MEGHNAGAR NAGAR PARISHAD

AUDIT REPORT 2019-20

AUDITOR:
PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of MEGHNAGAR NAGAR PARISHAD

1. **Report on the Financial Statements**

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

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

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

3. **Auditor's Responsibility**

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

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

Chief Municipal Officer
Nagar Parishad Meghnagar

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

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d) Non verification of EPF, as same has not been made available to us by the ULB.
Our opinion is not modified in respect of these matters.

7. **We further report that:**

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

For Patidar & Associates
Chartered Accountants

Date: 23-09-2020
UDIN: 20418806AAAABJ9257

CA Neelesh Patidar
(Partner)
MRN - 418806

Annexure '1'

Report on Internal Financial Controls over Financial Reporting

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

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

2. Management's Responsibility for Internal Financial Controls

The ULB's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the ULB. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to ULB's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required in accordance with the Municipal Corporation Act, 1956 including the Municipal Accounting Manual and accounting principles generally accepted in India applicable to the Urban Local Bodies.

3. Auditors' Responsibility

Our responsibility is to express an opinion on the ULB's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

4. Meaning of Internal Financial Controls Over financial Reporting.

A ULB's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A ULB's internal financial control over financial reporting includes those policies and procedures that

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

b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the ULB are being made only in accordance with authorizations of management and officers of the ULB; and

c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the ULB's assets that could have a material effect on the financial statements.

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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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.

For Patidar & Associates
Chartered Accountants

Date: 23-09-2020

Chief Municipal Officer
Nagar Parishad Meghnagar

CA Neelesh Patidar
Partner
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Annexure '2'

The Annexure referred to in paragraph 6 of Our Report:

1. **Audit of Revenue**

1) The auditor is responsible for audit of revenue from various sources.

   We have verified the revenue from various sources which was recognized and entered in the books of account produced before us for verification.

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

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

3) Percentage of revenue collection increase or decrease in various heads in property tax, samekit kar, shiksha upkar, nagriya vikas upkar, and other tax compared to previous year shall be part of report.

   Details are given in Annexure C attached to this report.

4) Delay beyond 2 working days shall be immediately brought to the notice of commissioner/CMO.

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

5) The entries in Cash book shall be verified:

   We have verified the entries in cash book on test check basis and no major discrepancy was noticed by us.

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

   No details with respect to quarterly and monthly targets set for the FY 2019-20 and the revenue recovery against such targets were made available to us. Hence, it was not possible for us to report the revenue recovery against the quarterly and monthly targ

   Records related with long dues as on 31st March 2020, related with various revenue sources of the ULB like Property Tax, Shop Rent, Water Tax etc. were not

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provided to us. Hence we cannot comment on the long outstanding dues and procedures adopted by the ULB to recover 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.
We have verified the interest income from FDR's and noticed that interest income is not recognised in books of accounts on accrual basis. The same is recorded at the time of FDR maturity.

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

2. Audit of Expenditure:

1) The auditor is responsible for audit of expenditure under all the schemes.
We have verified the expenditure under various heads which was recognized and entered in the books of account produced before us for verification.

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:

Voucher no.	Date	Amount	Particular	Remarks
76	25-07-2019	2,99,295.00	Contractor	GST-TDS not deducted
33	03-06-2019	51,450.00	Advertisement	TDS Not Deducted
35	06-06-2019	33,668.00	Advertisement	TDS Not Deducted
37	06-06-2019	4,22,496.00	Purchase	GST-TDS Not Deducted
41	14-06-2019	33,358.00	Tent	TDS Not Deducted
45	27-06-2019	11,15,250.00	Contractor	GST-TDS Not Deducted
26	08-05-2019	3,49,875.00	Purchase	GST-TDS Not Deducted

ULB have not provided challans or returns for payment of TDS on GST. However ULB has explained that same had been duly deposited on or before the due date. Non compliance of tax provision attract statutory penalty.

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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 instance has been noticed during the course of our verification which indicates utilisation of funds of one scheme for the other. However, we found that and as explained to us by the ULB, in some schemes excess payments were made out general municipal funds. The details provided here below:

अनुदान मद	प्राम्भिक अनुदान	प्राप्त अनुदान की रकम	भुगतान अनुदान की रकम	अंतिम शेष	
सड़क मरम्मत अनुरक्षण	0	7,92,000	8,02,750	-10,750	म्युनिसिपल फण्ड से भुगतान
मुद्रांक शुल्क	0	5,97,000	8,67,564	-2,70,564	म्युनिसिपल फण्ड से भुगतान

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 was 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.

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7) All the cases where appropriate sanctions have not been obtained shall be reported and the compliance of audit observation shall be ensured during the audit Non-compliance of audit paras shall be brought to the notice of Commissioner / CMO).
No such instances were noticed during the test check of such entries conducted by us.

