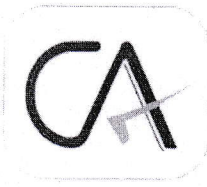

**TIKAMGARH NAGAR
PALIKA PARISHAD**

AUDIT REPORT 2019-20

**AUDITOR:
PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS**



INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of TIKAMGARH NAGAR PALIKA PARISHAD

1. Report on the Financial Statements

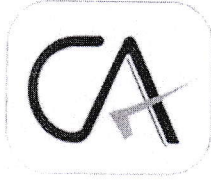
We have audited the accompanying financial statements of Tikamgarh Nagar Palika Parishad ("the ULB"), which comprise the Receipt and Payment statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The ULB's Management is responsible for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the ULB in accordance with the provisions of Municipal Corporation Act, 1956 and accounting principles generally accepted in India, including the Municipal Accounting Manual ("the Manual") and Accounting Standards applicable to the Urban Local Bodies. This responsibility also includes maintenance of adequate accounting records in accordance with the Municipal Accounting Manual for safeguarding of the assets of the ULB and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. However, in this case ULB is not in practice of maintaining balance sheet & Income and expenditure account, so receipt and payment account shall be considered as final statement on which we express our opinion.

Hailasia
मुख्य नगर पालिका अधिकारी
नगर पालिका परिषद, टीकमगढ़ (म.प्र.)





3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the Municipal Accounting Manual, the accounting and auditing standards and matters which are required to be included in the audit report as per the letter issued by Directorate, Urban Administration & Development, M.P., Bhopal in this regard. The Commissioner has not directed us to perform audit of any other section in his office in addition to the above scope.

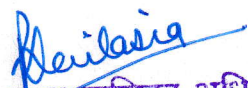
We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India. Those Standards requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

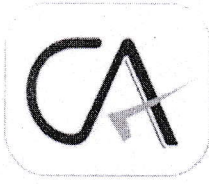
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 and payment 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.


मुख्य नगर पालिका अधिकारी
नगर पालिका परिषद, टीकमगढ़ (म.प्र.)





5. Basis for Qualified Opinion

The details which form the basis of qualified opinion are reported in the Annexure 1 and Annexure 2 annexed with this report.

6. Emphasis of Matters

We draw attention to the following matters reported in Annexure - 2, annexed to this report.

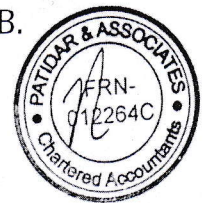
- Accounts prepared as per the Manual in lieu of accounting standards for local bodies as issued by Institute of Chartered Accountants of India.
- Non-maintenance or incomplete registers as prescribed under manual and mentioned at point 3 of annexure 2.
- Non verification of EPF, TDS on GST and TDS-Income Tax deposited, as same has not been made available to us by the ULB.
- No reconciliation made between Balance as per Cash book and Balance as per Bank Statement.

Our opinion is not modified in respect of these matters.

7. We further report that:

- 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;
- 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.
- The Receipt & Payment Account deal with by this Report are in agreement with the books of account.
- 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.
- 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.

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नगर पालिका परिषद, टीकमगढ (म.प्र.)





- 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'

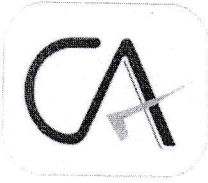
Date: 26/09/2020
UDIN: 20418806AAAABN9644

Neelesh Patidar
मुख्य नगर पालिका अधिकारी
नगर पालिका परिषद, टीकमगढ (म.प्र.)



For Patidar & Associates
Chartered Accountants

CA Neelesh Patidar
(Partner)
MRN - 418806



Annexure '1'

Report on Internal Financial Controls over Financial Reporting

1. Report on the Internal Financial Controls of the ULB

We have audited the internal financial controls over financial reporting of Tikamgarh Nagar Palika Parishad ("the Council") 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

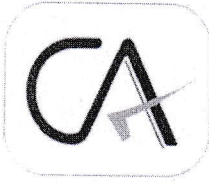
The ULB's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the ULB. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that 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.

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नगर पालिका परिषद, टीकमगढ़ (म.प्र.)





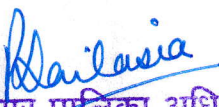
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design 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.

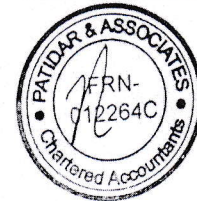
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the ULB's internal financial controls system over financial reporting.

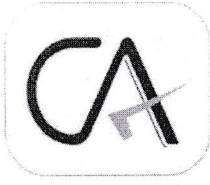
4. Meaning of Internal Financial Controls Over financial Reporting.

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

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the ULB;
- b) 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
- c) 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.


मुख्य नगर पालिका अधिकारी
नगर पालिका परिषद, टीकमगढ (म.प्र.)





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.

