MANDAV NAGAR PARISHAD

AUDIT REPORT 2019-20

AUDITOR:
PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Stakehol ers of MANDAV NAGAR PARISHAD

1. **Report on the Financial Statements**

We have audit the accompanying financial statements of MANDAV NAGAR PARISHAD("the LB"), which comprise the Receipt & Payment Account for the year then ende nd other explanatory information.

2. **Management's esponsibility for the Financial Statements**

The ULB's Ma gement is responsible for the matters with respect to the preparation of ese financial statements that give a true and fair view of the financial positi and financial performance of the ULB in accordance with the provisions of M icipal Corporation Act, 1956 and accounting principles generally accepted in Ind including the Municipal Accounting Manual ("the Manual") and Accounting Sta ards applicable to the Urban Local Bodies. This responsibility also includes m tenance of adequate accounting records in accordance with the Municipal Acco ting Manual for safeguarding of the assets of the ULB and for preventing and tecting frauds and other irregularities; selection and application of appropriate counting policies; making judgments and estimates that are reasonable a prudent; and design, implementation and maintenance of adequate inter financial controls, that were operating effectively for ensuring the accuracy completeness of the accounting records, relevant to the preparation an presentation of the financial statements that give a true and fair view and are f from material misstatement, whether due to fraud or error . However, in thi ase ULB is not in practice of maintaining balance sheet & Income and expenditu ccount, so receipt and payment account shall be considered as final statement which we express our opinion.

3. **Auditor's Resp sibility**

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

We have taken account the Municipal Accounting Manual, the accounting and auditing standa and matters which are required to be included in the audit report as per e letter issued by Directorate, Urban Administration & Development, M Bhopal in this regard. The Commissioner/CMO has not directed us to perform au 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.

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

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c) Non-mainte ace or incomplete registers as prescribed under manual and mentioned a oint 3 of annexure 2.
d) Non-availabi y of details related with Tenders.
e) Non verificat n of EPF, TDS on GST and TDS-Income Tax deposited, as same has not been ma available to us by the ULB.

Our opinion not modified in respect of these matters.

7 **We further rep t that:**

a) We have sough and, except for the possible effects of the matter described in the Basis for Qual ed Opinion paragraph above, obtained all the information and explanations w ch to the best of our knowledge and belief were necessary for the purpose of our dit;

b) Except for the ssible effects of the matter described in the Basis for Qualified Opinion parag h above, in our opinion proper books of account as required by Municipal Acco ting Manual have been kept by the ULB so far as appears from our examination of ose books.

c) The Receipt & yment Account deal with by this Report are in agreement with the books of accou

d) Except for the tter described in the Basis for Qualified Opinion paragraph above, the Receipt & yment Account comply with the Municipal Accounting Manual and Accounting Sta ards applicable to the Urban Local Bodies.

e) The matter de ribed in the Basis for Qualified Opinion paragraph above, in our opinion, may h e an adverse effect on the functioning of the ULB.

f) The qualificat relating to the maintenance of accounts and other matters connected the ith are as stated in the Basis for Qualified Opinion paragraph above.

g) With respect the adequacy of the internal financial controls over financial reporting of th ULB and the operating effectiveness of such controls, refer to our separate Repo n 'Annexure 1'.

For Patidar & Associates
Chartered Accountants

PATIDAR & ASSOCIATES
FRN-012264C
Chartered Accountants

CA Neelesh Patidar
(Partner)
MRN - 418806

Date:
UDIN:

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Annexure '1'

Report on Inter al Financial Controls over Financial Reporting

1. Report on the ternal Financial Controls of the ULB ("the ULB")

We have aud the internal financial controls over financial reporting of MANDAV NAG PARISHAD("the ULB") as of March 31, 2020 in conjunction with our audit the financial statements of the ULB for the year ended on that date.