8) The auditor shall be responsible for verification of scheme wise/ project wise Utilization Certificate (UCS). UC's shall be tallied with the Receipt & Payment Account and creation of Fixed Asset.
Utilization certificates of various schemes for verification of scheme wise project/ wise Utilization Certificate (UCS) were provided to us by the ULB. We found no major discrepancies in utilisation of funds. However, we are unable to verify the details of capitalization of expenditure since there is neither any proof available nor completion of work from respective department. There is no cross check mechanism exist to ensure the completion of project except payment of final bill. It is suggested that a proper internal control system should be framed to identify the fixed asset and its recognition in fixed asset register and books of account of the ULB.

9) He shall verify that all temporary advances have been fully recovered.
As explained to us by the ULB there were no outstanding temporary advances related to staff or other parties due as on 31st March 2020. Hence we cannot comment on the same.

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. Investment 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.

Chief [illegible]
Nagar Parishad [illegible]

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 as provided to us by the ULB is produced here below:

Balance as per cashbook	**1,06,75,509.6**
27/2/20-Cheque deposited but not cleared	15,045
09 & 10 January 2020 -Entered twice in cashbook	8,755
Multiple amounts swapped from swap machine and entered in cashbook. However not received in bank statement	17,015
Payment entered in cashbook but not debited till 31st March 2020 from SBI account ending-30451	18,13,625
Balance as per bank	**1,24,48,319.6**

BRS has practice of balancing cash book with total amount and not with individual bank accounts wise.

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 not made available to us. Hence verification of the same cannot be done from the entries in cash book. However summarised statement of grants maintained by the ULB has been provided to us which was in consonance with cashbook and produced at point 6(1).

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.

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7) The auditor shall reconcile the account of receipt and payment especially for project funds.
Separate cash book were not made available to us for verification. So cannot comment on that.

4. **Audit of FDR**

1) The auditor is responsible for audit of all fixed deposits and term deposits.
We have verified fixed deposits maintained by the ULB and provided to us for verification, the detail regarding the same is tabled below:-

S.NO.	BANK NAME	Account no	AMOUNT
1	Bank of Baroda	05026	25,60,437.00

2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done.
Proper records of FDRs are maintained. Timely renewals are done by the ULB for the maintained FD's

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

4) Interest earned on FDR/TDR Shall be verified from entries in the cash book.
Interests on FDRs' are booked on receipt basis, as on the maturity and realization of invested amount is recorded in the cash book.

5. **Audit of Tenders / Bids**

1) The auditor is responsible for audit of all tenders / bids invited by the ULB.
Tender related documents were provided to us on test check basis. On verification of produced documents we can conclude that procedure of tendering was followed by the ULB.

2) He shall check whether competitive tendering procedures are followed for all bids.
Tender related documents were provided to us on sampling basis, and except few minor irregularities we found them complete and appropriate. Competitive tendering procedures were followed for all bids.

3) He shall verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period.

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Tender related documents were provided on test check basis, and we have verified the receipts of tender fee / bid processing fee / performance guarantee etc. No major irregularities were found during our verification in the produced documents.

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

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

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

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

6. **Audit of Grants and Loans**

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

अनुदान मद	प्राम्भिक अनुदान	प्राप्त अनुदान की रकम	भुगतान अनुदान की रकम	अंतिम शेष	
मूलभूत	-	30,46,000.00	30,46,000.00	-	
सड़क मरम्मत अनुरक्षण	-	7,92,000.00	8,02,750.00	(10,750.00)	म्युनिसिपल फण्ड से भुगतान
14 व वित्त आयोग अनुदान राशि	-	1,18,04,000.00	69,33,756.00	48,70,244.00	
राज्य वित्त आयोग	-	35,65,000.00	35,65,000.00	-	
मुद्रांक शुल्क	-	5,97,000.00	8,67,564.00	(2,70,564.00)	म्युनिसिपल फण्ड से भुगतान

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मुख्यमंत्री शहरी अधोसरंचना विकास योजना	90,00,000.00	-	51,88,957.00	38,11,043.00	
श्रम विभाग से योजना हेतु अनुदान	3,55,800.00	-	-	3,55,800.00	
प्रधान मंत्री डी पी आर अनुदान	2,941.00	-	-	2,941.00	
प्रधान मंत्री आवास योजना	58,10,960.00	-	13,10,960.00	45,00,000.00	
कचरा वाहन क्रय हेतु अनुदान	5,40,000.00	-	-	5,40,000.00	
शेड निर्माण हेतु	5,00,000.00	-	-	5,00,000.00	
स्वच्छ भारत मिशन	-	3,00,000.00	-	3,00,000.00	
संबल योजना	24,55,000.00	12,00,000.00	24,65,000.00	11,90,000.00	
अन्य	5,000.00	-	5,000.00	-	
महा योग	**1,86,69,701.0**	**2,13,04,000.0**	**2,41,84,987.0**	**1,57,88,714.0**	

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 explained to us, ULB has not accorded any loan and consequently no details related with Loan provided for verification purpose. Hence we cannot comment whether loan repayment or asset created out of loan.