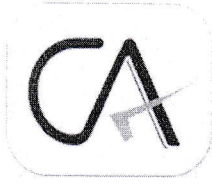
6. Qualified opinion

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

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

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मुख्य नगर पालिका अधिकारी
नगर पालिका परिषद, टीकमगढ़ (म.प्र.)





- d) The ULB did not have an appropriate internal control system for fixed asset with regard to purchase, construction, transfer and physical verification. Further, the internal control system for identification and allocation of overheads to fixed asset was also not adequate. These could potentially result in material misstatements in the ULB's grants, payable to contractors, tax and other statutory dues, fixed assets, capital work in process and accumulated depreciation account balances.

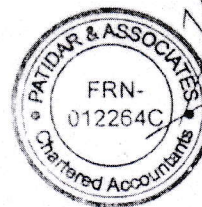
A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the ULB's annual or interim financial statements will not be prevented or detected on a timely basis.

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

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied 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: 26/09/2020

Nailaia
मुख्य नगर पालिका अधिकारी
नगर पालिका परिषद, टीकमगढ (म.प्र.)



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 not made available to us for verification. It was informed to us that the revenue/tax collector/officer directly deposits the amount collected with main cashier at the cash counter, who in turn deposit this amount directly to the bank account. A register is being maintained by revenue/tax collector/officer from which collected amount moved into cashier's cash book. A detailed statement containing outstanding demand and tax collected during the year was provided to us by the concerned department.

3) Percentage of revenue collection increase or decrease in various heads in property tax, samekitkar, shiksha upkar, nagriya vikas upkar, 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.

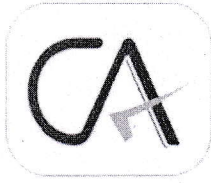
No such instances were noticed during the test check of such entries conducted by us except the circumstances like public holidays, government or local holidays etc.

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.

Patidar & Associates
मुख्य नगर पालिका अधिकारी
नगर पालिका परिषद्, टीकमगढ़ (म.प्र.)





- 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 and any lapses there to. However, on verification of revenue registers we observed long outstanding from past several years, below mentioned are few cases.

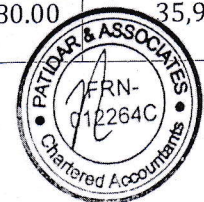
In case of property tax

Ward No.	Consumer Name	Sampatti Kar		Samekit Kar		Education Cess		Surcharge	Labour Tax		Total
		CY	PY	CY	PY	CY	PY		CY	PY	
1	Omprakash	278	3,782	150	3,450	325	1,300	361	325	1,625	11,596
1	Ramgopal	1,072	5,360	150	750	397	1,588	305	397	1,985	12,004
1	Mahendra Kumar	1,442	3,884	150	300	719	1,438	209	719	1,438	10,299
1	Awadhbihari Khare	583	13,409	150	3,450	216	864	843	216	4,968	24,699
1	Brajwalabh	680	15,640	150	3,450	252	1,008	954	252	3,024	25,410
1	Gokul Prasad	292	6,716	150	3,450	108	432	508	108	1,296	13,060
1	Munnalal Sharma	295	6,785	150	3,450	109	436	512	109	1,308	13,154
1	Devki Nandan Sharma	945	4,725	150	2,100	350	1,400	341	350	1,750	12,111
	Total	5,587	60,301	1,200	20,400	2,476	8,466	4,033	2,476	17,394	1,22,333

In case of Shop Rent

Reg S.no.	Name of consumer	PY amount Outstanding	PY GST Outstanding	CY amount Outstanding	CY GST Outstanding	Total (Rs.)
713	Hafiz Khan, S/o Hameed Khan	38,080.00	6,857.00	6,720.00	1,212.00	52,869.00
771	Ravindra Soni S/o	24,500.00	4,410.00	6,000.00	1,080.00	35,990.00

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PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

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capatidar.associates@gmail.com

	Ramsaroop Soni					
776	Vikas Jha S/o Swami Prasad	37,685.00	6,783.00	6,000.00	1,080.00	51,548.00
790	Urmila Soni	31,825.00	5,738.00	7,500.00	1,350.00	46,413.00
795	Aleem Khan S/o Saleem Khan	42,520.00	7,654.00	11,760.00	2,117.00	64,051.00
807	Vinod Kumar	37,625.00	6,773.00	10,500.00	1,896.00	56,794.00
847	Pradeep Kumar Jain	38,415.00	6,915.00	11,820.00	2,124.00	59,274.00
915	IT Officer	27,265.00	4,908.00	3,27,180.00	58,896.00	4,18,249.00
1033	Jagdish Vishwakarma	90,600.00	16,308.00	4,860.00	876.00	1,12,644.00
21	Shaheer Khan	56,840.00	10,231.00	6,480.00	1,166.00	74,717.00
338	Chandra Pratap Tiwari	1,03,514.00	18,632.00	8,280.00	1,500.00	1,31,926.00
442	Jiyauddin	51,528.00	9,275.00	6,060.00	1,092.00	67,955.00
Grand Total		5,80,397.00	1,04,484.00	4,13,160.00	74,389.00	11,72,430.00

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. As interest income is recorded at the time of FDR maturity.

