



Patidar & Associates
Chartered Accountants

Office :
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INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of AMLA MUNICIPAL COUNCIL

1. Report on the Financial Statements

We have audited the accompanying financial statements of AMLA MUNICIPAL COUNCIL ("the Council"), which comprise the Balance Sheet as at March 31, 2020 and the Income and Expenditure 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 Council'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 Council 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 Council 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.

3. Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Council's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the



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circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Council'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 Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information as required by the Manual in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Council as at 31st March, 2020 and its income/expenditure for the year ended on that date.

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) Non-availability of details and non-recognition of entries in books of accounts related to security deposits provided by contractors and other service providers to the Council.
- c) Shop rents which are outstanding were not made available to us due to non-maintenance of register/records properly.
- d) Demand register for revenue receivables are incomplete and not maintained properly.
- e) Fixed deposit Receipts had not been attached with Tender Files and also no contract closure procedure is performed 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 Council so far as appears from our examination of those books.
- c) The Balance Sheet and Income and Expenditure Account deal with

in agreement with the books of account.

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- d) Except for the matter described in the Basis for Qualified Opinion paragraph above, the Balance Sheet and Income and Expenditure 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 Council.
- 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 Council and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 1'.

Place: Bhopal
Date: 27/08/2020
UDIN No: 20418806AAAABD7067

For Patidar & Associates
Chartered Accountants



CA Neelesh Patidar
(Partner)

MRN - 418806

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Annexure '1'

Report on Internal Financial Controls over Financial Reporting

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

We have audited the internal financial controls over financial reporting of AMLA MUNICIPAL COUNCIL ("the Council") as of March 31, 2020 in conjunction with our audit of the financial statements of the Council for the year ended on that date.

2. Management's Responsibility for Internal Financial Controls

The Council's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Council. 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 Council'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 Council'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 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.

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

4. Meaning of Internal Financial Controls Over financial Reporting.

A Council'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 Council'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 Council;
- 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 Council are being made only in accordance with authorizations of management and officers of the Council; and
- c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Council'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.

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 Council did not have an appropriate internal financial control system over financial reporting since the internal controls adopted by the Council did not adequately consider risk assessment, which is one of the essential components of internal control, with regard to the potential for fraud forming risk assessment



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- b) The Council did not have an appropriate internal control system for tax and user charges collection, tax demand evaluation and establishing proper segregation of tax and user charges to various heads of revenue, which could potentially result in the Council recognizing revenue without establishing reasonable certainty of ultimate collection.
- c) The Council 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 Council's trade payables, consumption, inventory and expense account balances.
- d) The Council 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 Council'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 Council'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 Council 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 internal control over financial reporting criteria established by the Council.

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 Council, and these material weaknesses do not affect our opinion on the financial statements of the Council.

Place: Bhopal
Date: 27/08/2020

For Patidar & Associates
(Chartered Accountants)

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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. 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.

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

Details are given in Annexure C attached to this report.

iv) 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.

v) 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.

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

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

However, on verification of revenue registers we observed huge pending from past several years, below mentioned are few cases.



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In case of property tax

S.No.	Ward No.	Consumer Name	Previous O/s	Current Due	Total	Remarks
10	6	Saheb Lal	22,078.00	2,000.00	41,018.00	No unique Identification No. Provided
12	6	Bhai Lal	13,757.00	3,183.00	25,685.00	No unique Identification No. Provided
13	4	Shiv Pal Singh	7,610.00	1,135.00	84,071.00	No unique Identification No. Provided
114	6	Anuraj/Rajni Yashwant	56,572.00	18,754.00	75,326.00	No unique Identification No. Provided