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

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Nagar Parishad, Meghanagar, Dist. Jhabua (M.P)

Receipts & payment Accounts

For The Period 1st April 2019 to 31st March 2020

Receipts	Amount	Payments	Amount
Opening Balance		Accounting Charges FY 18-19	15,000.00
CASH IN HAND	2,93,718.00		
CASH AT BANK	1,39,22,731.00	Audit Fees FY 18-19	41,300.00
Application Fees	1,69,236.00	Bank Charge	1,405.00
		Cable Purchases Exps	81,482.00
Audit Objection FY 17-18 & 18-19	13,663.00	Cc Pipe Purchases	1,06,178.00
Cattle Registration	12,570.00	Laptop Purchases	1,14,002.00
Cleaning Tax	10,610.00	Computer Exps	37,826.00
Colony Development Fee	3,51,165.00	Constructions Exps	15,28,154.00
Consolidation Tax (Current)	54,840.00	Diesel Expenses	10,41,603.00
Consolidation Tax (Previous)	1,08,720.00	Drainage Construction	55,43,951.00
Construction Fees	2,05,376.00	Dushera Exps	2,05,267.00
Education Fees (Current)	83,517.00	Electricity Exp	20,98,638.00
Education Fees (Previous)	1,73,745.00	Electricity Rent Exp	22,000.00
Interest on FDR	1,12,250.00	Electric Works Exp	10,12,886.00
Interest Received	3,39,402.00	Festival Sweets Exp	1,63,078.00
Market Sitting	1,78,360.00	Fibre Toilet Purchase	3,35,857.00
Missleneous Fees	7,60,589.00	Furniture Exps	83,000.00
Mukhyamantri Swarojgar Yojana Income	30,000.00	GL Code Work Exp	35,400.00
Namantaran Shulak	81,528.00	GST Exp	30,930.00
Octrai Compensation	1,19,16,550.00	Hand Pump Pipe Purchases Exps	3,14,455.00
Property Tax (Previous)	5,75,989.00	Income Tax Work	22,000.00
Property Tax (Current)	2,69,670.00	Insurance Exps	70,552.00
Pradhanmantri Awas Yojana Income	90,000.00	Internet Exps	33,000.00
Received for 15 Finance	1,18,04,000.00	Iron Work	66,371.00
Received for Basic Plan	30,46,000.00	Jalau Lakdi (Wood)	56,628.00

Chief Municipal Officer
Nagar Parishad Meghnagar

PATIDAR & ASSOCIATES
CHARTERED ACCOUNTANTS
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Received for Road Repairing & Maintanance	7,92,000.00	JCB Rent Exp	7,64,197.00
Received for Sambal Finance	12,00,000.00	Labour Tax	71,217.00
Received From Stamp Duties	5,97,000.00	Missleneous Expense	3,36,489.00
Received From State Finance Office	35,65,000.00	Mukhyamantri Swarojgar Yojana Exp	30,000.00
Security Deposit	12,000.00	News Paper	14,970.00
Shop Rent Building and Land (Current)	1,914.00	New Water Tanker Purchase	1,71,725.00
Shop Rent Building and Land (Previous)	9,372.00	Pipe Purchases Exps	5,37,073.00
Surcharge (Current)	78,660.00	Pradhanmantri Awas Yojana Exp	9,70,960.00
Surcharge (Previous)	1,59,541.00	Profession Tax	10,000.00
Swaccha Bharat	3,00,000.00	Refreshment Exps	7,880.00
Tender From Fees	40,000.00	Repairing Work	1,12,696.00
Water Tax (Current)	5,75,300.00	Sainatsation Exps	8,87,354.00
Water Tax (Previous)	3,07,310.00	Salary to Parshad	3,59,615.00
Bhavishya Nidhi Exp	57,600.00	Salary to Permanant Workers	20,44,967.00
Labour Tax	71,217.00	Salary to Temporary	1,43,24,923.00
Paribhashit Pension	1,17,198.00	Sambal Yojana Exps	24,65,000.00
Pariwar Kalyan Nidhi	8,000.00	School Construction	1,84,254.00
Security Deposit Deduction	4,93,469.00	Security Deposit Deduction	4,93,469.00
		Security Exp	80,300.00
		Stationery and Printing Exp	1,31,294.00
		Statue Constructions Exps	74,250.00
		Survey Exps	2,77,840.00
		TDS on Expense	1,77,628.00
		Tent House Exps	6,42,889.00
		Tractor Rent Exps	77,220.00
		Traveling Exps	1,08,370.00
		Tubewell Drilling Exp	6,25,257.00