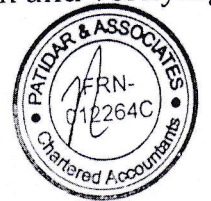
8) The case where, the investments are made on lesser interest rates shall be brought to the notice of the Commissioner/CMO.
All FDR's have been verified as in the possession of ULB and provided to us. Detail of the same is provided in sub point 3 of point 4.

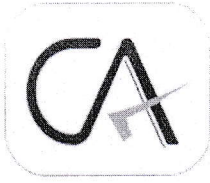
2. Audit of Expenditure:

- 1) The auditor is responsible for audit of expenditure under all the schemes.
We have verified the expenditure under various heads which was recognized and entered in the books of account produced before us for verification.
- 2) He is also responsible for checking the entries in cash book and verifying them relevant vouchers.

Haileasia
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नगर पालिका परिषद, टीकमगढ़ (म.प्र.)

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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 discrepancy.

- i. In the case of payment under construction contracts, running bills or demand for part payment were not presented by the concerned contractor. This unable us to verify whether contractor is registered under GST or not and rate at which TDS should be deducted.
- ii. Quotations and necessary documents are generally not annexed with vouchers.
- iii. ULB has deducted TDS @2% on every payment made without considering nature of payments.
- iv. ULB has not provided details relating to TDS-GST paid to the Government if any. Non compliance of the statutory provision will attract statutory penalty.

3) He should also check monthly balance of the cash book and guide the accountant to rectify errors, if any.

No issue of any difference in totalling amount was noticed in course of our verification.

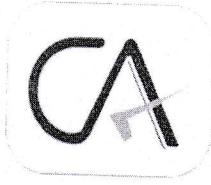
4) He shall verify that the expenditure for a particular scheme is limited to the funds allocated for that particular scheme any over payment shall be brought to the notice of the Commissioner / CMO.

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.

Hailasea
मुख्य नगर पालिका अधिकारी
नगर पालिका परिषद, टीकमगढ़ (म.प्र.)





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

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

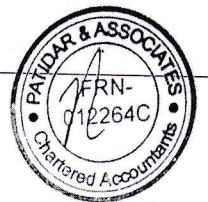
- 7) All the cases where appropriate sanctions have not been obtained shall be reported and the compliance of audit observation shall be ensured during the audit Non- compliance of audit paras shall be brought to the notice of Commissioner / CMO).

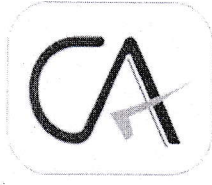
No such instances were noticed during the test check of such entries conducted by us.

- 8) The auditor shall be responsible for verification of scheme wise project wise Utilization Certificate (UCS). UC's shall be tallied with the income & expenditure or receipt & Payment account and creation of Fixed Asset
The Utilization certificates of various schemes were not provided to us by the ULB hence verification of scheme wise project wise Utilization Certificate (UCS) could not be done. However a summary for receipt and utilisation of funds for various schemes were provided and the same is produced below:

क्र०	निकाय का नाम	मद का नाम	प्रारम्भिक शेष राशि	वर्ष 2019-20 में प्राप्त राशि	व्यय राशि	शेष राशि
1	नगर पालिका परिषद टीकमगढ़	मूलभूत सुविधा (वाणिज्यकर)	16,55,000.00	1,49,74,000.00	1,66,29,000.00	-
2		सड़क मरम्मत अनुरक्षण		48,95,000.00	48,95,000.00	

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नगर पालिका परिषद, टीकमगढ़ (म.प्र.)





3	राज्य वित्त आयोग		1,06,88,000.00	1,06,88,000.00	-
4	जल संधारण		5,97,000.00	5,97,000.00	-
5	निर्यातकर		3,72,000.00	3,72,000.00	-
6	14वां वित्त आयोग		3,38,39,000.00	3,38,39,000.00	-
7	मुद्रांक शुल्क		29,75,000.00	29,75,000.00	-
8	विविध अनुदान		3,28,80,106.00	1,20,62,242.00	2,08,17,864.00
9	विशेष निधि मुख्यमंत्री अधोसंरचना		50,00,000.00	50,00,000.00	-
	विशेष निधि प्रधानमंत्री आवास		2,00,00,000.00	-	2,00,00,000.00
10	फायर वाहन रखने हेतु गैरिज	13,92,000.00	-	-	13,92,000.00
11	तालाब झील संरक्षण		1,15,13,000.00	-	1,15,13,000.00
12	फायर वाहन क्रय	18,46,209.00		18,46,209.00	-

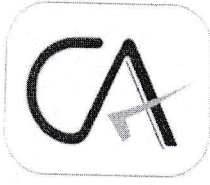
We are unable to verify the details of capitalization of expenditure since there is neither any proof available nor completion of work from respective department. There is no cross check mechanism exist to ensure the completion of project except payment of final bill. It is suggested that a proper internal 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.

