



## **AUDIT REPORT**

We have examined the Receipts & Payments Account of **MUNICIPAL CORPORATION SAGAR** for the year ended 31<sup>st</sup> March 2017, which is in agreement with the books of account maintained by the said Municipal council. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit. In our opinion, proper books of account have been kept by the above said concern so far as appears from our examination of books, subject to the comments given below:

1. These financial statements are the responsibility of the management of the concern. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Our audit includes examining on test basis, evidence supporting the amounts and disclosed in the financial statements. Our audit also assigns the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement.
3. In our opinion and to the best of our information and according to explanations given to us, the said accounts give a true and fair view in respect of Receipt & Payment Account for the year ending as on 31<sup>st</sup> March 2017,

Date:- 19/06/2017

Place:- Bhopal

**For PRAMOD K. SHARMA & CO.**  
**CHARTERED ACCOUNTANTS**



*How*  
CA Pramod Sharma  
(Partner)

Mem. No. : 076883

# **ABSTRACT SHEET FOR REPORTING ON AUDIT PARAS FOR FINANCIAL**

**YEAR 2016-17**

Name of ULB : Municipal Corporation Sagar

Name of Auditor : Pramod K Sharma & Co.

Sr No.	Parameters	Description			Observation in Breif	Suggestions
1	Audit of Revenues				(Refer Point 1 also)	(Refer Point 1 also)
Recovery of Revenue Taxes		Receipts in Rs.				
		Year 2015-16	Year 2016-17	% of Growth		
(i)	Property Tax	1,21,70,941	2,28,59,616	87.82%	There is positive growth sign in all other taxes/cesses recovery.	
(ii)	Consolidated tax	60,51,277	70,69,945	16.83%	Growth rate is positive but very slow.	MC has to see this area of Collection and recovery process should be improved.
(iii)	Town Development Cess	29,69,154	60,80,558	104.79%	There is positive growth sign in all other taxes/cesses recovery.	
(iv)	Education Cess	23,97,310	48,42,871	102.01%		
TOTAL		2,35,88,682	4,08,52,990			



Recovery of Non-Revenue Taxes		Year 2015-16	Year 2016-17	% of Growth		
(i)	Rent of Building & Land	2,18,87,814	2,55,33,384	16.66%	Growth rate is positive but very slow.	MC has to see this area of Collection and recovery process should be improved.
(ii)	Water Tax	4,91,22,675	4,43,25,049	-9.77%	Water Tax growth rate is negative	MC has to see this area of Collection and recovery process should be improved.
(iii)	Solid Waste Management cess	-	-	-		
(iv)	Other Taxes\ Cess	64,76,195	94,30,827	45.62%	There is positive growth sign in all other taxes/cesses recovery.	
TOTAL		7,74,86,684	7,91,39,260			





Sr No.	Parameters	Description	Observation in Brief	Suggestions
2	Audit of Expenditure	Refer Point '2'	Refer Point '2'	Refer Point '2'
3	Audit of Book Keeping	Refer Point '3'	Refer Point '3'	Refer Point '3'
4	Audit of FDR	Refer Point '4'	Refer Point '4'	Refer Point '4'
5	Audit of Tenders/Bids	Refer Point '5'	Refer Point '5'	Refer Point '5'
6	Audit of Grants & Loans	Refer Point '6'	Refer Point '6'	Refer Point '6'
7	Incidences relating to diversion of funds from Capital Receipts\Grants\Loans to Revenue Nature Expenditure and from one Scheme to another	Refer Point '7'	Refer Point '7'	Refer Point '7'
8	Any Other a) Percentage of Revenue Expenditure (Establishment, Salary, Operation & Maintenance) with respect to Revenue Receipts (Tax and non tax) excluding Octroi, Entry Tax, Stamp Duty and other grants etc. b) Percentage of Capital Expenditure with respect to Total Expenditure	Revenue Expenditure is 4.177 times of Revenue Income  Percentage of Capital Expenditure with respect to Total Expenditure is 53.45%		



