

AUDITOR'S REPORT

We have audited the attached Financial Statement of "**NAGAR PALIKA PARISHAD - NEEMUCH, DIST -NEEMUCH (M.P.)**" as at 31.03.2016, for the period from 01.04.2015 to 31.03.2016. These financial statements are the responsibility of the Janpad Panchayat. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to notes gives a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Receipt and Payment Account of the receipt and payment of "**NAGAR PALIKA PARISHAD - NEEMUCH, DIST -NEEMUCH (M.P.)**" during the year ended on 31.03.2016.

Date – 20/10/2016
Place – Neemuch

For S K PATODIA & ASSOCIATES
Chartered Accountants



Arun Poddar
(Partner)
M. No. 134572

AUDIT OBSERVATION

| Sr. No. | Audit Questionnaire | Auditors Observation |
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| A) Audit of Revenues | | |
| 1 | Had Auditor Checked The Revenues From Various Sources. | We Have Verified The Cash Book For Audit Of Revenue From Various Sources i.e Tax Revenues, Rental & Premium From Municipal Properties, Fees & Other User Charges, Revenue Grants, Interest Earned And Other Revenue Receipts. |
| 2 | Has Auditor To Check The Revenue Receipts From The Counterfiles Of Receipt Books And Verify That The Money Received Is Duly Deposited In Respective Bank Account. | We Checked All The Revenue Receipt From The Counter File Of Receipt Book And Verified That The Money Received Is Also Deposited In Respected Bank Account. |
| 3 | Whether Amount Received Deposited in 2 Working Days After Receipt. | Revenue Receiveds Are Deposited Within 2 Working Days in Respective Bank Account Except Bank Holidays. |
| 4 | Whether Cash Book Enteries Are Verified. | We Have Verified All Cash Book With The Receipts And Payments Voucher And Rokariya Receipts. |
| 5 | Whether Any Instance Noticed In Lapse Of Revenue Recovery Against The Quarterly/Monthly Targets. | No Such Case Found. |
| 6 | Interest Income From FDR's Is Timely Accounted In The Cash Book. | In a Few Cases Nagar Palika Does Not Pass Entries of Interest Earned On FDR. |
| 7 | Is There Any Investment Made on Lesser Interest Rate. | We Have Not Seemed Any Investment On Lesser Interest Rate. |
| B) Audit of Expenses | | |
| 1 | Whether Expenditure Under All The Schemes Are Verified. | We Have Covered All Schemes Expenditures . |
| 2 | Whether All Enteries Are Checked From The Entries In The Cash Book And Verifying Them From Relevent Vouchers. | We Have Checked And Verified With The Relevent Vouchers All Vouchers Are Correct. |
| 3 | Whether Monthly Balances Of Cash Book Are Checked. | We Have Checked Monthly Closing Balances of Cash Book. |
| 4 | Whether Expenditure For A Particular Scheme Is Limited To The Funds Allocated For That Particular Scheme. Any Over Payment Shall Be Mentioned, If Any | No Over Payment made by the ULB. |
| 5 | Whether All Expenditure Are Made In Accordance With The Guidelines, Directives, Acts And Rules Issued By Government Of India/State Government. Descrepancies, If Any Shall Be Mentioned | All Expenditure Are Made In Accordance With The Guidelines, Directives, Acts And Rules Issued By Government Of India/State Government. Descrepancies Mentioned in Attaached Audit Note. |
| 6 | Whether All The Expenses Were Under Financial Propriety And The Expenditure Is According To The Financial And Administrative Sanction Accorded By The Competent Authority. | All The Expenses Were Under Financial Propriety And The Expenditure Is According To The Financial And Administrative Sanction Accorded By The Competent Authority. |

मुख्य नगर पालिका अधिकारी
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| 7 | Whether Verification Of Scheme Wise Project Wise Utilization Certificates (UC'S.) Obtained And Talled With The Income & Expenditure Records And Creation Of Fixed Asset. | We have Cheked Project Wise Utilization Certificates (UC'S) Provided by Nagar Palika. All UC'S Talled With the Income Expenditure And Creation of Fixed Assets. |
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C) Audit of Book Keeping

