,55,268.00
Asthai Dukan Kiraya Fataka	6,000.00	Jalpraday Exp	
Chungi Kshati Puri	1,19,15,692.00	Misc. Expenses (ASSET)	
Commision	1,288.00	Swach Sarvekshan Samagri	6,77,173.00
General Grant	12,53,254.00	Shortage	2,375.00
Mudrank Shulk	1,81,787.00	Direct Expenses	
Other Income	3,62,153.84	Adhosarachna Expense	5,52,955.00
Tirth Kar Shulk	61,14,000.00	Diesel Exp	2,06,942.00
Direct Expenses		Road Repairing	7,28,117.00
Road Repairing	2,86,000.00	Sanshad Swecha Anudan	5,000.00
Indirect Incomes		Vidhayak Anudan	15,000.00
Aavedan Shulk	5,463.00	Vishesh Nidhi	17,51,357.00
Adhibhar	2,310.00		
Adhibhar Bakaya	120.00		
Amanat Rashi	63,992.00	Indirect Expenses	
Anapatti Praman Patra Shulk	50.00	A/C OFFICER	973.00
Any Kar	1,378.00	ADVANCE TO SHRAMIK	60,000.00
Apl Rshan Card Shulk	260.00	AMANAT VAPSI	44,000.00
Asthai Bhawan Shulk Chalu	1,000.00	ARIYARS EXP	1,30,138.00
Asthai Bhumi Kiraya	8,535.00	Avkash Nagadikaran	58,887.00

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Asthai Gumathi Dudh Deri Kiraya	1,200.00	Bank Chg	7,147.80
Asthai Post Office Kiraya Bakaya	5,000.00	Banking Exp.	660.00
Asthai Post Office Shulk	3,000.00	BENNER EXP.	1,07,298.00
Atikraman Jurmana	6,850.00	C.A. FEES	1,15,825.00
Awara Pashu Jurmana Shulk	600.00	Consultancy	14,581.00
Bajar Bethak Theka Shulk Kisht	4,00,305.00	Daily Wages	66,32,642.00
Bhavan Namantaran Aavedan Shulk	1,950.00	DIESEL	2,59,219.00
BHUMI KIRAYA	1,99,915.00	B.P.F. RASHI	6,41,062.00
Building Permission Shulk	13,822.00	FIRE SANCHALAN	3,711.00
Bus Stand Sthahi Dukan Kiraya Bakaya	62,170.00	GPF	7,66,198.00
Chalit Shochalaya Shulk	1,600.00	GST	40,133.00
Charan Aavedan Shulk	142.00	INCOME TAX EXP.	8,60,294.00
Char Pahiya Vahan Parking Shulk	47,74,600.00	INSURANCE EXP.	25,300.00
Dukan Kiraya Bakaya	1,81,670.00	JAL PRADAY MARAMMAT	1,34,078.00
Dukan Kiraya Chalu	82,940.00	JANPRADAY SANSADHAN	29,547.00
Form Purchase Shulk	211.00	JAN SWASTHYA SUVIDHA	6,25,025.00
Garden Kiraya Shulk	20,000.00	J.C.B. EXP.	3,13,893.00
Iec Gatividhi Amanat	6,000.00	Krakari Exp	2,640.00
Interest Income	12,02,928.48	MUSTER	12,17,710.00
Jal Kar	1,200.00	NIRMAN DEY EXP.	2,26,369.00
Jal Kar Adhibhar	25,380.00	NIRVACHAN EXP.	42,743.00
Jal Kar Bakaya	2,40,970.00	N.I.T. Prakashan	1,69,641.00
Jal Kar Chalu	7,15,710.00	NYAYALAY AADESH EXP.	1,40,474.00
Jal Kar Chalu Agrim	4,800.00	OTHER EXP	1,36,796.00
Jal Praday Shulk	600.00	PARIBHASHIT PENTION	1,03,352.00
Jurmana Shulk	28,230.00	PARISHAD MAN DEY	1,56,000.00
Kachara Prabandha Chalu	1,45,720.00	PARV ADVANCE	2,90,000.00
Kachara Prabandh Bakaya	1,18,008.00	PARV EXP.	6,78,125.00
Kartik Mela Vasuli	5,000.00	PENALTY	6,320.00
Karya Praday Shulk	1,410.00	PHOTO COPY	5,730.00
Malwa Uthai Shulk	1,000.00	PRAJA KARYA SANCHALAN	62,516.00
Marrige Garden	12,030.00	PRINTING EXP.	1,44,895.00
Nal Saiyojan Aavedan Shulk	8,370.00	Safai Muster	3,09,801.00
Namantran Avedan Shulk	10,000.00	SALARY	1,04,58,603.00
Nav Engine Japt Jurmana	22,500.00	Stationary Income	1,16,853.00
Navin Nal Saiyojan	30,150.00	SURAKSHA NAV DEYAK	1,52,675.00
Nav Jurmana Rashi	2,500.00	SWACHCHHATA SARVEKSHAN	2,51,535.00
Nav License Avedan Shulk	160.00	SWAGAT SATKAR	44,645.00

