

BAIHAR NAGAR PARISHAD

AUDIT REPORT 2019-20

AUDITOR:
NPJS & ASSOCIATES
CHARTERED ACCOUNTANTS



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INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of BAIHAR NAGAR PARISHAD

1. Report on the Financial Statements

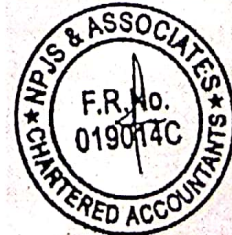
We have audited the accompanying financial statements of BAIHAR NAGAR PARISHAD ("the ULB"), which comprise the Receipt & Payment Account for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

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

3. Auditor's Responsibility

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



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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the ULB's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the ULB's officers, as well as evaluating the overall presentation of the financial statements.

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

4. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the report attached below, the Receipt & Payment Account annexed to this report give true and fair view of financial transactions affected by ULB and recorded these transactions in cash book for the financial year ending as on 31st March, 2020.

5. Basis for Qualified Opinion

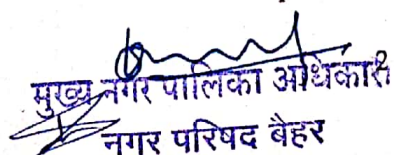
The details which form the basis of qualified opinion are reported in the Annexure 1 and Annexure 2 annexed to this report.

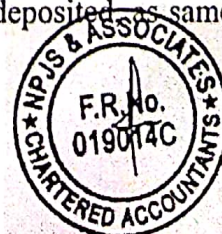
6. Emphasis of Matters

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

- 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.
- Non-maintenance or incomplete registers as prescribed under manual and mentioned at point 3 of annexure 2.
- Non-availability of details related with Tenders.
- 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.


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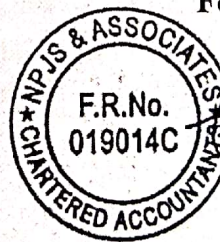
7. We further report that:

- a) We have sought and, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by Municipal Accounting Manual have been kept by the ULB so far as appears from our examination of those books.
- c) The Receipt & Payment Account deal with by this Report are in agreement with the books of account.
- d) Except for the matter described in the Basis for Qualified Opinion paragraph above, the Receipt & Payment Account comply with the Municipal Accounting Manual and Accounting Standards applicable to the Urban Local Bodies.
- e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the ULB.
- f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the ULB and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 1'.

Date: 22-09-2020

UDIN: 21421786AAAAAJ1387


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For NPJS & Associates
Chartered Accountants

CA Jitendra Singh
(Partner)
MRN - 421786



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Annexure 'I'

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 BAIHAR 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

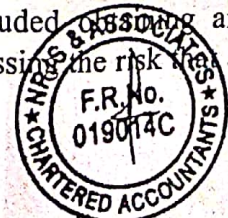
The ULB's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the ULB. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that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

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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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6. Qualified opinion

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

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

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

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


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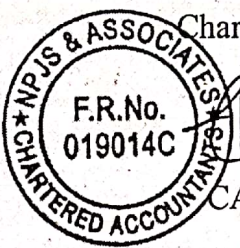


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We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 financial statements of the ULB, and these material weaknesses do not affect our opinion on the financial statements of the ULB.

Date: 22-09-2020


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The Annexure referred to in paragraph 6 of Our Report:

Annexure '2'

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.

Opening balance in cash book of FY 2019-20 is Rs. 10,63,37,999.66. However the Closing balance as per previous years cashbook is Rs. 11,02,03,577. Also as per previous years audit report the bank & cash closing balance was Rs. 7,51,80,173.40. Here ULB is in the practice of taking opening balance as per bank statement in Cashbook instead of previous year's cashbook closing balance. This treatment is principally wrong and is serious discrepancy as the same opening and closing balance should be taken. It may result in non identification of missing differences in bank statement and cashbook.

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

The counter foils or revenue receipts were not made available to us for verification. It was informed to us that the revenue/tax collector/officer directly deposits the amount collected with main cashier at the cash counter, who in turn deposit this amount directly to the bank account. A register is being maintained by revenue/tax collector/officer from which collected amount move into cashier cash book . 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.