In case of Water Tax

S.No.	Ward No.	Consumer Name	Outstanding Year's	Outstanding Amount (Rs.)
1	1	Aadil Nadil Zaheer	March 2003-March 2020	7,340.00
2	2	Shivlal Ramprasad	March 2003-March 2020	8,070.00
3	2	Kishanlal Shyamlal	September 2002-March 2020	12,185.00
4	2	Chotelal Shobhalal	April 2003-March 2020	11,820.00
5	2	Balla Shivadin Rathore	March 2005-March 2020	10,580.00
6	3	Kailash Badriprasad	April 2013-March 2020	9,445.00
7	4	Bhadulal Bihari	January 2001-March 2020	13,240.00
8	4	Ramchandra Jain	November 2002-March 2020	12,100.00
9	5	Alim Shakeel Kareem	August 2009-March 2020	7,755.00
10	6	Dr. I K Soni	February 2009-March 2020	9,860.00

In case of Shop Rent

No Records were made available to us for verification, therefore cannot comment upon recovery made and GST were properly deducted or not.

vii) The auditor shall verify the interest income from FDR's and verify that interest is duly and timely accounted for in cash book.

We have verified the interest income from FDR's and noticed that interest income is not recognised in books of accounts on accrual basis. As interest income recorded at the time of FDR maturity as the same are in auto renewal mode.

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



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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 discrepancy.

1. In case of payment, proper bill is not placed by the contractor as essentials of bill is not been made; instances for the same is tabled below:-

Date	Voucher No.	Contractor/Supplier	Amount	Remark's
02/11/2019	367	Rewind Work	57,600.00	Bill number not mentioned
18/11/2019	90	Devrao Patkar	3,200.00	Bill number not mentioned

2. Quotations and documents are generally not annexed with vouchers.

3. ULB are in the practice of deducting TDS on every payment of Rs.5000/- and above without actual following the prescribed limit after which the same to be deducted for respective sections of TDS.

4. ULB deducted TDS on purchases they were made, however this is not a correct practice.

3) He should also check monthly balance of the cash book and guide the accountant to rectify errors, if any.
No issue of any difference in totalling amount was noticed in course of our verification.

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

No such instance has been noticed during the course of our verification.

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

6) During the audit financial propriety shall also be checked. All the expenditure shall be supported by financial and administrative sanction 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



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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 instance were noticed during the test check of such entries conducted by us.

- 8) The auditor shall be responsible for verification of scheme wise project wise Utilization Certificate (UCS). UC's shall be tallied with the income & expenditure and creation of Fixed Asset
We have verified, on test check basis, the Utilization certificates of various schemes, Grant registers maintained and the same tallies with the income & expenditure and creation of fixed asset. Fixed assets were recognised on payment of final bill and recorded in Registers maintained for fixed asset separately.

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. Accounts department has capitalized the expenditure after final payment of measurement book. 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 Council.

- 9) He shall verify that all temporary advances have been fully recovered.
Staff advance register were made available to us and detail regarding the same is provided in sub point (iii) of Point 3.

3. Audit of Book Keeping


- i) 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 Council and on perusal of books of accounts by us, it was noticed by us that the Council has not maintained all the required books of accounts as prescribed under MP MAM. The bookkeeping related to stores (other than water supply store Dept.) were not provided to us for verification. Hence, it was not possible for us to verify the same.

- ii) He shall verify that all the books of accounts and stores are maintained as per Accounting Rules applicable to the Urban local Bodies. Any discrepancy 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

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maintained as per Accounting Rules applicable to the Urban local Bodies. Also, the accounts prepared are not in conformity with the accounting standards for local bodies as issued by Institute of Chartered Accountants of India.

- iii) 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 Council, advances are recovered by deducting the same from the salary of respective officer/employee. Detail to whom advance given are provided below:-

S.No.	Name of Person to whom advance is given	Amount (Rs.)
1	CMO, Amla	5,000.00

- iv) 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

We have verified the bank reconciliation statements (BRS) of all the concerned banks from accounts and records and found them correct. Details regarding the balances as on 31/03/2020 are provided in table below:-