2. Management's esponsibility for Internal Financial Controls

The ULB's ma ement is responsible for establishing and maintaining internal financial cont based on the internal control over financial reporting criteria established the ULB. These responsibilities include the design, implementatio and maintenance of adequate internal financial controls that were operatin effectively for ensuring the orderly and efficient conduct of its business, inclu ng adherence to ULB's policies, the safeguarding of its assets, the preventio and detection of frauds and errors, the accuracy and completeness the accounting records, and the timely preparation of reliable financial infor tion, as required in accordance with the Municipal Corporation Act, 1956 incl ng the Municipal Accounting Manual and accounting principles generally acce d in India applicable to the Urban Local Bodies.

3. Auditors' Resp nsibility

Our responsibi is to express an opinion on the ULB's internal financial controls over financial orting based on our audit. We conducted our audit in accordance with the Guid e Note on Audit of Internal Financial Controls over Financial Reporting (the uidance Note") and the Standards on Auditing, to the extent applicable to a udit of internal financial controls, both issued by the Institute of Chartered Acc ntants of India. Those Standards and the Guidance Note require that we comp with ethical requirements and plan and perform the audit to obtain reason assurance about whether adequate internal financial controls over financial porting was established and maintained and if such controls operated effect ly in all material respects.

Our audit inv es performing procedures to obtain audit evidence about the adequacy of th nternal financial controls system over financial reporting and their operating effe veness. Our audit of internal financial controls over financial reporting incl d obtaining an understanding of internal finan trols over

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financial repo g, assessing the risk that a material weakness exists, and testing and evaluating e design and operating effectiveness of internal control based on the assessed r k. The procedures selected depend on the auditor's judgment, including the sessment of the risks of material misstatement of the financial statements, wh er due to fraud or error.

We believe tha e audit evidence we have obtained is sufficient and appropriate to provide a bas for our qualified audit opinion on the ULB's internal financial controls systen ver financial reporting.

1. Meaning of Int rnal Financial Controls Over financial Reporting.

A ULB's intern inancial control over financial reporting is a process designed to provide reaso le assurance regarding the reliability of financial reporting and the preparatio f financial statements for external purposes in accordance with generally acce d accounting principles. A ULB's internal financial control over financial repor g includes those policies and procedures that

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

b) provide rea nable assurance that transactions are recorded as necessary to permit pre ration of financial statements in accordance with generally accepted ac nting principles, and that receipts and expenditures of the ULB are being e only in accordance with authorizations of management and officers of t LB; and

c) Provide rea nable assurance regarding prevention or timely detection of unauthorize cquisition, use, or disposition of the ULB's assets that could have a material ef ct on the financial statements.

. Inherent Limi ions of Internal Financial Controls Over Financial Reporting

Because of th nherent limitations of internal financial controls over financial reporting, incl ing the possibility of collusion or improper management override of controls, m erial misstatements due to error or fraud may occur and not be detected. Also rojections of any evaluation of the internal financial controls over financial repo ing to future periods are subject to the risk that the internal financial cont over financial reporting may become inadequate because of changes in c itions, or that the degree of compliance with the policies or procedures m deteriorate.

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6. Qualified opini n

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

The ULB did n ave an appropriate internal financial control system over financial reporting sinc he internal controls adopted by the ULB did not adequately consider risk essment, which is one of the essential components of internal control, with re rd to the potential for fraud when performing risk assessment

b)The ULB did n have an appropriate internal control system for tax and user charges collecti . tax demand evaluation, which could potentially result in the ULB recognizing r nue without establishing reasonable certainty of ultimate collection.

c)The ULB did n have an appropriate internal control system for inventory with regard to rece s, issue for production and physical verification. Further, the internal contro stem for identification and allocation of overheads to inventory was also not a uate. These could potentially result in material misstatements in the ULB's trade yables, consumption, inventory and expense account balances.

d)The ULB did n have an appropriate internal control system for fixed asset with regard to purc se, construction, transfer and physical verification. Further, the internal contro stem for identification and allocation of overheads to fixed asset was also not a uate. These could potentially result in material misstatements in the ULB's gran payable to contractors, tax and other statutory dues, fixed assets, capital work in ocess and accumulated depreciation account balances.

A 'material we ness' is a deficiency, or a combination of deficiencies, in internal financial contr ver financial reporting, such that there is a reasonable possibility that a material statement of the ULB's annual or interim financial statements will not be prevent r detected on a timely basis.