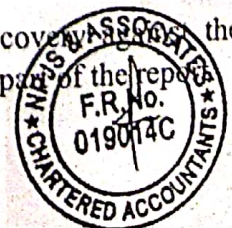
No such instances were noticed during the test check of such entries conducted by us except the circumstances like public holidays, government or local holidays etc.

- 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.

- 6) The auditor shall specifically mention in the report the revenue recovery the quarterly and monthly targets any lapses in revenue recovery shall be a part of the report.


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No details with respect to quarterly and monthly targets set for the FY 2019-20 and the revenue recovery against such targets were made available to us. Hence, it was not possible for us to report the revenue recovery against the quarterly & monthly target. During our verification of revenue registers we observed huge outstanding from past several years, below mentioned are few cases.

S.no.	Consumer Name	Fathers Name	Total dues
1	श्री फत्ते सिंह	श्री समारू लाल	74,696.00
2	श्री डी डी थोडरे	श्री अमृत लाल थोडरे	73,977.00
3	श्री राजकुमार	श्री टेकचंद भोजक	46,526.00
4	श्री अल्लाफ खान	श्री उस्मान खान	30,110.00
5	श्री चंद्र शेखर राव	श्री गोविन्द राव	34,126.00
6	श्री तनवीर अहमद	श्री शेख सिद्दीकी	26,102.00

Property tax register is not maintained properly as it does not contain important details such as outstanding balance, since when dues are pending, interest charged on pending dues, legal action initiated against such pending dues

Details regarding long outstanding of Shop Rent and Water Tax were not provided. Hence we cannot comment on the same.

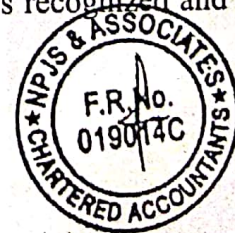
7) The auditor shall verify the interest income from FDR's and verify that interest is duly and timely accounted for in cash book.
Details regarding FDR's were not made available to us. Hence we cannot comment upon verification of the same with the cash book. However as explained to us there were no FDR maintained by the ULB so no records made available to us.

8) The case where, the investments are made on lesser interest rates shall be brought to the notice of the Commissioner/CMO.
Details regarding FDR's were not made available to us. Hence we cannot comment upon investments made on lesser interest rates. However as explained to us there were no FDR maintained by the ULB so no records made available to us.

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.

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- 2) He is also responsible for checking the entries in cash book and verifying them relevant vouchers.

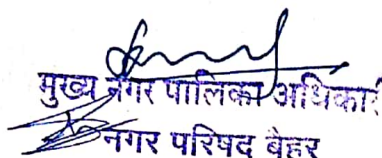
We have verified the entries in cash book on test check basis which were supported by relevant vouchers/note sheets.

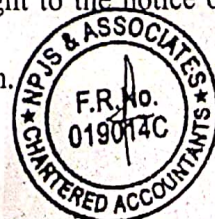
However, considering the bulk quantum of entries and the weak internal control procedures, the discrepancies in the entries of cash book cannot be ruled out. Test checked vouchers revealed below mentioned instances.

- 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.
- On our verification we found there were no dates or voucher s.no. mentioned on the vouchers we checked for the month of December 2019 & March 2020.
- Multiple payments made to vendor against purchase of electronic goods and no GST-TDS was deducted despite the aggregate payment exceeding Rs 2.5 Lakhs during the year. Details provided below:

Invoice no.	Date	Amount
290	30-01-2020	82500
201	30-10-2019	83620
289	30-01-2020	84680
332	28-02-2020	84500
333	28-02-2020	83600
	Total	418900

- 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 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.


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- 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 competent authority and shall be limited to the administrative and financial limits of the sanctioning authority.

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

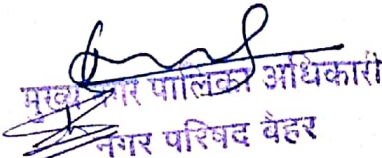
- 7) All the cases where appropriate sanctions have not been obtained shall be reported and the compliance of audit observation shall be ensured during the audit Non- compliance of audit paras shall be brought to the notice of Commissioner / CMO).