S.No.	Bank Name	Bank Account No.	Closing Balance as per Cash book as on 31/03/2020	Closing Balance as per Pass book as on 31/03/2020	Difference
1	State Bank of India	10936841061	8,41,212.35	8,41,212.35	-
2	State Bank of India	53032945238	1,31,99,406.88	1,31,99,406.88	-
3	Central MP Gramin Bank	2003571110007	8,934.30	8,934.30	-
4	Punjab National Bank	0506002100004983	3,39,147.09	3,39,147.09	-
5	Union Bank of India	746602010002708	18,99,940.80	18,99,940.80	-
6	Bank of India	953610210000026	89,885.65	89,885.65	-
7	Bank of India	953610210000335	3,94,891.18	3,94,891.18	-
8	State Bank of India	30302098308	1,41,476.00	1,41,476.00	-
9	Zila Shekhari Kendriya Bank	650002031644	2,43,850.00	2,43,850.00	-
10	ICICI Bank	173805000766	51,038.50	51,038.50	-
11	Union Bank of India	746601010050003	19,90,105.94	19,90,105.94	-
12	Union Bank of India	746601010050041	59,31,411.00	59,31,411.00	-
13	Punjab National Bank	6545000100034498	67,91,325.00	67,91,325.00	-
14	State Bank of India	36824278792	29,748.84	29,748.84	-
15	State Bank of India	38469322037	38,527.00	38,527.00	-
16	Union Bank of India	746601010050073	13,14,588.28	13,14,588.28	-
TOTAL			3,33,05,488.81	3,33,05,488.81	



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v) 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 verified and found them complete and balanced. Entries verified from Grant register with cash book on test basis and found them to be correctly recorded.

vi) The auditor shall verify the fixed assets register from other records and discrepancies shall be brought to the notices of Commissioner / CMO. During the course of our verification and as explained by the ULB, fixed assets registers were maintained and possess with the PWD Department. Therefore we are not able to verify the same and comment upon whether it is complete and correctly balance.

vii) The auditor shall reconcile the account of receipt and payment especially for project funds.

Separate cash book is maintained for certain special funds, Also these cash books were made available to us for verification. Details regarding the same is tabled below:-

S.no.	Scheme Name	Account No.	Closing Balance as per Cash book as on 31/03/2020	Closing Balance as per Pass book as on 31/03/2020
1	BRGF	2029121791	20,36,487.60	20,36,487.60
2	Vidhayak Nidhi	050601210002016	24,58,470.16	24,58,470.16
3	CM Adhosanrachna	50432211671	1,50,37,760.00	1,50,37,760.00
TOTAL			1,95,32,717.76	1,95,32,717.76

4. Audit of FDR

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

S.NO.	BANK NAME	FDR A/C NO.	Investment Date	Maturity Date	Rate of Interest	Investment Amt.	Maturity Amt.
1	State Bank of India	37025372525	18/07/2019	18/07/2020	7%	28,37,317.00	30,41,204.00
2	State Bank of India	37047751971	28/07/2019	28/07/2020	6.25%	19,00,000.00	22,88,517.00
3	Kshetriya Gramin Bank	200357123	18/05/2019	18/05/2020	-	4,88,079.00	5,52,018.00
4	Kshetriya Gramin Bank	200357121	05/11/2019	05/11/2020	6.38%	7,15,234.34	7,63,996.73
5	State Bank of India	38192042868	16/01/2019	16/01/2021	7.21%	20,00,000.00	22,88,746.00
6	Central MP Gramin Bank	80034511	11/11/2019	11/11/2020	6.65%	30,56,781.00	32,65,182.54

2. It shall be ensured that proper record of FDR's are maintained and renewals are timely done.
Proper records of FDRs are maintained.



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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. Interest on FDR's are booked on receipt basis, as on the maturity and realization of invested amount is recorded in the cash book. However FD's are in auto renewal mode.

5. Audit of Tenders / Bids

1. The auditor is responsible for audit of all tenders / bids invited by the ULB. Only few files related to tenders and bids were presented before us, so we can comment only on basis of cases verified for procedures to tenders / bids.

2. He shall check whether competitive tendering procedures are followed for all bids.
As per the information and explanation provided to us by the management of the Council, proper tendering procedure is followed during the allotment of the same. Hence, it seems that the compliance of such procedures is made.