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| 1 | Whether The Auditor Verified All The Books Of Accounts As Well As Stores. | We Checked All The Books Of Accounts Which Maintained By The Nagar Palika. |
| 2 | Whether All The Books Of Accounts And Stores Are Maintained As Per Accounting Rules Applicable To Urban Local Bodies. Any Descripencies Shall Be Brought To The Notice Of Commissioner/CMO. | Nagar Palika Maintained All The Books of Accounts Manually Except Ledger, Grant Register And FDR Register's They Maintained These Register in a Soft Copy. |
| 3 | Whether Advance Register Are Verified And All The Advances Are Timely Recovered According To The Conditions Of Advances. All The Cases Of Non Recovery Shall Be Specifically Mentioned In Audit Report. | We Have Cheked Advance Register And verify That All Advances Recoverd Timely. |
| 4 | Whether Bank Reconciliation Statements Are Be Verified From The Records Of ULB And The Bank Concerned. | We Have Verified Bank Reconciliation Statements From the Records of ULB And We Attached a Copy of BRS With The Audit Report. |
| 5 | Whether Enteries In The Grant Register Are Verified. And The Receipts And Payments Of Grants Shall Be Duly Verified From The Entries In The Cash Book. | We Have Checked Grant Register Which is Maintained in a Soft Copy And Verified The Same From Cash Book. |
| 6 | Whether Fixed Assets Register Maintained. | Nagar Palika Maintained Fixed Assets Register. |
| 7 | Whether Project Fund Reciept & Payment Are Prepared And The Same Is Reconciled. | We Have Reconcile Reciept & Payment Of Project Fund As Per Cash Book. |

D) Audit of FDR

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| 1 | Whether All Fixed Deposits And Term Deposits Are Verified. | Yes We Have Verified All The FDRs |
| 2 | Whether Proper Records Of FDR's Are Maintained And All Renewals Are Timely Done. | All The Records Of FDR'S Are Properly Maintained And All The Renewals Are Timely Done. |
| 3 | Whether Cases Found Where FDR's/TDR's Are Kept At Low Rate Of Interest Than The Prevailing Rate. | We Don't Found Such Cases. |
| 4 | Whether All Interest Earned On FDR/TDR Shall Be Verified From Entries In The Cash Book. | In a Few Cases Nagar Palika Accountant Does Not Pass Entries of Interest Earned On FDR. |

E) Audit of Tenders

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| 1 | Whether audit of all tenders/bids invited by the ULB's are done | We have examine Tender/Bid Documents invited by ULB. |
| 2 | Whether competative tendering procedures are followed for all bids. | Competative tendering procedures are followed. |
| 3 | Whether all enteries of the receipts of tender fee/bid processing fee/performance gurantee both during the construction and maintenance period are verified. | All the entries are verified. |
| 4 | Whether the bank guarantees, if received in lieu of bid processing fee/performance gurantee are verified from the issuing banks. | No bank guarantee received. |

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| 5 | Whether the conditions of BG's also verified, any BG with any such condition which is againsts the interest of the ULB shall be verified and brought to the notice of Commissioner/CMO. | No such case found. |
| 6 | The cases of extension of BG's shall be brought to the notice of Commissioner/CMO. Proper guidance to extend the BG's shall also be given to ULB's. | No such case found. |
| 7 | The contract closures shall also be verified by the auditor. | We have examine Contract closures documents. |

F) Audit of Grants & Loans

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| 1 | Whether audit of all grants given by central Government and it's utilization are done. | Nagar Palika Has Received 8,11,96,000.00 As Grant From Central Government. |
| 2 | Whether audit of all grants given by State Government and it's utilization are done. | Nagar Palika Has Received 16,59,02,979.00 As Grant From State Government. |
| 3 | Whether audit of loans provided for physical infrastructure and it's utilization are done. If any, 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. | Neither Assets/Physical Infrastructure has been generated out of Loan taken. |
| 4 | Whether any instance found out any diversion of funds from capital receipts/grants loans to revenue expenditure. | During Audit We Found That Some Grants Are Like Mixed Nature i.e. Capital & Revenue Nature Therefore In That Cases We Can't Bifurcate How Much Portion Belongs To Revenue Or Capital. Except That All Grants Use For The Purpose For Which Grants Have Received. |

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