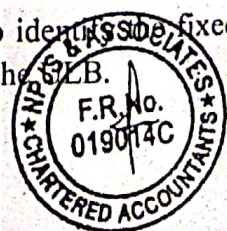
No such instances were noticed during the test check of such entries conducted by us.

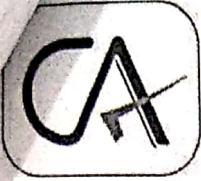
- 8) The auditor shall be responsible for verification of scheme wise/ project wise Utilization Certificate (UCS). UC's shall be tallied with the Receipt & Payment Account and creation of Fixed Asset.

Utilization certificates of various schemes for verification of scheme wise project/ wise Utilization Certificate (UCS) were not provided to us by the ULB. Hence same cannot be commented upon. However a summary for utilisation of grant amount have been provided to us by the ULB duly authorized by the concerned officer.

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 fixed asset and its recognition in fixed asset register and books of account of the ULB.


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9) He shall verify that all temporary advances have been fully recovered.

Details regarding temporary advances were not provided by the ULB. Hence same cannot be commented upon. However, as explained to us by the ULB there were no temporary advances outstanding at year end.

3. Audit of Book Keeping

1) The auditor is responsible for audit of the books of accounts as well as stores.

As per the information and explanation provided to us by the management of the ULB and on perusal of books of accounts, it was noticed by us that the ULB has not maintained all the required books of accounts as prescribed under MP MAM.

Following records were not provided to us:

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

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

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

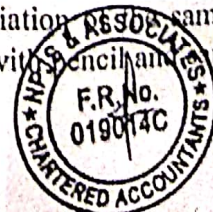
3) The auditor shall verify advance register and see that all the advance are timely recovered according to the condition of advance. All the case of non-recovery shall be specifically mentioned in audit report.

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

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

Bank Reconciliation in total is provided to us by the ULB. However, cashbook was not maintained bank account wise and hence account wise reconciliation same with bank statement was not possible. Total of cashbook was written with pencil and same has

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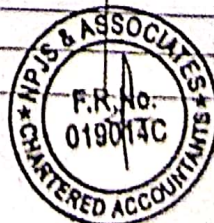
been provided with the below table. The bank balance as on 31st March 2020 was as follows:

Bank Name	Account no	Closing Balance as per bank
SBI	02416	4,90,142.48
SBI	75272	9,78,624.50
SBI	02063	NIL
SBI	32006	1,144.00
SBI	05847	7,21,178.43
CENTRAL BANK OF INDIA	01212	5,42,502.40
CENTRAL BANK OF INDIA	57841	17,56,855.00
M.P GRAMIN BANK	00008	520.50
SAHAKARI KENDRA MARYDIT BANK	51450	26,40,626.16
SAHAKARI KENDRA MARYDIT BANK	50988	11,42,826.00
SBI	68712	39,27,297.50
SBI	41889	13,15,171.50
SBI	21878	1,32,077.00
SBI	16543	53,52,881.00
ALLHABAD BANK	67279	86,17,131.00
IDBI BANK	24259	38,458.00
BOI	00247	64,82,17.10
SBI	55532	4,32,30,856.12
Axis Bank	43569	90,000.00
	Total	7,16,26,509.00
Cashbook total		6,90,98,278.00
Difference		25,28,231.00

Bank Reconciliation Statement-

Closing bank balance			7,16,26,509.00
Less:			
Amount credited in bank but not found in cashbook			
S.no.	Date	Particular	Amount
1	23.04.2019	INTEREST	2,855.00
2	24.04.2019	INTEREST	11,286.00
3	31.05.2019	INTEREST	4,622.00
4	31.05.2019	INTEREST	14,967.00
5	31.05.2019	INTEREST	78,725.00
6	03.06.20219	INTEREST	1,054.00
7	25.06.20219	INTEREST	78,424.00

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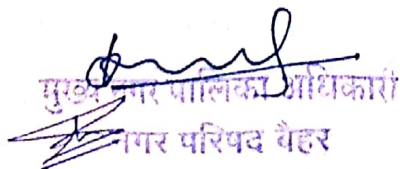