3. He shall verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period.
Tender fees and bid processing fees has been taken to books of accounts and realized as income of current year. Performance guarantee were recorded in respective registers, which is in possession with PWD Department. For instances purpose some detail are tabled below:-

PARTY NAME	PURPOSE	CONTRACT AMOUNT(Rs.)	Tender Date	TENDER FEES(Rs.)	EMD(Rs.)	Completion Period	PROCESSING FEES(Rs.)	REMARK
Rajdhani Construction	CC Road Construction (Ward No 8,10,12)	20,12,000/-	25/06/2019	5,000.00	15,100.00	6 months	295.00	FO Receipt not attached in Tender file.

4. The bank guarantee, 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/CMO.
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 dates of extension of BG shall be brought to the notice of Council / CMO. Proper guidance to extend the BG's shall also be given to ULB



(Signature)
सुभाष मंगल पाटीदार
भारत पाठिकाय अधिवक्ता



Patidar & Associates
Chartered Accountants

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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

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

Verification had been conducted for the grants received from the Central government, Details for the same is provided in table below:-

S.No.	Grants	Opening Balance	Received	Utilized	Closing Balance
1	PMAY	80,29,000.00	60,20,000.00	85,10,000.00	55,39,000.00
2	BRGF	21,08,905.00	-	-	21,08,905.00
3	14th Finance Commission	50,09,515.00	2,26,10,000.00	1,56,96,593.00	1,19,22,922.00

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

Verification had been conducted for the grants received from the State government, Details for the same is provided in table below:-

S.No.	Grants	As on 01/04/2019	Received during the year	Utilization	As on 31/03/2020
1	Road Development	14,91,487.00	17,23,000.00	29,41,766.00	2,72,721.00
2	Basic Amenities	14,29,741.00	70,96,000.00	85,26,485.00	(744.00)
3	State Finance Commission	12,38,835.00	52,62,000.00	65,01,228.00	(393.00)
4	MLA	30,93,715.00	3,14,500.00	9,49,745.00	24,58,470.00
5	Payjal Parivahan Yojna	6,60,000.00	-	6,60,000.00	-
6	Fire Vehicle	1,61,678.00	-	1,61,678.00	-
7	Special Fund	25,00,000.00	-	-	25,00,000.00
8	Swaccha Bharat Mission (Shauchalya)	4,35,699.00	-	-	4,35,699.00
9	CM Shehari swacchta mission	11,19,061.00	3,00,000.00	2,61,744.00	11,57,317.00
10	Sambal Yojna	12,00,000.00	12,00,000.00	22,00,000.00	2,00,000.00
11	CM Adhosanrachna	2,00,00,000.00	-	74,96,099.00	1,25,03,901.00

iii) 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 Loan is obtained during the financial year neither outstanding from previous years.



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मुख्य नगर पालिका अधिकारी
नगर पालिका परिषद खामना



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

As per the information available to us and as per our verification some instances of diversion of funds from one grant account to another has not been noticed.

Differences may arise due to difference of balance in grant register and non-adherence to guidelines related to opening of a designated bank account for each grant. Possibilities cannot be ruled out for situations wherein same bank account may be used for regular transactions of administration of Council like salary and other administrative expense. It is strongly suggested to maintain the spirit of financial propriety that separate bank account should be maintained for each fund and monitored separately while regular expense of Council should be paid through bank account for such purpose. Hence, diversion of fund cannot be rolled out.



पुण्य नगर पालिका म. वा. कार्यालय
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Nagar Palika Parishad Amla, Dist. Betul
Receipts and Payments For the Period 2019-20