Chief Municipal Officer
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		Vigyapti Prakashan & Advertisment	5,87,522.00
		Water Distribution Exp	3,33,238.00
		Water Exps	3,51,315.00
		Water Tanker Rent	7,01,019.00
		Wokers Arrear Exp	1,36,239.00
		Yatri Pratikshalaya Nirman	2,78,345.00
		Previous Addatt Rashi Payment	8,83,822.00
		CLOSING BALANCE	
		CASH IN HAND	40,815.00
		CASH AT BANK	1,06,34,695.00
Total	**5,29,89,810.00**	**Total**	**5,29,89,810.00**

Chief Municipal Officer,
Nagar Parishad, Meghnagar

Accountant
Chief Accounts Officer

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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 28.70 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	6.50	4.33	2.17	5.51	1.84	3.67	5.84
2	Samekit Kar	2.10	0.88	1.22	3.00	0.38	2.62	3.84
3	Nagriya Vikas Upkar	1.81	1.27	0.54	2.04	0.56	1.48	2.02
4	Shiksha upkar	1.81	1.32	0.49	2.04	0.60	1.44	1.93
5	Thos Apshist Upbhokta Prabhar	0.00	0.00	0.00	0.00	0.71	-0.71	-0.71
6	Jal Upbhokta Prabhar	10.40	2.40	8.00	9.96	3.66	6.30	14.30
7	Bhawan Bhumi kiraya	2.00	0.16	1.84	0.00	0.36	-0.36	1.48
8	Maveshi Bazzar	0.00	0.00	0.00	10.10	2.01	8.09	8.09
9	Other	0.00	0.00	0.00	0.00	9.96	-9.96	-9.96
	Total	**24.62**	**10.36**	**14.26**	**22.55**	**8.11**	**14.44**	**28.70**
	Total Un-Recovered amount							**28.70**

Date: 23-09-2020

Chief Municipal Officer
Nagar Parishad Meghnagar

For Patidar & Associates
Chartered Accountants

CA Neelesh Patidar
Partner
MRN - 418806

Name of ULB Meghnagar Nagar Parishad
Name of Auditor Patidar & Associates

Annexure C
(in lakhs)

S.no.	Parameters	Description		% of growth	Observation in brief		Suggestions
	Audit of Revenue	**Receipt in (Rs.)**			**Collection % w.r.t. to CY dues**		
	Rajaswa Kar wasooli	**2018-19**	**2019-20**				
1	Sampatti Kar	15.64	6.17	-60.55	33.39%	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	2.68	1.26	-53.06	12.67%	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	0.00	1.83	NA	27.45%	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	4.33	1.92	-55.63	29.41%	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
	Total	**22.65**	**11.18**				
	Gair-Rajaswa wasooli						
5	Thos Apshist Upbhok	0.00	0.71	NA		Need to improve collection efforts of previous years dues.	Previous year dues were not outstanding.
6	Jal Upbhokta Prabha	15.73	6.06	-61.47	36.75%	Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
7	Bhawan Bhumi kiraya	1.64	0.52	-68.31		Need to improve collection efforts of previous years dues.	ULB should impose strict penalties and legal actions to improve past Due collections.
8	Maveshi Bazzar	0.00	2.01	NA	19.90%	Need to improve collection efforts of previous years dues.	Previous year dues were not outstanding.
9	Other	0.00	9.96	NA		Need to improve collection efforts of previous years dues.	Previous year dues were not outstanding.
	Total	**17.37**	**7.29**				
	Grand Total	**40.02**	**18.47**				

Chief Municipal Officer
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Reporting on Audit Paras for Financial Year 2019-20

Name of ULB: **Meghnagar Nagar Parishad**
Name of Auditor: **Patidar & Associates, Chartered Accountants**

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

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8	a) Percentage of revenue expenditure (Establishment, salary, Operation& Maintenance) with respect to revenue receipts (Tax & Non Tax).	168.09% (2,84,40,547 / 1,69,19,877) x 100		
	b) Percentage of Capital expenditure wrt Total expenditure.	27.68% (1,17,12,635 / 4,23,14,300) x 100		
9	Whether all the temporary advances have been fully recovered or not.		Cases of outstanding advances have been outlined in point no. 3 (3) of report attached.	ULB should impose strict action to collect such amount or make necessary adjustment after prior approval of relevant authority.
10	Whether bank reconciliation statements is being regularly prepared		BRS prepared by the ULB	NA