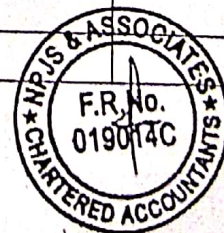
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8	25.6.2019	INTEREST	10.00
9	25.06.2019	INTEREST	5,938.00
10	28.06.2019	अन्त्येष्टि सहायता	6,00,000.00
11	31.08.2019	INTEREST	4,662.00
12	31.08.2019	INTEREST	15,099.00
13	31.08.2019	INTEREST	79,518.00
14	25.09.2019	INTEREST	10.00
15	25.09.2019	INTEREST	5,444.00
16	25.09.2019	INTEREST	76,487.00
17	30.09.2019	INTEREST	21,313.00
18	15.10.2019	INTEREST	9,477.00
19	15.10.2019	INTEREST	7,242.00
20	28.11.2019	INTEREST	60,000.00
21	30.11.2019	INTEREST	4,652.00
22	30.11.2019	INTEREST	8.00
23	30.11.2019	INTEREST	15,066.00
24	30.11.2019	INTEREST	76,051.00
25	07.12.2019	REFUND AMOUNT	50,000.00
26	07.12.2019	REFUND AMOUNT	50,000.00
27	25.12.2019	INTEREST	88,309.00
28	25.12.2019	INTEREST	5,314.00
29	25.12.2019	INTEREST	9.00
30	15.01.2020	INTEREST	2,980.00
31	18.01.2020	REFUNDAMOUNT	40,000.00
32	18.01.2020	INTEREST	140.00
33	23.01.2020	INTEREST	340.00
34	29.02.2020	INTEREST	4,693.00
35	29.02.2020	INTEREST	15,198.00
36	29.02.2020	INTEREST	74,513.00
37	11.03.2020	INTEREST	13,171.00
38	24.03.2020	INTEREST	25,461.00
39	25.03.2020	INTEREST	83,507.00


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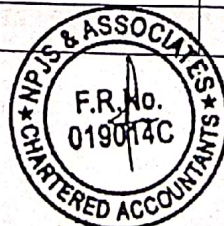


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40	25.03.2020	INTEREST	9.00
41	25.03.2020	INTEREST	5,381.00
42	31.03.2020	INTEREST	21,398.00
43	31.03.2020	INTEREST	8,919.00
	TOTAL		16,62,252.00
31.03.2019 की स्थिति			
7200000	के स्थान पर 8308294 होना था	अन्तर राशि:-1108294	11,08,294.00
			27,70,546.00
	(1108294+1662252 = 2770546)		
Add:			
Amount debited in bank but not found in cashbook			
S.no.	Date		Amount
1	26.04.2019	CEEPING CHARG	354.00
2	13.08.2019	CEEPING CHARG	236.00
3	05.10.2019	Salary	2,35,297.00
4	21.10.2019	CEEPING CHARG	265.00
5	31.10.2019	CEEPING CHARG	590.00
6	30.11.2019	CEEPING CHARG	590.00
7	07.12.2019	CEEPING CHARG	59.00
8	09.12.2019	CEEPING CHARG	59.00
9	18.12.2019	CEEPING CHARG	618.00
10	02.01.2020	CEEPING CHARG	236.00
11	12.03.2020	CEEPING CHARG	649.00
12	12.03.2020	CEEPING CHARG	649.00
13	12.03.2020	CEEPING CHARG	649.00
14	31.03.2020	CEEPING CHARG	236.00
15	-	Difference was not found**	1828.00
		Total	2,42,315.00
Balance as per cashbook			6,90,98,278.00

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- 5) He shall be responsible for verifying the entries in the Grant register. The receipts and payment of grants shall be duly verified from the entries in cash book.
Grant registers were made available to us. On our verification no major discrepancies were noticed by us regarding entries in cashbook and grant register.
- 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.
As explained to us ULB does not maintain FDR during the current year and hence same cannot be commented upon.
- 2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done.
As explained to us ULB does not maintain FDR during the current year and hence same cannot be commented upon.
- 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.
As explained to us ULB does not maintain FDR during the current year and hence same cannot be commented upon.
- 4) Interest earned on FDR/TDR Shall be verified from entries in the cash book.
As explained to us ULB does not maintain FDR during the current year and hence same cannot be commented upon.