In our opinion, ecause of the effects/possible effects of the material weaknesses described abov n the achievement of the objectives of the control criteria, the ULB has not mainta d adequate internal financial controls over financial reporting and such internal ancial controls over financial reporting were not operating effectively as o arch 31, 2020 based on the criteria established by the ULB.

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We have consi red the material weaknesses identified and reported above in determining th ature, timing, and extent of audit tests applied in our audit of the March 31, 202 inancial statements of the ULB, and these material weaknesses do not affect our o ion on the financial statements of the ULB.

For Patidar & Associates
Chartered Accountants

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CA Neelesh Patidar
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Annexure '2'

The Annexure refer ed to in paragraph 6 of Our Report:

1. **Audit of Rev nue**

1) The auditor esponsible for audit of revenue from various sources.
We have ve ed the revenue from various sources which was recognized and entered in th books of account produced before us for verification.

2) He is also re onsible to check the revenue receipts from the counter files of receipt book nd verify that the money receipt is duly deposited in respective bank accoun
The counte oils or revenue receipts were not made available to us for verification. was informed to us that the revenue/tax collector/officer directly depo ts the amount collected with main cashier at the cash counter, who in turn posit this amount directly to the bank account. A register is being maintained revenue/tax collector/officer from which collected amount move into hier cash book. A detailed statement containing outstanding demand and x collected during the year was provided to us by the concerned department ly certified by the concerned officer.

3) Percentage revenue collection increase or decrease in various heads in property ta samekitkar, shikshaupkar, nagriyavikasupkar, and other tax compared to evious year shall be part of report.
Details are g n in Annexure C attached to this report.

4) Delay beyon 2 working days shall be immediately brought to the notice of commissione /CMO.
No such inst nces were noticed during the test check of such entries conducted by us excep e circumstances like public holidays, government or local holidays etc.

5) The entries i cash book shall be verified:
We have ve fied the entries in cash book on test check basis and no major discrepancy as noticed by us. However due to quantum of transactions and inherent lin ation of audit we cannot provide our absolute assurance on the entries of th cash book. It is generally recommended that entries of the cash book shoul e duly supported by necessary documentary evidences and authorizatio

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6) The auditor all specifically mention in the report the revenue recovery against the quarterl nd monthly targets any lapses in revenue recovery shall be a part of the repor
No details w respect to quarterly and monthly targets set for the FY 2019-20 and the r enue recovery against such targets were made available to us. Hence, it wa not possible for us to report the revenue recovery against the quarterly an monthly targets.
We suggest ULB to analyse the deviation of actual receipts from quarterly and monthl targets in revenue recovery. This will guide them to take necessary a n to recover the dues.

7) The audito hall verify the interest income from FDR's and verify that interest is du and timely accounted for in cash book.
We have ve ied the interest income from FDR's and noticed that interest income is n recognised in books of accounts on accrual basis. The same is recorded at time of FDR maturity.

8) The case w re, the investments are made on lesser interest rates shall be brought to t notice of the Commissioner/CMO.
All FDR's ha been verified as provided to us & were in the possession of ULB. Detail of the me is provided in sub point 3 of point 4.

2. **Audit of Ex nditure:**
1) The auditor esponsible for audit of expenditure under all the schemes.
We have ve ed the expenditure under various heads which was recognized and entered in th books of account produced before us for verification.

2) He is also r onsible for checking the entries in cash book and verifying them relevant vo ers.
We have v ied the entries in cash book on test check basis which were supported b relevant vouchers/note sheets. However, considering the bulk quantum of tries and the weak internal control procedures, the discrepancies in the entrie f cash book cannot be ruled out. Test checked vouchers revealed below menti ed instances:

Voucher no.	te	Amount	Particular	Remarks
127	-07-2019	97,500.00	Naragni Agencies	No GST TDS deducted
130	-07-2019	97,500.00	Naragni Agencies	
139	-07-2019	96,000.00	Naragni Agencies	

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8	-04-2019	15,61,192.00	Rehan Construction	No GST TDS deducted
161	-07-2019	7,20,685.00	Rehan Construction	No GST TDS deducted

ULB have n provided challans or returns for payment of Income Tax TDS or TDS on GST o the Government. However ULB has explained that same had been duly de osited on or before the due date. Non compliance of tax provision attract statu ry penalty.