As the staff advance register is not maintained therefore it is not possible to verify and ensures that the advance have been fully recovered by the ULB. As explained to us by the ULB no advance policy was made during the year.

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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 by us, it was noticed by us that the ULB has not maintained all the required books of accounts as prescribed under MP MAM.

Following records were not provided to us:

- i Fixed Asset register
- ii Security Register
- iii Stock Register

- 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. Also, the accounts prepared are not in conformity with the accounting standards for local bodies as issued by Institute of Chartered Accountants of India.

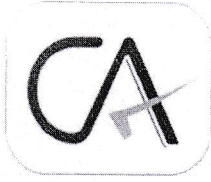
- 3) The auditor shall verify advance register and see that all the advance are timely recovered according to the condition of advance. All the case of non-recovery shall be specifically mentioned in audit report.

Information related to advances was not provided by the ULBA. Hence, it is not possible for us to verify the cases of timely recovery of advances, if any.

- 4) Bank reconciliation statement (BRS) shall be verified from the records of ULB and the bank concerned. If bank reconciliation Statement are not prepared the auditor will help in the preparation of BRS's

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Bank Reconciliation is not provided to us by the ULB. Hence the same cannot be verified from any corresponding records. However on verification we found following bank balance as on 31st March 2020:

S.No.	Bank Name	Bank Account No.	Closing Balance as per Pass book as on 31/03/2020
1	CBI	5836	79,657.00
2	SBI	2313	3,21,899.50
3	SBI	9906	16,78,245.80
4	SBI	7808	37,98,595.00
5	SBI	4430	45,41,080.53
6	PNB	8592	10,47,183.80
7	IDBI	0208	79,472.00
8	UBI	2195	99,418.32
9	IDBI	4351	32,49,213.98
10	IDBI	7782	4,38,083.60
11	IDBI	0208	1,74,738.00
12	UBI	9850	8,07,73,347.76
13	UBI	2207	11,87,786.00
14	SBI	0084	6,76,17,432.84
15	Axis	7874	41,13,566.00
16	Axis	4834	2,46,116.00
17	Allahabad Bank	9142	91,399.00
18	SBI	9095	1,90,27,791.40
19	HDFC	0013	43,32,695.28
20	Axis	5374	17,41,135.55
21	Axis	7248	26,17,525.13
22	Canara Bank	2258	34,35,122.00
TOTAL			20,06,91,504.49

The closing balance as per cash book is Rs. 18,07,16,716 so there is a difference of Rs. 1,99,74,788.49. No reconciliation has been prepared by the ULB for this difference. It is suggested that ULB should prepare monthly and yearly reconciliation of bank and cash book balances.

- 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.

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Grant registers were not made available to us. Hence verification of the same cannot be done from the entries in cash book.

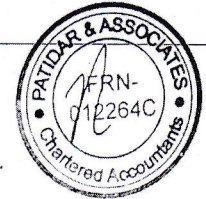
- 6) The auditor shall verify the fixed assets register from other records and discrepancies shall be brought to the notices of Commissioner / CMO.
Fixed asset registers were not provided to us for verification. Therefore we are not able to verify the same and comment upon whether it is complete and correctly balanced.
- 7) The auditor shall reconcile the account of receipt and payment especially for project funds.
Separate cash book were not made available to us for verification. So cannot comment on that.

4. Audit of FDR

- 1) The auditor is responsible for audit of all fixed deposits and term deposits.
We have verified fixed deposits maintained by the ULB as with the provided documents and Detail regarding the same is tabled below:-

S.NO.	BANK NAME	FDR NO.	AMOUNT	Remarks
1	BOB	951611	35,00,000.00	FDR renewed on 27/7/17, but renewal details were not provided.
2	Sahara Credit Cooperative Society Limited	12023703986	26,000.00	FDR Matured in September 2019. Renewal details not provided.
3	Sahara Credit Cooperative Society Limited	12023703987	26,000.00	FDR Matured in September 2019. Renewal details not provided.
4	Sahara Credit Cooperative Society Limited	12023703988	26,000.00	FDR Matured in September 2019. Renewal details not provided.
5	Sahara Credit Cooperative Society Limited	12023703989	20,000.00	FDR Matured in September 2019. Renewal details not provided.
6	Sahara Credit Cooperative Society Limited	12023703994	8,000.00	FDR Matured in September 2019. Renewal details not provided.