5. Audit of Tenders / Bids

- 1) The auditor is responsible for audit of all tenders / bids invited by the ULB.
No tender related documents were provided, so we can comment on procedures of tenders / bids.
- 2) He shall check whether competitive tendering procedures are followed for


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No tender related documents were provided, so we can comment on whether competitive tendering procedures were followed for all bids or not.

3) He shall verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period.
No tender related documents were provided, so we cannot verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period.

4) The bank guarantees, if received in lieu of bid processing fee / performance guarantee shall be verified from the issuing banks.
No such bank guarantees were produced before us for verification.

5) The conditions of BG shall also be verified; any BG with any such condition which is against the interests of the ULB shall be verified and brought to the notice of Commissioner ICMO.
No such bank guarantees were produced before us for verification. Therefore, it is not possible for us to comment on the conditions of BG.

6) The cases of extension of BG shall be brought to the notice of Commissioner / CMO.
Proper guidance to extend the 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.

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:-

	Opening	Receipts	Payments	Closing
State Finance Commission	3998270	3067000	1564210	4901060
14 Finance Commission	9775629	19270600	11191600	17850029
Mudra Bank	0	799000	500737	298263
Swachh Bharat Mission	0	500000	227400	272600
Sahakari Mahanagar	1290790	1124000	201100	1199790

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Chartered Accountant





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Vanijye Kar	0	2867850	1316725	1551125
Yatrikar	0	685000	0	685000
Toilet construction	0	717000	0	717000
Pond beautification	0	11712000	0	11712000
Total	14462138	40742458	16836407	38368189

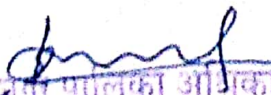
2) He is responsible for audit of grants received from State Government and its utilization. Verification had been conducted for the total grants received from the State/Central government. Details for the same are provided in table above.

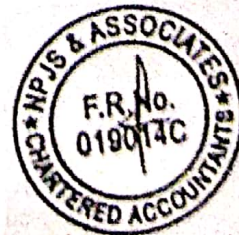
3) He shall perform audit of loans provided for physical infrastructure and its utilization. During his audit the auditor shall specifically comment on the revenue mechanism i.e. whether the asset created out of the loan has generated the desired revenue or not. He shall also comment on the possible reasons for non-generation of revenue. As per information provided by the ULB and according to our verification, ULB has accorded loan from HUDCO. As explained to us 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.

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

4) The auditor shall specifically point out any diversion of funds from capital receipts/ grants/ bans to revenue expenditure.

As per the information made available to us, and as per our verification, instances of diversion of funds from one grant account to another have not been noticed. However, due to inherent limitation of internal controls over financial reporting possibilities of fund diversion cannot be ruled out completely.


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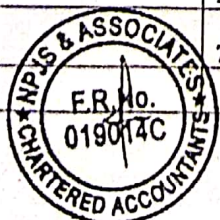
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Nagar Parishad Baihar District Balaghat (M.P.)

Receipts and Payment 2019-20

Receipts		Amount	Payment	Amount
Opening Balance		10,63,37,999.00		
Samekit kar	Current	1,74,861.00	Salary	1,37,88,779.00
	Outstanding	2,60,895.00	Travelling expenses	1,10,757.00
Nagriye Vikas	Current	2,14,136.00	Security Deposit	1,36,370.00
	Outstanding	78,385.00	Muster	67,04,118.00
Siksha Upkar	Current	1,89,759.00	Electricity Bill	58,20,069.00
	Outstanding	92,725.00	Diesel	17,78,552.00
Sampati kar	Current	7,93,447.00	Pradhan Mantri Awaas	4,41,10,000.00
	Outstanding	3,35,782.00	Councilor's allowance	3,38,000.00
Jalkar	Current	4,70,125.00	Vehicle Insurance	87,117.00
	Outstanding	3,92,750.00	BOI Instalments	17,04,436.00
Dukaan Kiraya	Current	300.00	Vehicle Repair	3,38,191.00
	Outstanding	35,400.00		
Complex Shulk	Current	2,06,430.00	Sanitation Department	14,42,882.00
	Outstanding			
Security fund		4,250.00	Water Supply	34,24,703.00
Building Licence Fee		7,55,033.00	Photocopy bill	1,710.00
Chungikshatipurti		1,89,90,497.00	Computer Repair	25,185.00
Sadak Marmmat		11,24,000.00	Advertisement	2,70,942.00
Rajya Vitt Ayog		30,67,000.00	Anudraha Sahayata	16,00,000.00
14 Finance Commision		1,56,77,000.00	Telephone Bill	16,511.00
Contingent tax		39,21,000.00	Office Use Material	3,63,955.00
Mudrank Shulk		7,99,000.00	Arrear	4,33,580.00
Yatri Kar			Construction Work	