## AUDIT OBSERVATION & SUGGESTIONS

### Point '1' Audit of Revenue:

#### OBSERVATIONS

- We have audit all the resources of revenue
- 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.
- CMO gives 2 Working days for the Deposition of Money to the Bank but at the time of auditing we found that there is no delay in the Revenue Receipt and also deposited to the Bank time to time.
- Cash Book has been verified with Receipts and payments vouchers & ROKARIYA receipts cash book.
- No Lapses found in the Revenue Recovery and the payment has been done Quarterly and Monthly.
- Interest income from FDR's has been accounted for timely.
- We have not seemed any Investment on lesser interest rate.

#### SUGGESTIONS

- Recovery rate of Property Tax, Water tax and Rent for Municipal Properties and amenities is very low. Management has to focus on this revenue area and plan for prompt recovery.



**Point '2' Audit of Expenditure:**

**OBSERVATIONS**

- We covered all the Expenditure during the process of Audit.
- While checking the Cashier Cash Book and Accountant Cash Book, all the bills and voucher are correct according to books except following:

Sr. No.	Date	Voucher No.	Particulars	Amount	Remarks
1	25/05/2016	712	Tractor Parts	37,525	Signature of receiver was not found.
2	25/05/2016	745	Vehicle Rent	15,800	Signature of receiver was not found.
3	25/05/2016	750	Vehicle Rent	5,000	Signature of receiver was not found.
4	25/05/2016	751	Refreshment	5,790	Signature of receiver was not found.
5	05/05/2016	521	Cement Purchase	49,187	Signature of receiver was not found.
6	05/05/2016	524	Building Material Purchase	56,737	Signature of receiver was not found.
7	01/06/2016		Electricity Bill		The due date of bill was 01/06/2016 for payment but it has been paid on 07/06/2016 and penalty of Rs. 4,899/- has been paid because of management fault.
8	13/04/2016		Electricity Bill	40,510	The due date of bill was 13/04/2016 for payment but it has been paid on 30/04/2016 and penalty of Rs. 15,192/- has been paid because of management fault.
9	30/04/2016		Krishna Kumar Chourasiya	50,000	Signature of Receiver has not found on Voucher.





- No mistake we found in monthly balance of the Cash Book.
- We verified that Expenditure of Particular schemes were not over Budget and expended according to guideline, directives, acts and rules issued by Government of India/ State Government.
- All the Expenses were under financial propriety and the Expenditure is according to the financial and administrative sanction accorded by the competent authority.
- In our view, no such cases occurred in which appropriate section has not been taken, hence there is no need to report the instances to Commissioner.
- All Utilization certificates has been checked with expenses vouchers and tallied with income & expenditure records.

#### SUGGESTIONS

- Due to negligence of due date of payment of Electricity bill, lot of penalty has been paid by Municipal Council, therefore management should pay it on or before due date, if there is sufficient fund available.
- Payment voucher should be signed by Receiver of payment.
- TDS should be deduct and paid to Income tax authority timely.

#### Point '3' Audit of Book Keeping:

#### OBSERVATIONS

- We checked all the books of accounts which maintained by the Municipal Corporation.
- While checking Stock Register, we found that Closing balance of Stationary is not showing in Stock register and in some of the cases signature of the receiver of Material were not found such as -

Sr. No.	Date	Material Name	Quantity	Receiver	Remarks
1	03/05/2016	A-4 Size Paper	50	Accounts Dept.	Signature no found on material issue Register.
2	13/06/2016	A-4 Size Paper	100	General Admin.	Signature no found on material



			Dept.	issue Register.
3	28/07/2016	A-4 Size Paper	100 Birth \ Death Dept.	Signature no found on material issue Register.
4	07/07/2016	Small Size Lock	1 Harisingh Gour	Signature no found on material issue Register.
5	19/09/2016	Small Size Lock	1 General Admin. Dept.	Signature no found on material issue Register.
6	04/02/2017	Small Size Lock	1 Samudayik Bhavan	Signature no found on material issue Register.