3) He should o check monthly balance of the cash book and guide the accountant ectify errors, if any.
No issue of difference in test check of totalling amount was noticed in course of our verific ion.

4) He shall ver that the expenditure for a particular scheme is limited to the funds alloca for that particular scheme any over payment shall be brought to the notice o e Commissioner / CMO.
No such inst ce has been noticed during the course of our verification.

5) He shall als verify that the expenditure is accordance with the guideline, directives, a and rules issue by Government of India/ State Government.
In absence availability of guidelines, directives, acts and rules issued by Government India/ State Government, it was not possible for us to v erify the expenditure accordance with such guidelines etc.

6) During the a dit financial propriety shall also be checked. All the expenditure shall be sup orted by financial and administrative sanctions accorded by competent a hority and shall be limited to the administrative and financial limits of the ctioning authority.
We have ver d the expenditure on test check basis and it was found that such expenditure ere duly supported by financial and administrative sanctions accorded by mpetent authority. However, in absence of information/ written document w respect to administrative and financial limits of the sanctioning authority, it s not possible for us to verify whether the expenditure incurred and sanctio by authority were within their limits or not.

7) All the case where appropriate sanctions have not been obtained shall be reported an the compliance of audit observation shall be ensur during the

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audit Non- ›mpliance of audit paras shall be brought to the notice of Commission / CMO).
No such ins ces were noticed during the test check of such entries conducted by us.

8) The auditor all be responsible for verification of scheme wise/ project wise Utilization C tificate (UCS). UC's shall be tallied with the Receipt & Payment Account and eation of Fixed Asset.
Utilization c ificates of various schemes for verification of scheme wise project/ wise Utilizat Certificate (UCS) were not provided to us by the ULB. Hence same cannot be co mented upon.

We are unal to verify the details of capitalization of expenditure since there is neither any of available nor completion of work from respective department. There is no oss check mechanism exist to ensure the completion of project except payn t of final bill. It is suggested that a proper internal control system should be fi ned to identify the fixed asset and its recognition in fixed asset register and oks of account of the ULB.
We suggest ULB to prepare scheme or project wise utilisation certificates and same sh d be reconciled with work in progress or capital asset registers.

9) He shall veri that all temporary advances have been fully recovered.
Details rega ing temporary advances were not provided to us by the ULB and hence we ca ot comment on the same. We suggest ULB should prepare separate record of ten orary advances with recovery and closing balances.

3. Audit of Book K ping

1) The auditor esponsible for audit of the books of accounts as well as stores.
As per the i rmation and explanation provided to us by the management of the ULB and perusal of books of accounts, it was noticed by us that the ULB has not mai ined all the required books of accounts as prescribed under MP MAM. Fix Asset Registers, Security Deposit Registers, Stock Registers, Contractor nce Register, EMD register, are among few registers which are not provide

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We suggest t · ULB to keep records prescribed under MP MAM. These records will help to · ure true and correct view of the financial status of the ULB.

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

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

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

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

We suggest e ULB to frame policy to record the advances and timely recoveries. T y should keep strict control over no recovery cases.

Bank reconc ation statement (BRS) shall be verified from the records of ULB and the ban oncerned. If bank reconciliation Statement are not prepared the auditor will p in the preparation of BRS's

Bank balanc as on 31st March 2020 as per statement ware listed below, however no conciliation statement has been prepared for differences between bank balanc nd cash book balance. In the absence of information relating to reconciliatio lifferences we are unable to guide the ULB in preparation of BRS. However it strongly suggested that ULB should prepare monthly and yearly reconciliatio between cashbook balances and bank account balances.