Receipts	Amount(Rs.)	Payments	Amount(Rs.)
Opening Balances			
Cash and Bank Balance	4,74,34,857.53		
ULB Income		Establishment Expenses	
Yatri kar	3,94,000.00	Salary, Wages, Arrears	3,88,03,828.00
Samekit Kar	5,01,100.00	Meeting and Allowances	4,48,264.00
Jal kar	15,63,895.00	Vehicle Rent	3,74,377.00
Sampatti kar	15,67,337.00	Computer Expenses	2,92,445.00
Vikas kar	2,98,953.00	Employee Advance	83,000.00
Shiksha Kar	2,99,226.00	Avshah Vetan	32,01,050.00
Vikas Upkar	59,060.00	Misc. Expenses	29,83,795.72
Advance	78,000.00	Hawkers Expenses	7,01,640.00
Samanya Pratishat Kar	2,97,670.00	Administration Expenses	
Tirth Darshan	1,00,000.00	Tirth Darshan Yatra	25,739.00
Rental Income		Postage Ticket	1,500.00
Dukan Kiraya	6,720.00	Alau Jalau Lakdi	37,500.00
Bazaar Kiraya	14,11,424.00	Printing and Stationery	5,67,301.00
Fees and Charges		Advertisement	3,82,268.00
Tender fee	1,16,000.00	Telephone	24,912.00
Stamp Fee	7,48,000.00	Vachnalaya Expenses	22,600.00
Registration Certification fee	56,673.00	Vehicle Insurance Premium Exp	1,54,960.00
Vehicle Stoppage fee	1,46,440.00	Tree Plantation Expenses	1,76,524.00
Nomination Agreement	1,00,800.00	Taxes and Duties	
Rain Water Harvesting	1,05,000.00	Professional Tax	1,20,000.00
Tap connection	1,10,722.00	Income Tax	12,07,990.00
Bazaar Book	5,550.00	Labour Tax	1,38,535.00
Ration Card fees	4,560.00	Consultancy Fees	35,000.00
Bhu-Bhatak	730.00	Operation and Maintenance Expenses	
Dainik Gujari	18,480.00	New Tube well Construction	1,10,000.00
Colonizer shulk	3,89,710.00	Drain work Expenses	7,68,619.00
Grants		Electrical Material Expenses	1,08,24,641.00
Octroi Compensation	3,65,43,810.00	Street light work Expenses	5,64,445.00
14th Finance Commission	2,26,10,000.00	Toilet Construction expenses	53,015.00
PMAY Yojna	60,20,000.00	CM Infrastructure works	44,49,714.00
Moolbhoot Grant	70,96,000.00	Park and Garden Develop Expenses	41,141.00
State Finance Grant	52,62,000.00	R.C.C Road Construction Expenses	52,26,269.00






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Road and Repair Grant	18,49,000.00	Hand Pump Repairing work	48,000.00
Swacch Bharat Mission Grant	3,00,000.00	Cultural and Programs expenses	1,24,600.00
Sambal Yojna Grant	14,00,000.00	Kitchen Shed Amount	3,00,000.00
Drinking Water Grant	30,56,781.00	Garbage and Management Tax	5,39,782.00
Vidhayak Nidhi Grant	27,100.00	Health Depot Oil Chemical Expenses	8,78,480.00
Others		Water Motor Pump Set expenses	50,29,561.00
Interest received	17,18,807.00	Deposit Return	3,53,300.00
Security Deposit	4,05,100.00	Diesel expenses	12,29,521.00
Misc. Received	29,63,342.00	PMAY Awas Yojna	88,30,000.00
Late fee	54,772.00	Drinking Water Distribution expenses	41,76,259.00
		Vehicle Repairing Work expenses	4,74,045.00
		PWD works	12,23,072.00
		Swachata Advertisement Expenses	9,96,513.00
		Rain Water Harvesting	94,514.00
		Scheme/ Yojna	
		Sambal Yojna	22,00,000.00
		Closing Balances	
		Cash and Bank Balance	4,68,02,899.81
TOTAL	14,51,21,619.53	TOTAL	14,51,21,619.53


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नगर पालिका परिषद
आमला


मुख्य कार्यपालिका अधिकारी
नगर पालिका परिषद आमला





Other Audit Observations

1. Non recovery of taxes

Urban Local Bodies (ULB) earn revenue from their own resources through taxes, rent, fees, issue of licenses etc. In test checked Nagar Palika Nigam as of 31 March 2020 a sum of Rs. 30.45 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 taxes