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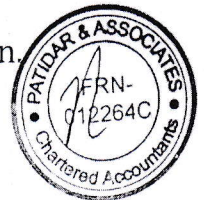


- 2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done.
FDR records are properly kept by the ULB, however details regarding renewals were not provided to us. Hence we cannot comment upon on the timely renewal of the FDRs.
- 3) The case where FDR'S / TDR are kept 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; on the maturity realized amount is recorded in the cash book.

5. Audit of Tenders / Bids

- 1) The auditor is responsible for audit of all tenders / bids invited by the ULB.
We have verified tender related documents as provided by ULB to us and no major discrepancies noted during the course of our audit.
- 2) He shall check whether competitive tendering procedures are followed for all bids.
On our verification there were no such instances found which indicates non compliance of competitive tendering procedures for all bids.
- 3) He shall verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period.
We have verified the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period and no adverse instances were found.
- 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.

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5) The conditions of BG shall also be verified; any BG with any such condition which is against the interests of the ULB shall be verified and brought to the notice of Commissioner ICMO.

No such bank guarantees were produced before us for verification. Therefore, it is not possible for us to comment on the conditions of BG.

6) The cases of extension of BG shall be brought to the notice of Commissioner / CMO. Proper guidance to extend the BC's shall also be given to ULB

No such bank guarantees were produced before us for verification. Therefore, it is not possible for us to comment on the conditions/extensions of BG.

7) The contract closure shall also be verified by the auditor.

No contract closure documents were made available to us for verification.

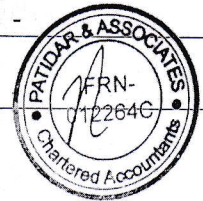
6. Audit of Grants and Loans

1) The auditor is responsible for audit of grants given by Central Government and its utilization.

Verification had been conducted for the grants received from the Central government/state government. However register for grant was not provided and hence we could not verify the same. Detailed summary for the grant is provided in table below:-

S.N o.	Grants	Opening Balance	Received	Utilized	Closing Balance
1	Sadak Marammat	-	4895000	4895000	-
2	Vanijya kar par adhibhaar	1655000	14974000	16629000	-
3	Rajya Vitt ayog		10688000	10688000	-
4	Mudrank shulk		2975000	2975000	-
5	Jal pradaye		597000	597000	-
6	Chungi shatipurti		-	-	-

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7	Yatrikar		-	-	-
8	Vishesh Nidhi	-	25000000	5000000	2,00,00,000.00
9	Niryat Kar		372000	372000	-
10	14th Finance general basic grant				
11	14th Finance performance grant		33839000	33839000	-
12	Fire vehicle	13,92,000.00	-	-	13,92,000.00
13	Vividh Anudan		3,28,80,106.00	1,20,62,242.00	2,08,17,864.00
	Total	30,47,000.00	12,62,20,106.00	8,70,57,242.00	4,22,09,864.00

However on verifying above details from records of UADD we found differences as below:

S.No.	Grants	Received	Grant issued as per directorate document	Difference between grant receipt as per ULB and UADD
1	Sadak Marammat	4895000	4956000	-61000
2	Vaniya kar par adhibhaar	14974000	17291000	-2317000
3	Rajya Vitt ayog	10688000	7880000	2808000
6	Chungi shatipurti	-	70859355	-70859355
7	Yatrikar	-	3967000	-3967000
9	Niryat Kar	372000	347000	25000

The above grant amounts were taken from annual records issued to ULB by UADD. The corresponding records of ULB were not provided to us for verification purpose and hence the grant receipt, utilisation and balance at year end could not be commented upon.

2) He is responsible for audit of grants received from State Government and its utilization.

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No bifurcation was made for grants received from state and central government and hence it cannot be commented upon separately. However total grant issued to ULB has been provided in the 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 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 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.

Information provided to us regarding loan repayment is provided below:

Quarter	Interest Payment by ULB	Principal Payment by ULB	Total Payment
1	3,72,333.00	4,06,500.00	7,78,833.00
2	3,61,844.00	3,66,000.00	7,27,844.00
3	3,48,137.00	3,66,000.00	7,14,137.00
4	3,38,341.00	3,66,000.00	7,04,341.00
	14,20,655.00	15,04,500.00	29,25,155.00

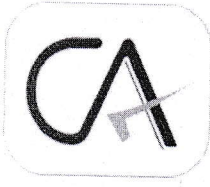
Closing balance at year end: Rs 18,07,16,716/-

- 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, instances of diversion of funds from one grant account to another have not been verified due to non availability of head wise grant utilisation. In the absence of cross verification of grant receipt and corresponding utilisation, diversion of fund cannot be ruled out.