S.No.	Bank Name	Bank Account No.	Closing Balance as per Pass book as on 31/03/2020
1	P Office Mandav	5147	2,778.00
2	SBI	9902	2,611.00
3	SBI	0580	80,21,622.00
4	Gramin Bank	0067	10,12,932.00

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5	nk of India	-	500.00
6	Ko Mahindra Bank	6790	51,823.00
7	Gramin Bank	0009	11,536.00
8	Gramin Bank	0402	3,02,190.00
9	HDFC	9560	7,14,193.00
10	HDFC	2397	2,15,402.00
11	MI amin Bank-FDR	-	50,00,000.00
12	SBI	9913	20,96,162.00
	TAL		**1,74,31,749.00**

Cashbook c ng balance stood at Rs. 1,74,89,176.21 and hence there is un-reconciled d rence of Rs. 57,427.21 between both the balances. The above led details are provided by the ULB and in absence of bank statements v cannot comment on the appropriateness of the balances.

He shall be r ponsible for verifying the entries in the Grant register. The receipts and paymen f grants shall be duly verified from the entries in cash book. Grant regis were not made available to us. Hence verification of the same cannot be d from the entries in cash book. However summarised statement of grants main ned by the ULB has been provided to us and same has been provided in point 6(1) of this report.

The auditor shall verify the fixed assets register from other records and discrepanci shall be brought to the notices of Commissioner / CMO. Fixed asset isters were not provided to us for verification. Therefore we are not able to rify the same and comment upon whether it is complete and correctly ba ced.

We suggest e ULB to prepare and keep records of Fixed Assets whether purchased o onstructed.

The auditor all reconcile the account of receipt and payment especially for project fund

Separate ca book were not made available to us for verification. So cannot comment on at.

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Audit of FD

1) The auditor esponsible for audit of all fixed deposits and term deposits. We have ver ed fixed deposits maintained by the ULB and as provided to us for verificati . The detail regarding the same is tabled below:-

S.No.	Bank Name	Account No	Amount
1	armada Jhabua Gramin Bank	-	54,52,065.00

2) It shall be e red that proper record of FDR's are maintained and renewals are timely d e.
Proper reco s of FDRs are maintained. Records of renewal are not provided by the ULB. He , we cannot comment on timely renewals were made or not.

3) The case w re FDR'S / TDR are kept at low rate of interest than the prevailing r shall be immediately brought to the notice of Commissioner/ CMO.
Investments re made by the ULB at competitive rate. No instance found where FDR' e kept at low rate of interest than the prevailing rate.

4) Interest ear on FDR/TDR Shall be verified from entries in the cash book.
Interests o DR's are booked on receipt basis and as on the maturity; realization o nvested amount is recorded in the cash book.

4. **Audit of Tend s / Bids**

1) The auditor esponsible for audit of all tenders / bids invited by the ULB.
No tender r ed documents were provided, so we can comment on procedures of tenders / is.

2) He shall ch whether competitive tendering procedures are followed for all bids.
No tender r ed documents were provided, so we can comment on whether competitiv dering procedures were followed for all bids or not.

3) He shall ve the receipts of tender fee / bid processing fee / performance guarantee th during the construction and maintenance period.
No tender r ted documents were provided, so we cannot verify the receipts of tender fee bid processing fee / performance guaran oth during the constructio d maintenance period.

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

5) The conditio of BG shall also be verified; any BG with any such condition which is against th nterests of the ULB shall be verified and brought to the notice of Commission CMO.
No such ban uarantees were produced before us for verification. Therefore, it is not possible us to comment on the conditions of BG.

6) The cases o xtension of BG shall be brought to the notice of Commissioner / CMO. Proper uidance to extend the BC's shall also be given to ULB
No such ban uarantees were produced before us for verification. Therefore, it is not possible us to comment on the conditions/extensions of BG.

7) The contract osure shall also be verified by the auditor.
No contract osure documents were made available to us for verification.