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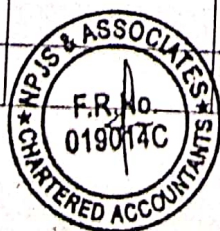
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		6,85,000.00		1,57,30,054.00
Pradhan Mantri Awaas Yojna		1,67,30,000.00	Electricity Material	22,72,631.00
Death Certificate		513.00	Sound Service Rent	3,65,455.00
RTI		292.00	Printing Press	1,23,835.00
Marriage Certificate		1,581.00	15 August/ 26 January	48,000.00
Mobile Toilets Charge		52,400.00	HUDCO Installment	9,41,546.00
Online Certificate		38,810.00	Flex	2,11,750.00
		53,000.00	Vehicle Rent	1,46,282.00
Water Tank Charge		31,328.00	Other Payment	97,500.00
Tap Connection Charge		1,650.00	Computer Purchase	2,38,382.00
Anugrah Sahayata		15,99,996.00	14 Finance Commision Bill	80,800.00
Advance Adjustment		12,000.00	Stationery	29,854.00
Bazaar Bethak	market	4,34,975.00	Advocate Fee	82,952.00
	Juggi	1,58,475.00	Rent	4,21,420.00
G.S.T		21,388.00	Surcharge	22,530.00
Mobile Toilets Charge		1,000.00	Speed Braker	99,120.00
Public toilets		500.00	Plant purchase	99,850.00
Amount received for public toilet		7,17,000.00	Tree Guard	25,000.00
Town Hall rent		2,000.00	Tree cutting	48,500.00
Kanji House Fee		1,850.00	Audit Report	70,800.00
Licence Fee.		22,375.00	Destitute pension refund	1,10,00,000.00
Ration card fee		40.00	C.C.T.V Camera	14,56,789.00
Administration fee		41,275.00	Board Making	99,000.00
Rain Water Harvesting		18,670.00	Dyeing paint	9,960.00



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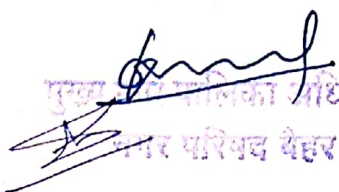
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Accounting Fee		25.00	Website renewal	96,524.00
Security Deposit		1,02,000.00		
Pond beautification		1,07,12,000.00		
Cess		10,230.00		
Polyethylene Fee		24,200.00		
Divider loss charge		2,500.00		
Fund Received		8,772.00		
Fire crack		6,050.00		
			Closing Balance	6,90,98,278.00
Total		18,54,12,669.00	Total	18,54,12,669.00

Chief Accounts Officer

Chief Municipal Officer,
Nagar Parishad Baihar
District Balaghat


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नगर परिषद बैहार





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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 28.05 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	9.24	3.68	5.56	9.26	9.26	0.00	5.56
2	Samekit Kar	12.38	2.76	9.62	3.95	1.90	2.04	11.67
3	Nagriya Vikas Upkar	2.45	0.80	1.65	2.25	2.54	-0.30	1.35
4	Shiksha upkar	2.20	0.84	1.36	2.16	2.16	0.00	1.36
5	Bhawan Bhoomi Kiraya	0.00	0.00	0.00	2.21	2.08	0.13	0.13
6	Jal Upbhokta Prabhar	8.91	4.46	4.45	8.40	4.87	3.53	7.98
	Total	35.17	12.53	22.64	28.23	22.82	5.41	28.05
Total Un-Recovered amount								28.05