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Nav Tax Bakaya	2,42,850.00	TENT RENT	97,520.00
Nav Tax Chalu	81,200.00	TEXI KIRAYA	22,190.00
Niwasi Praman Patra	625.00	TONNER REFILING	18,170.00
NOC Avedan Shulk	10.00	UDDHYAN RAKH RAKHAV	29,888.00
N.V. Upkar Bakaya	35,522.00	VAHAN KIRAYA	6,732.00
N.V. Upkar Chalu	70,755.00	VAHAN REPAIR	63,997.00
Online Fees	156.00	VAHAN SANCHALAN	1,54,624.00
Online Tender Rashi	20,137.00	VIDDHYUT SAMAGRI	78,917.00
PANI MOTOR SANCHALAN NARMADA	6,000.00	Vividh Expenses	32,55,577.00
Pani Tenkar Shulk	54,823.00		
Praman Patra Shulk	955.00		
Pratham Nal Sayyojan Rashi	3,22,265.00		
Ration Card Pradhan Shulk	135.00		
Ren Basera Awas Shulk	22,380.00		
REPAIRING KARYA AVEDAN SHULK	10.00		
Sanitation Tax	29,150.00		
Safety Tank Safai	1,500.00		
Salary Revert	24,655.00		
Samekit Kar Bakaya	1,48,541.00		
Samekit Kar Chalu	1,34,100.00		
Sampatti Kar Bakaya	1,19,515.00		
Sampatti Kar Chalu	2,19,815.00		
Samudayik Bhawan	500.00		
Shikchha Upkar Bakaya	35,369.00		
Shikchha Upkar Chalu	66,187.00		
Shochalaya Pramad Patr Shulk	50.00		
Shochaly Rack Khali Karne Ka Shulk	1,000.00		
Spar File	3,050.00		
Sthai Dukan Kiraya Bkaya	4,900.00		
Suchna Adhikar Aavedan Shulk	627.00		
SWACHTA PRADAY SHULK	900.00		
Thos Apashisht Chalu	3,960.00		
Thos Apshisht Bakaya	4,680.00		
Tree Cutting NOC	50.00		
Trutivash Adhik Rashi Jama	1,182.00		
UNPAID CHEQUE	50,975.00		
Vidyut Anapti Pramad Shulk	50.00		
Vidyut NOC	6,210.00		

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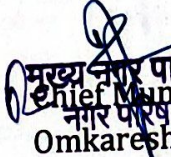
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Vigyapan Shulk	8,100.00		
Vivah Praman Patra Shulk	280.00		
Vividh Income	2,410.00		
Polythene Fine	2,200.00		
Sanitation Muster	100.00		
Stationary Income	2,200.00		
Suchna Adhikar Jankari Shulk	134.00	Closing Balance	5,79,20,653.42
Total	13,31,23,128.22	Total	13,31,23,128.22


लेखापाल
नगर परिषद, ओंकारेश्वर
Chief Accounts Officer




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Chief Municipal Officer,
नगर परिषद, ओंकारेश्वर
Omkareshwar, Khandwa



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 27.61 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	3.11	1.32	1.80	5.16	1.97	3.19	4.99
2	Samekit Kar	3.36	1.41	1.95	2.22	1.18	1.04	2.99
3	Nagriya Vikas Upkar	0.50	0.36	0.14	1.06	0.62	0.44	0.57
4	Shiksha upkar	0.36	0.40	-0.03	1.06	0.66	0.40	0.36
5	Thos Apshist Upbhokta Prabhar	2.59	1.11	1.47	2.43	1.46	0.97	2.45
6	Jalkar	7.54	2.06	5.48	9.24	6.69	2.55	8.02
7	Shop Rent	6.65	1.81	4.84	4.63	1.24	3.39	8.23
	Total	24.11	8.47	15.64	25.80	13.83	11.97	27.61
	Total Un-Recovered amount							27.61

Date: 19/11/2020

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For Patidar & Associates
Chartered Accountants



CA Neelesh Patidar
Partner
MRN - 418806

Reporting on Audit Paras for Financial Year 2019-20


Name of ULB:

Omkarshwar Nagar Parishad

Name of Auditor:

Patidar & Associates, Chartered Accountants

S. no.	Parameter	Description	Observation in brief	Suggestions
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	


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8	a) Percent age of revenue expenditure (Establishment, salary, Operation & Maintenance) with respect to revenue receipts (Tax & Non Tax).	158.63% $(2,68,43,129.80 / 1,69,21,404.32) \times 100$		
	b) Percent age of Capital expenditure wrt Total expenditure.	41.62% $(3,12,98,689 / 7,52,02,474.80) \times 100$		
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	NA

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नगर परिषद, ओंकारेश्वर



Name of ULB
Name of Auditor

Omkareshwar Nagar Parishad
Patidar & Associates

Annexure C
(in lakhs)

Name of Auditor	Patidar & Associates							
S.no.	Parameters	Description		% of growth	Observation in brief			Suggestions
	Audit of Revenue	Receipt in (Rs.)			Collection % w.r.t. CY dues	Collection grading & observations		
	Rajaswa Kar wasooli	2018-19	2019-20					
1	Sampatti Kar	4.20	3.29	-21.73	39.76%	Below Average	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	1.99	2.59	30.27	46.45%	Below Average	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	1.20	0.98	-18.27	63.19%	Average	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	1.06	-2.60	74.54%	Good	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
	Total	8.48	7.92					
	Gair-Rajaswa wasooli							
5	Thos Aps hist Upbhokta Prabhar	1.42	2.57	81.17	51.17%	Average	Need to improve collection efforts of previous years dues.	Previous year dues were not outstanding.
6	Jal Upbhokta Prabhar	9.83	8.76	-10.89	52.18%	Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
7	Shop Rent	3.04	3.05	0.37	27.04%	Not up to the mark	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
	Total	14.28	14.37					
	Grand Total	22.77	22.30					



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