

C.K.Jain & Associates

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AUDIT REPORT IN CONNECTION WITH ANNUAL AUDIT OF NEEMUCH NAGAR PALIKAPARISHAD

We have examined the Receipt & Payment Account, for the year ended on 31st March 2017, attached herewith, of Neemuch Nagar Parishad, Neemuch. With regards to the Audit, we have made the following observation:

- We certify that the Receipt & Payment Account are in agreement with the books of account maintained at the office of Nagar Palika Parishad;

- We report the following observations/discrepancies/inconsistencies :

"As per notes to accounts in annexure "A" Attached".

- The observations/ discrepancies /inconsistencies observed in regards with the scope of audit have been detailed out in "Annexure B" along with its sub schedules B-1 to B-7.
- Details regarding revenue collection against the budgeted targets and the growth attained during the year in comparison to previous year in given in "Annexure C".

- Subject to above,-

- I. We have obtained all the information and explanations which, to the of best our knowledge and belief, were necessary for the purposes of the audit;
- II. In our opinion, proper books of accounts have been kept by the above named Entity so far as it appears from the examination of the books.
- III. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes thereon, given in above Annexure 'A' give a true and fair view of the Receipts and Payments account of the Neemuch Nagar Palika for the year ended on as at 31st March 2017.

Place: Ujjain

Date: 01.09.2017

C.K. Jain & Associates

Membership No.075397

Firm Reg. No. 006506C



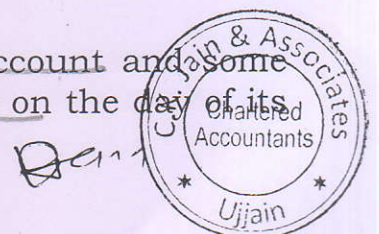
Annexure "A"

GENERAL OBSERVATIONS

- Chungi Kshatipurti, Yatrikar and Mudrankshulk received from directorate Bhopal is accounted for on net amount actually received in the bank after the deduction from the directorate. Adjustments for deductions made by the directorate, Bhopal from the grant is not grossed up in the books of account.
We Suggests that deduction made by the directorate should be account for separately.
- In due course of audit we found that Income of Rs.2132827 which was directly credited last year in bank account has been accounted for in current year on 19/05/2016, which is against the matching concept of Accountancy.
- There exists difference of Rs.18215285.10 in Opening balance as per Bank statement which is Rs.178718416.10 and opening Bank balance as per cash book which is Rs.160503131.
- There exists difference in grants as per the details received from Directorate Bhopal and those recorded in the books of Municipality. The same are follows-

Particulars	Receipts as per statement from Bhopal (A)	Receipts as per books (B)	Difference (A-B)
Sadak Marammat	9359000	8724000	635000
Mulbhut	45445000	38646000	6799000
State Finance	18022000	17544000	478000
Yatri kar	1051000	78000	993000
14TH Finance	35570000	56415000	-20845000

- ✓ We suggest that current account should be linked with another sweep account with the bank so that idle fund automatically gets transferred to short term deposit without affecting the liquidity of fund, so that interest income can be earned.
- ALL The receipts of interest in saving bank account and some FDR interest were not booked in the cash book on the day of its



receipts. It leads to improper booking of revenue results in revenue leakage. The accountant should be advised to properly book the entries in cash book from the bank statement.

- Fixed asset register is maintained in only on quantitative basis and the fixed assets are entered on cash basis in the books even there is no administrative internal control on fixed assets. Nagar parishad should be advised to maintain register of fixed assets for proper internal control.
- The grants/Subsidies were credited in bank accounts of nagar parishad without intimating about the nature of grant/subsidy. Therefore it is difficult for the accountants to account the grant in proper heads as well as for auditors in verifying it. The proper



Place Ujjain
Date 01-09-2017

In terms of audit report attached
For C.K. Jain & Associates

Chief Municipal Officer
Municipal Council Neemach

Chartered Accountants
Membership No. 73397



sanctioning authority is requested to send the intimation letter specifying the nature of grants/subsidies.

- ✓ Due to non-availability of opening balances figures of Assets and liabilities Balance sheet cannot be prepared.
- There exists penalty payment regarding CM drinking water scheme Hudco scheme No.20220 of Rs.113000 which is due to delay in payment of Hudco loan instalment which results in undue loss to Municipality's revenue.
- ✓ During the course of audit we found that Municipality is maintaining separate books for Shahri vikas adhikaran and NULM. The same has not been incorporated in Municipality's main cash book.
- ✓ As regards to legal compliances Municipality has not timely deposited the taxes deducted which will result in huge Demand inform of Interest on late payment which is prejudicial to the interest of municipality. We are enclosing the list of such delays in depositing taxes under **Annexure 'B6'** attached to this report. Municipality should concentrate on legal compliances which will result in saving of unnecessary penalty and interest payments.
- All Necessary entries related to error rectifications or totalling mistakes has been passed on 31.03.2017. The details regarding same are mentioned in **Annexure 'B7'** attached to this report.

Place: Ujjain
Date: 01.09.2017

In terms of audit report attached
For C.K. Jain & Associate

Devi
Chartered Accountants
Membership No. 75397


Chief Municipal Officer
Municipal Council Neemuch