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कार्यालय नगर पालिका परिषद टीकमगढ			
प्राप्ति एवं भुगतान 2019-20			
प्राप्ति	राशि	भुगतान	राशि
प्रारंभिक शेष	6,11,62,694.00		
शिक्षा उपकर		स्वच्छता भारत सर्वेक्षण	15,56,399.00
बकाया	3,18,178.00	कचरा गाड़ी क्रय/ कचरा फिकवाई	2,66,629.00
साल हाल	3,48,391.00		
चुंगी(क्षति पूर्ति) (5)	7,50,23,873.00	सुरक्षा निधि	28,26,848.00
सम्पत्ति कर (6)		अमानत राशि	79,200.00
बकाया	11,46,539.00	जी.एस.टी	8,77,638.00
साल हाल	9,53,601.00		
अधिभार (7)	3,75,055.00	आयकर	26,46,478.00
संडास या मल वाहन पर . (सेवाकर) (8)		वाणिज्यकर/ जी.एस.टी	20,30,125.00
बकाया	4,31,822.00	उपकर	4,12,354.00
साल हाल	5,53,736.00		
सार्वजनिक संडास पर उपकर (9)		नवीन सडक निर्माण	1,96,26,820.00
बकाया	4,02,507.00	सडक मरम्मत	2,98,193.00
साल हाल	3,48,444.00		
(समेकित कर) (10)		मुरुम फिलिंग	28,29,508.00
बकाया	8,00,030.00	दिव्यांग पार्क	37,55,333.00
साल हाल	2,84,550.00		
शौचालय निर्माण	1,400.00	मुख्यमंत्री अधोसंरचना फेस 2	15,55,708.00
(यात्रि कर) (14)	39,67,000.00	प्रचार- प्रसार	57,284.00
विज्ञापन पर कर (18) बस स्टैण्ड फीस वसूली	3,85,240.00	पार्क उद्यान निर्माण /सौन्दर्यकरण	25,11,005.00
बाजार फीस बाजार बैठकी	4,76,045.00	बाउण्ड्रीवॉल निर्माण	32,20,800.00
घर भवन सराय और डाक बंगलों पर किराया (6)	1,28,712.00	रायल्टी	25,66,027.00

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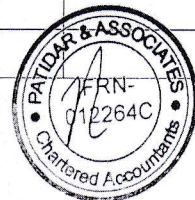


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भूमि और भूमि की उपज के विक्रय के भाव (3)	4,28,500.00	फायर बिग्रेड क्रय	-
अन्य भूमियों के किराए से आय	85,505.00	नाली निर्माण	37,89,357.00
निर्यात कर राशि	3,47,000.00	नाली मरम्मत	2,90,553.00
(दुकान किराया) बकाया	23,46,463.00	घर-घर शौचालय	9,01,654.00
शैक्षणिक संस्थानों से प्राप्त फीस और राजस्व (5)	30,30,626.00	सामुदायिक शौचालय	20,93,056.00
होर्डिंग्स	84,800.00	सामुदायिक भवन	16,50,432.00
सामुदायिक सुरक्षा (विवाह शुल्क)	3,660.00	ऑफिस भवन	23,31,823.00
		ऑफिस भवन मरम्मत	7,51,610.00
अन्य (समझौता शुल्क)	66,000.00	मुक्तिधाम निर्माण /सौन्दर्यकरण	87,18,192.00
औषधालय एवं चिकित्सालयों से प्राप्त फीस व राजस्व (7)	7,000.00	वृत्तिकर	1,62,420.00
मानस मंच से किराया	38,642.00	दुकान निर्माण	2,46,268.00
जनता से प्राप्त अंशदान जनभागीदारी	29,80,061.00	जे.सी.बी किराया	11,96,468.00
अन्य फीस (8)		भवन मरम्मत	1,69,226.00
चूना, ईट भट्टा के लिये अनुज्ञप्ति फीस तालाब बिक्री	80,16,763.00	टीन शैड निर्माण	2,71,553.00
मनोरंजन शुल्क	7,200.00	विद्युत पोल निर्माण	3,82,137.00
बधिकों के लिये अनुज्ञप्ति फीस भवन निर्माण	2,000.00	हुडको ऋण	29,25,154.00
फेसी के लिये अनु फीस साहू कारी	300.00	फिलेक्स / फेम निर्माण	2,69,992.00
सेप्टिक टैंक सफाई	42,000.00	डीजल भुगतान	63,58,988.00
रेशन कार्ड	931.00	ए.सी एवं आर.ओ मरम्मत	15,539.00
प्रमाण पत्र प्रतिलिपि फीस	75.00		
अस्थायी तौर से किराये से देना (9)		वाटर कूलर मरम्मत	14,996.00
खुली भूमि निविदा फीस	3,93,000.00	टेलीफोन बिल	30,944.00
भवन आवेदन फीस	5,515.00		