Date: 22-09-2020

मुख्य कार्यपालिका अधिकारी
नगर परिषद वैहर

For NPJS & Associates
Chartered Accountants
F.R.No. 019014C
CA Jitendra Singh
Partner
MRN - 421786

Reporting on Audit Paras for Financial Year 2019-20

Name of ULB:

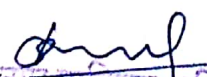
Baihar Nagar Parishad

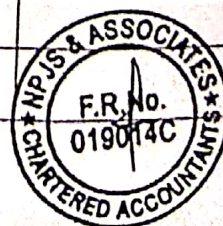
Name of Auditor:

NPJS and Associates, Chartered

Accountants

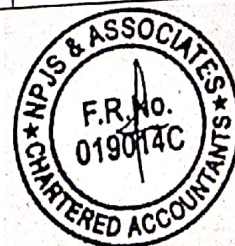
<u>S. no</u>	<u>Parameters</u>	<u>Description</u>	<u>Observation in brief</u>	<u>Suggestions</u>
2	Audit of Expenditure:	Verification of Expenditures are as per guidelines, directives, and rules under all schemes and entries of expenditures in cash book, Diversion of Funds, financial propriety of expenditures, scheme project wise utilisation certificate.	Observations were listed in brief in point no. 2 of annexure 2 of audit report attached	Vouchers should be adequately supported with proper documents. TDS should be correctly deducted and deposited on time.
3	Audit of Book keeping	Verification of books of accounts and stores are maintained as per accounting rules, advance register and check timely recovery, Bank reconciliation statement, grant register, fixed asset register	Observations were listed in brief in point no. 3 of annexure 2 of audit report attached	Required books of accounts as prescribed under MP MAM Should be maintained
4	Audit of FDR/TDR	Verify fixed deposits and term deposits and their maintenance	Observations were listed in brief in point no. 4 of annexure 2 of audit report attached	NA.
5	Audit of Tenders and Bids	Verify Tenders/Bids invited by ULB and competitive tendering procedures followed	Observations were listed in brief in point no. 5 of annexure 2 of audit report attached	Procedure for Tenders opening and Performance review should be carefully monitored.
6	Audit of Grants & Loans	Verification of Grant received from Government and its utilisation	Observations were listed in brief in point no. 6 of annexure 2 of audit report attached	Grant register should be updated and balanced regularly with its Utilization Certificate.
7	Verify whether any diversion of funds from capital receipt /grants /Loans to revenue expenditure and from one scheme /project to another.		Observations related to diversion of funds has been pointed out in point no. 6 (iv) of annexure 2 of report attached	
8	a) Percentage of revenue	464.65%		


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 नगर परिषद बेहर



	expenditure (Establishment, salary, Operation & Maintenance) with respect to revenue receipts (Tax & Non Tax).	$(3,01,73,933 / 65,07,896) \times 100$		
	b) Percentage of Capital expenditure wrt Total expenditure.	55.07% $(6,40,55,503 / 1,16,314,391) \times 100$		
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	ULB should prepare BRS bank account wise to identify the accurate difference.

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S.no.	Parameters	Description		% of growth	Observation in brief										Suggestions
		Receipt in (Rs.)													
	Audit of Revenue														
	Rajaswa Kar	2018-19	2019-20												
	wasooli														
1	Sampatti Kar	7.92	12.94	63.49	Collection % w.r.t. total dues is	69.95%	which is	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	3.86	4.66	20.60	Collection % w.r.t. total dues is	28.54%	which is	Poor	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.					
3	Nagriya Vikas Upkar	3.10	3.34	7.61	Collection % w.r.t. total dues is	71.15%	which is	Good	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	2.88	3.00	4.34	Collection % w.r.t. total dues is	68.90%	which is	Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.					
	Total	17.76	23.95												
	Gair-Rajaswa wasooli														
5	Bhawan Bhoomi Kiraya	1.04	2.08	99.77	Collection % w.r.t. total dues is	94.15%	which is	Very good	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	7.49	9.33	24.44	Collection % w.r.t. total dues is	53.88%	which is	Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.					
	Total	8.54	11.41												
	Grand Total	26.30	35.35							ASSOCI.					

सुभाष चंद्र बोस
मुख्य अधिकारी, अर्थशास्त्र
नगरपालिका, बलहर