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 Curent Year	Total un-recovered amount
1	Sampatti Kar	10.74	7.50	3.24	20.41	13.15	7.26	10.50
2	Samekit Kar	4.64	2.71	1.93	5.31	3.03	2.28	4.21
3	Nagriya Vikas Upkar	2.42	1.19	1.23	3.89	2.49	1.40	2.63
4	Shiksha upkar	3.18	1.35	1.83	3.89	2.47	1.42	3.25
5	Jal Upbhokta Prabhar	12.62	7.56	5.06	16.35	11.55	4.80	9.86
	Total	33.60	20.31	13.29	49.85	32.69	17.16	30.45
	Total Un-Recovered amount (Rs. In Lakhs)							30.45

Place: Bhopal

Date: 27/08/2020

For Patidar & Associates

(Chartered Accountants)



Neelesh Patidar
Partner
MRN - 418806

मुख्य नगर वसतिगृह अधिकारी
नगर पालिका परिषद आगला

Name of ULB		Amia Municipal Council		Observation in Brief	Suggestions
Name of Auditor		Partner & Associates			
S. No.	Particulars	Description			
		Year 2018-19	Receipts in Rs (lakhs) Year 2019-20	% of Growth	
1	Arduh of Revenue				
	Revenue Kar Maseeh				
1	Property Tax	Rs. 24.06	Rs. 30.65	10.45%	ULB should impose strict penalties and legal actions to improve past Due collections.
2	Sanchoet Kar	Rs. 8.10	Rs. 5.74	-29.14%	ULB should impose strict penalties and legal actions to improve past and current due collections.
3	Mughya Vikas Uptkar	Rs. 4.70	Rs. 3.62	-21.70%	ULB should impose strict penalties and legal actions to improve past and current due collections.
4	Sukanya Uptkar	Rs. 5.67	Rs. 3.82	-32.63%	ULB should impose strict penalties and legal actions to improve past Due collections.
	Total	Rs. 41.53	Rs. 33.89	-18.40%	
	Gair-Rajastani Waseeh				
1	Ud Uptkashala Prashar	Rs. 15.76	Rs. 19.11	21.26%	ULB should impose strict penalties and legal actions to improve past and current due collections.
	Total	Rs. 15.76	Rs. 19.11	21.26%	
	Grand Total	Rs. 57.29	Rs. 53.00	-7.49%	



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Reporting on Audit Paras for Financial Year 2019-20

Name of ULB:

Amla Municipal Council

Name of Auditor:


Patidar & 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 as it is deducted without following prescribed limits provided.
3	Audit of Book keeping	Verification of books of accounts and stores are maintained as per accounting rules, advance register and check timely recovery, Bank reconciliation statement, grant register, fixed asset register	Observations were listed in brief in point no. 3 of annexure 2 of audit report attached	Required books of accounts as prescribed under MP MAM Should be maintained
4	Audit of FDR/TDR	Verify fixed deposits and term deposits and their maintenance	Observations were listed in brief in point no. 4 of annexure 2 of audit report attached	Outstanding FDR's details during the year are provided in prescribed annexure.
5	Audit of Tenders and Bids	Verify Tenders/Bids invited by ULB and competitive tendering procedures followed	Observations were listed in brief in point no. 5 of annexure 2 of audit report attached	Procedure for Tenders opening and Performance review should be carefully monitored and complied.
6	Audit of Grants & Loans	Verification of Grant received from Government and its utilisation	Observations were listed in brief in point no. 6 of annexure 2 of audit report attached	Grant register should be updated and balanced regularly with its Utilization Certificate.
7	Verify whether any diversion of funds from capital receipt /grants /Loans to revenue expenditure and from one scheme /project to another.		Observations related to diversion of funds has been pointed out in point no. 6 (iv) of annexure 2 of report attached	



8	a) Percentage of revenue expenditure (Establishment, salary, Operation & Maintenance) with respect to revenue receipts (Tax & Non Tax).	433.66% $(5,86,39,497 / 1,35,22,071) \times 100$		
	b) Percentage of Capital expenditure wrt Total expenditure.	42.21% $(4,28,24,398 / 10,14,63,895) \times 100$		
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 on Regular basis.	




 मुख्य कार्यकारी अधिकारी
 नगर पालिका, नवलपरासी