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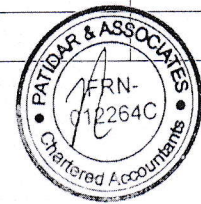
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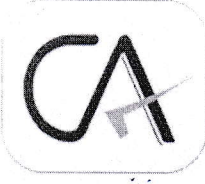
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कम्पोस्ट खाद आदि से विक्रय से आय	1,200.00	मोबाइल बिल	71,192.00
नगर पालिका की सम्पत्ति से और करारोपण को छोड़कर अन्य श्रोतों से प्राप्त राजस्व	23,200.00	जलप्रदाय / शहरी क्षेत्र बिजली बिल	98,76,208.00
मोबाइल टावर (12)	1,00,000.00	कार्यालय / स्ट्रीट लाईट बिजली बिल	53,30,972.00
नामांतरण (13)	11,650.00	विद्युत मोटर मरम्मत / क्रय	10,96,902.00
शैक्षणिक सड़क मरम्मत	60,57,000.00	टायर ट्यूब क्रय	71,393.00
विशेष प्रयोजनार्थ मुद्रांक शुल्क	29,75,000.00	जलप्रदाय मरम्मत	32,53,889.00
बाह्य विकास	3,24,268.00	टैंकर मरम्मत	3,71,437.00
विष्ठा से बनाये गये कम्पोस्ट खाद आदि से विक्रय से आय मूलभूत (16)	1,67,76,000.00	हैण्डपम्प मरम्मत	2,48,320.00
जल कष्ट (जल संधारण)	5,97,000.00	एलम (फिटकरी)	7,46,578.00
राज्य वित्त आयोग	78,80,000.00	ब्लीचिंग पाउडर	2,85,660.00
प्रधानमंत्री आवास योजना	9,34,19,000.00	स्टेशनरी क्रय	3,74,192.00
स्थानीय निकायों से (2)	3,38,39,000.00	पाईप लाइन विस्तार	25,01,466.00
स्वच्छता पर्यवेक्षण	1,000.00	विद्युत सामग्री क्रय	8,69,982.00
विवाह सहायता सामाजिक आर्थिक गणना / सम्बल योजना	24,00,000.00	स्टोर	33,08,153.00
लीज राशि	4,719.00	अलाव हेतु जलाउ लकड़ी	61,800.00
होटल पुस्तकालय के प्रयोजन के लिये विशेष निधि	50,00,000.00	फोटोग्राफ एवं वीडियो ग्राफी	41,805.00
जलकर बकाया	9,79,917.00	कम्प्यूटर क्रय	48,070.00
जलकर (1) चालू	63,46,406.00	कम्प्यूटर मरम्मत	69,041.00
मीटर के द्वारा पानी टैंकर	27,600.00	प्रिन्टर क्रय/ स्कैनर मरम्मत	24,524.00
विनिधानों पर ब्याज नल कनेक्शन अधिभार	3,85,605.00	फोटोकॉपी मरम्मत	32,620.00
ब्याज की राशि	1,18,634.00	नेटवर्किंग चार्ज	59,816.00

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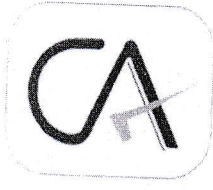
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लायसेन्स फीस (नक्शा नवीशी)	8,500.00	लैपटॉप क्रय	1,06,746.00
सूचना का अधिकार	3,710.00	निविदा सूचना	3,33,086.00
मजदूरी कार्ड पंजीयन शुल्क	1,185.00	समाचार पत्र क्रय	2,702.00
फायर स्टेशन निर्माण	10,500.00	स्वागत सत्कार/ प्रोग्रामों	73,038.00
अन्य	5,29,45,106.00	अन्य निर्माण	-
दुकान प्रीमियम	16,02,325.00	पुताई एवं दीवार लेखन	-
दुकान नामान्तरण शुल्क	1,08,750.00	स्वच्छता सामग्री क्रय	3,42,740.00
निक्षेप (5)	1,43,075.00	चूना	3,52,584.00
		फिनायल / टायलेट क्लीनर/कीटनाशक दवा	-
		साबुन क्रय	2,12,251.00
		टी गार्ड / इस्टविन क्रय	3,55,578.00
		सीक झाड़ू एवं बांस टोकनी	27,777.00
		वाहन मरम्मत	5,17,417.00
		वाहन बीमा एवं वाहन क्रय	9,65,471.00
		वाहन किराया	19,22,731.00
		टायर ट्यूब / ट्राली क्रय	27,24,307.00
		दीनदयाल रसोई योजना	96,345.00
		अन्योष्टि सहायता/अनुग्रह	6,76,769.00
		कार्यालय मरम्मत एवं पुताई	94,501.00
		स्थाई कर्मचारी वेतन	28,40,000.00
		सामान्य प्रशासन	35,836.00
		लोक निर्माण	31,68,651.00
		राजस्व	33,26,782.00
		स्वच्छता	87,82,354.00
		दिनिमयमिकरण वेतन	1,19,27,461.00
		वर्दी क्रय	27,26,414.00
		यात्रा देयक	53,288.00
		अध्यक्ष /उपाध्यक्ष मानदेय	75,028.00

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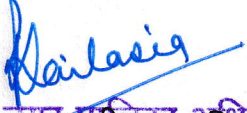