5. **Audit of Gra ts and Loans**

1) The auditor responsible for audit of grants given by Central Government and its utilizatio
Verification d been conducted for the grants received from the Central/state government. etails for the same is provided in table below:-

Particular	Opening balance	Receipt during the year	Utilized during the year	Closing balance
Mulbhoot	84,834.00	28,11,000.00	25,14,579.00	3,81,255.00
Sadak Marammat	-	5,49,000.00	-	5,49,000.00
State Finance Commis n	2,72,805.00	26,40,000.00	25,17,529.00	3,95,276.00
Swachh Bharat Missio	30,00,000.00	-	-	30,00,000.00
Vidhayak Nidhi	11,06,882.00	-	4,14,597.00	6,92,285.00
Vishesh Nidhi	-	50,00,000.00	49,99,948.00	52.00
Chungi Shati Purti	-	66,35,070.00	66,35,070.00	-
th Finance Commis k	34,23,784.00	1,62,01,000.00	1,41,58,252.00	54,66,532.00
CM Adhosanrachna	1,30,54,620.00	-	37,93,013.00	92,61,607.00
CM Adhosanrachna Ph	48,35,154.00	19,725.00	46,56,802.00	1,98,077.00
CM Adhosanrachna Vi	48,33,154.00	-	-	48,33,154.00
Yatrikar	-	83,000.00	83,000.00	
PMAY	-	4,87,00,000.00	4,87,00,000.00	

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S abh Complex	20,00,000.00	-	-	20,00,000.00
T abo ka Gehrikaran	77,19,633.00	-	-	77,19,633.00
Other	8,24,456.00	59,11,000.00	59,44,456.00	7,91,000.00
Toilet Construction	22,23,806.00	-	-	22,23,806.00
Total	**4,33,79,128.00**	**8,85,49,795.00**	**9,44,17,246.00**	**3,75,11,677.00**

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

3) He shall pe rm audit of loans provided for physical infrastructure and its utilization. I ing his audit the auditor shall specifically comment on the revenue mechanism whether the asset created out of the loan has generated the desired reve e or not. He shall also comment on the possible reasons for non-generation o evenue.
As per infor ation provided by the ULB and according to our verification, ULB has accorde loan from HUDCO. The loan repayment has been timely made at each quarte /annually (as applicable) rest. However, there was no document or information ovided to verify whether the asset created out of the loan has generated t desired revenue or not. We cannot comment on the possible reasons for n generation of revenue.

S.No.	F ancial Institution	Object of Loan	Closing balance
1	I DCO	CM Adhosanrachna Yojna	3,09,61,250.00

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

4) The audito hall specifically point out any diversion of funds from capital receipts/ gr ts/ bans to revenue expenditure.
As per the i rmation made available to us, and as per our verification, instances of diversion funds from one grant account to another have not been noticed. However, d to inherent limitation of internal controls over financial reporting possibilities fund diversion cannot be ruled out completely.

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Other Audit Observations

1. Non recovery of taxes

Urban Local Bodie ULB) earns revenue from their own resources through taxes, rent, fees, issue of licens etc. In test check of Nagar Parishad as of 31 March 2020 a sum of Rs 17.43 Lakhs (a hown in Table Below) plus Interest & Penalties were outstanding against the taxpay s, although the ULBs had powers under section 165 of Madhya Pradesh Municipal s Act, 1961 to approach a Magistrate to seek orders for recovery by distress and sa of any movable property of attachment and sale of immovable property belonging o defaulters, however they had not invoked these power to recover the outstanding t es. Failure to invoke its powers resulted in non-recovery of outstanding taxes a l 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
	Sampatti Kar	1.05	0.44	0.61	1.20	1.08	0.12	0.73
	Samekit Kar	10.50	0.24	10.26	2.70	2.70	0.00	10.26
	Nagriya Vikas Upk	0.75	0.11	0.64	0.44	0.42	0.02	0.66
	Shiksha upkar	0.25	0.16	0.09	0.45	0.51	-0.06	0.03
	Jal Upbhokta Prabi	0.37	0.28	0.09	1.90	0.30	1.60	1.69
	Bhawan Bhumi kir	0.95	0.03	0.93	0.65	0.00	0.65	1.58
	Maveshi Bazzar	0.00	0.00	0.00	1.50	0.64	0.86	0.86
	Other	0.00	0.00	0.00	15.22	13.60	1.62	1.62
	Total	**13.87**	**1.26**	**12.62**	**24.06**	**19.25**	**4.81**	**17.43**
		Total Un-Recovered amount						**17.43**