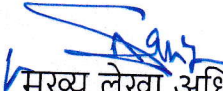
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		एडवोकेट मानदेय	5,48,000.00
		न्यायालयीयन फीस	2,40,000.00
		परिभाषित पेंशन अंशदान	83,210.00
		सामान्य भाविष्य निधि	27,48,002.00
		ई.पी.एफ	37,85,590.00
		ऐरिपर्स	1,30,45,305.00
		समर्पित अवकाशनगदीकरण	61,72,569.00
		मस्टर	26,04,889.00
		स्थापना	14,07,618.00
		स्वच्छता	1,49,13,162.00
		जलप्रदाय	72,96,824.00
		लोकनिर्माण	15,49,606.00
		उद्यान /पार्क	43,74,608.00
		शामयाना एव विद्युत सजावट किराया	14,58,184.00
		फायर बिग्रेड	1,45,567.00
		सी.ए.वार्षिक / आडिट फीस	10,53,900.00
		प्रधानमंत्री आवास बी. एल.सी/ए.एच.पी	41,40,290.00
		अन्य व्यय	6,29,580.00
		अंतिम शेष	18,07,16,716.00
योग	39,70,84,208.00	योग	39,70,84,208.00


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नगर परिषद, टीकमगढ़




मुख्य लेखा अधिकारी



Other Audit Observations

1. Non recovery of taxes

Urban Local Bodies (ULB) earns revenue from their own resources through taxes, rent, fees, issue of licenses etc. In test check of Nagar Palika Parishad as of 31 March 2020 a sum of Rs. 8.02 Crores (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	46.81	11.47	35.34	28.08	9.54	18.55	53.89
2	Samekit Kar	129.69	8.00	121.69	21.69	2.85	18.85	140.54
3	Nagriya Vikas Upkar	20.04	4.03	16.02	9.15	3.48	5.66	21.68
4	Shiksha upkar	14.79	3.18	11.61	9.15	3.48	5.66	17.27
5	Shop rent	98.61	21.36	77.25	52.96	29.36	23.60	100.85
6	Jal Upbhokta Prabhar	434.41	37.56	396.85	101.03	29.87	71.16	468.01
	Total	744.35	85.60	658.75	222.07	78.58	143.49	802.24
Total Un-Recovered amount								802.24

For Patidar & Associates

Chartered Accountants

Date: 26/09/2020

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नगर पालिका परिषद, टीकमगढ़ (म.प्र.)



CA Neelesh Patidar
Partner
MRN - 418806

Name of ULB

Tikamgarh Nagar Parishad

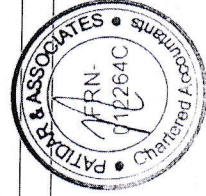
Name of Auditor

Patidar & Associates

Annexure C

Amount in Lakhs

S.no.	Parameters	Description		% of growth	Observation in brief	Suggestions
	Audit of Revenue	Receipt in (Rs.)				
	Rajaswa Kar wasooli	2018-19	2019-20			
1	Sampatti Kar	17.26	21.00	21.67	Collections w.r.t. total dues is around 28.04% which is 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	10.51	10.85	3.16	Collections w.r.t. total dues is around 07.16% which is 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	5.85	7.51	28.33	Collections w.r.t. total dues is around 25.73% which is below 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	5.28	6.67	26.33	Collections w.r.t. total dues is around 27.85% which is below average. Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
	Total	38.90	46.02			
	Gair-Rajaswa wasooli					
5	Shop rent	37.69	50.72	34.55	Collections w.r.t. total dues is around 33.46% which is below average. Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
6	Jal Upbhokta Prabhar	63.62	67.44	6.00	Collections w.r.t. total dues is around 12.59% which is below average. Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
	Total	101.31	118.15			
	Grand Total	140.22	164.18			



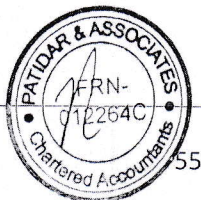
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नगर पालिका परिषद, टीकमगढ़ (म.प्र.)

Reporting on Audit Paras for Financial Year 2019-20

Name of ULB: **Tikamgarh Nagar Parishad**

Name of Auditor: **Patidar & Associates, Chartered Accountants**

S. no.	Parameters	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	Outstanding FDR's details during the year are provided in prescribed annexure.
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	
8	a) Percentage of revenue expenditure (Establishment, salary, Operation & Maintenance) with respect to revenue receipts (Tax & Non Tax).	440.60% $(13,39,22,013 / 3,03,95,295) \times 100$		
	b) Percentage of Capital expenditure wrt Total expenditure.	25.99% $(5,62,27,278 / 21,63,67,492) \times 100$		
9	Whether all the temporary advances have been fully		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.



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	recovered or not.			
10	Whether bank reconciliation statements is being regularly prepared		BRS not provided.	BRS should be prepared to reconcile the balance as per cashbook and balance as per bank.

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