Date:

For Patidar & Associates
Chartered Accountants

PATIDAR & ASSOCIATES FRN-012264C Chartered Accountants

CA Neelesh Patidar
Partner
MRN – 418806

Nagar Parishad Mandav

Receipt & Payment 2019-20

Receipt	Amount	Payments	Amount
Opening balance	**1,13,50,579.59**	Heritage Expenses	1,53,121.00
Revenue		Religious & Cultural Functions	3,81,580.00
Heritage Income	45,000.00	Travelling Allowance	50,810.00
Tamasha and Auction Income	5,000.00	Travelling Advance	57,000.00
Bazaar Bethak Shulk	82,280.00	Flex Banner	2,84,990.00
Coupon Fee	10.00	14th Finance Commission	4,56,811.00
Siksha Upkar	1,89,861.00	Bank Charges	1,019.52
Vikas Upkar	1,58,118.00	Consultancy Fees	15,000.00
Rest House Income	1,33,570.00	Computer Material Purchases	1,62,792.00
Plot Rental	25,825.00	Corona Pandemic Expenses	1,94,383.00
Certificate	5,650.00	Repair Work	87,780.00
Road Fee	1,000.00	Mandav Festival	2,54,280.00
Receipt Book Delivery	150.00	Honararium	16,000.00
Rainbasera Income	45,000.00	Kanya Vivah Yojna	10,000.00
Sampatti Kar	7,01,854.00	Mulbhoot	1,22,325.00
Samekit Kar	67,800.00	Electrical Repair & Maintenance	48,000.00
Swacchta Kar	11,100.00	Electricity Expenses	23,87,135.00
Penalties	5,000.00	Electrical Purchases	43,30,088.00
Parking Space Auction	18,20,610.00	Special Fund	3,03,576.00
Form Fees	750.00	Miscellaneous Expenses	9,59,001.00
Pond Lease Fee	26,705.00	Advertisment	1,78,019.00
Jalkar Shulk	1,25,275.00	Construction Expenses	8,94,062.00
Water Connection-Heritage	1,000.00	Election Expenses	14,64,076.00
Water Connection Fee	3,000.00	HUDCO Loan Installments	8,62,183.00
Surcharge	2,465.00	Honararium	1,82,000.00
Fire Extinguisher Fee	8,000.00	Water Tanker	3,08,100.00
Water Tanker Fee	16,350.00	Painting Material Expenses	1,45,030.00
MP Gramin Bank Loan	30,00,000.00	Light Facility Material	82,597.00
Other Income		Labour Welfare Fund Deduction	3,563.00
Yatri Kar	6,93,000.00	National Festival	1,48,645.00
Saving Bank Interest	58,633.78	State Finance Commission	97,020.00
CM Adhosanrachna	5,00,000.00	Sambal Scheme	5,60,000.00
		Newspaper	20,280.00
Mudrank Shulk	53,000.00	Speed Breaker Construction	2,17,920.00
Tender Fee	1,34,059.00	CC Road Construction & Repair	21,64,170.00
Special Fund	50,00,000.00	Sanitation Material	45,28,800.00
Miscellaneous Income	5,39,240.94	Sanitation Expenses	13,09,300.00
Dojiyan Release	1,50,000.00	Stationary	3,17,217.00
Chhunnikshati Purti	94,74,778.00	Diesel Expenses	17,08,362.58
Tower Cable Connection	7,54,951.00	Redemption Expenses	1,46,574.00

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Grants		Daily Muster Expenses	74,49,541.00
14th Finance	1,70,98,000.00	Vehicle Insurance	69,137.00
CM Public Welfare Sambal Scheme	15,60,000.00	Vehicle Repair Expenses	3,18,753.00
Mulbhut	25,09,000.00	Vehicle Rent	79,500.00
State Finance Commission	29,42,000.00	Salary	47,98,368.00
Sadak Marammat	5,49,000.00	Salary Arrears	8,74,187.00
Sanitation Employee Fund	45,00,000.00	VAT	15,371.00
		GST	7,564.00
		GPF	31,051.00
		Generator Rent	45,080.00
		Water Supply Repair	7,78,142.00
		Water Supply Material	28,74,374.00
		Drainage Construction & Maintenan	2,75,103.00
		Leave Encashment	4,00,160.00
		Income Tax TDS	1,98,098.00
		Water Tanker Rent	4,70,500.00
		Telephone Expenses	24,640.00
		Tent Facility Expenses	3,35,060.00
		Other	200.00
		CM Sambal Scheme	22,00,000.00
		Closing Balance	**1,74,89,176.21**
Total	**6,43,47,615.31**	**Total**	**6,43,47,615.31**

Chief Accountant

Chief Municipal Officer, Mandav Nagar Parishad

PATIDAR & ASSOCIATES • Chartered Accountants • FRN-012264C

Name of ULB Mandav Nagar Parishad

Annexure C

Name of Auditor Patidar & Associates

(in lakhs)

S.no.	Parameters	Description		% of growth	Observation in brief			Suggestions
	Audit of Revenue	Receipt in (Rs.)			Collection % w.r.t. total dues	Collection grading & observations		
	Rajaswa Kar wasooli	2018-19	2019-20					
1	Sampatti Kar	1.01	1.52	49.79	67.56%	Average	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
2	Samekit Kar	1.05	2.94	180.96	22.27%	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	0.26	0.53	100.02	44.54%	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	0.21	0.67	214.49	95.71%	Good	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
	Total	**2.54**	**5.66**					
	Gair-Rajaswa wasooli							
5	Jal Upbhokta Prabhar	0.25	0.58	132.00	25.55%	Poor	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
6	Bhawan Bhumi kiraya	0.36	0.03	-93.06	1.56%	Poor	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
7	Maveshi Bazzar	0.00	0.64	NA	42.67%	Below Average	Need to improve collection efforts of previous years dues.	Previous year dues were not outstanding.
8	Other	0.00	13.60	NA	89.36%	Good	Need to improve collection efforts of previous years dues.	Previous year dues were not outstanding.
	Total	**0.61**	**0.61**					
	Grand Total	**3.15**	**6.27**					

PATIDAR & ASSOCIATES Chartered Accountants FRN-012264C

Rep rting on Audit Paras for Financial Year 2019-20

Name of ULB **Mandav Nagar Parishad**
Name of Aud or: **Patidar & Associates, Chartered Accountants**

S. no.	Parameters	De ription	Observation in brief	Suggestions
2	Au lit of Expenditure:	Ve ication of Expenditures are as r guidelines, directives, and rul under all schemes and en s of expenditures in cash bo Diversion of Funds, fin al propriety of exp ditures, scheme project wis 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	Ve ication of books of accounts an tores are maintained as per ac nting rules, advance re er and check timely rec ery, Bank reconciliation sta nent, grant register, fixed ass 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	Ve fixed deposits and term de its 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	Ve . Tenders/Bids invited by UL nd competitive tendering pr dures 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	A lit of Grants & ans	Ve ation of Grant received fr Government and its uti ation	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 an diversion of funds from ca ital receipt /g ants /Loans to revenue expenditure and from one scheme /project to an ther.		Observations related to diversion of funds has been pointed out in point no. 6 (iv) of annexure 2 of report attached	
8	Percentage of revenue	580.00%		

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	expenditure (Establishment, salary, Operation & Maintenance) with respect to revenue receipts (Tax & Non Tax).	(₹ [illegible]5,583.10 / 58,11,257.72) x 100		
	[illegible]) Percentage of Capital expenditure wrt Total expenditure.	22.95% ([illegible],55,717/4,68,58,439.10) x 100		
9	Whether all the temporary advances have been fully recovered or n[illegible]		Cases of outstanding advances have been outlined in point no. 2 (9) of report attached.	ULB should impose strict action to collect such amount or make necessary adjustment after prior approval of relevant authority.
10	Whether bank reconciliation statements is being regularly prepared		BRS prepared by the ULB	NA

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