- Mutation form issued over the balance available. The Balance was nil at 16/09/2016 but in spite of that 1100 forms were issued.
- Bank reconciliation statements have been prepared by Municipal Corporation.
- Grant Register has not been maintained but Grant Annexure list has been maintained but grants utilization has not been confirmed completely. All the receipts and payment of Grants has been duly verified with Cashbook.
- Fixed Assets Register has not been prepared, therefore we were able to verify.
- We examine and reconcile all the accounts of receipts and payments of fund for special purpose.

### SUGGESTIONS

- Stock register should be properly signed by each party i.e. Stock handling authority and person who receive it.
- Some items has not been entered in stock register timely, due to this negative balance of stock had seen, so all the stock should be entered in books whenever stock department receive it.
- Grant register and Fixed Assets register are most important register for ULB therefore these should be prepared and maintained timely and with accuracy.





#### Point '4' Audit of FDR's:

##### OBSERVATIONS

- We have check all FDR made out of Grant fund and Municipal fund.
- FDR register has not been maintained, we check all FDR with FDR list provided by the MC and Cash Book, all renewal made timely.
- NO FDRs/TDRs are kept at low rate of interest than the prevailing rate of interest.
- Interest received on FDR's entered in the cash book at the time of Renewal.
- FDR Register should be maintained and timely reviewed so that all FDR renewed timely.

##### SUGGESTIONS

#### Point '5' Audit of Tender's:

##### OBSERVATIONS

- We examine all the Tenders/bids documents invited by ULB's.
- All the Tenders have followed competitive tendering procedures.
- During the process of Audit we found that tender fee has been received and performance guarantee both during the construction and maintenance guarantee has received and verified.
- No Bank guarantee has been received.

##### SUGGESTIONS

- Tendering process is good and genuine.



## Point '6' Audit of Grant's & Loans:

### OBSERVATIONS

- We examine all the grants receive from the Central government and its utilization.
- We examine all the grants receive from the State government and its utilization.
- Loan has taken for development of infrastructure under CM Urban Infra development scheme and for Administrative purpose, hence there is no revenue has generated. One of the loan has taken for RA)GHAT Pariyojana, water has been distributed under this pariyojana and water tax has been collected which is one of the most revenue source of municipal corporation.
- 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.

### SUGGESTIONS

- Loan has taken for payment of Salary i.e. revenue nature expenditure, MC has increase source of income that there will no need of Loan for revenue nature expenditure.

## Point '7' Incidences relating to diversion of funds from Capital Receipts \ Grants \ Loans to Revenue Nature Expenditure and from one Scheme to another:

### OBSERVATIONS

- We didn't found any Incidences relating to diversion of funds from Capital Receipts \ Grants \ Loans to Revenue Nature Expenditure and from one Scheme to another.
- LIC loan has been taken for payment of Salary and has been utilized for such purpose.

### SUGGESTIONS

- There is proper bifurcation of capital and revenue nature receipts and expenditure.





**MUNICIPAL CORPORATION, SAGAR**  
**RECEIPT & PAYMENT ACCOUNT**  
**For the period from 1 April 2016 to 31 March 2017**

RECEIPTS	AMOUNT	PAYMENTS	AMOUNT
<b>Opening Balance</b>			
Cash in Hand	-	<b>Establishment Expenses</b>	28,42,09,028.00
Cash in Bank	86,38,90,657.95	Salaries, Wages and Bonus Benefits and Allowances	66,85,592.00
		Retirement Benefits	37,36,800.00
<b>Tax Revenue</b>		Council Honourarium	8,94,50,095.00
Property Tax	2,28,59,616.00	Pension Contribution	15,96,033.00
Consolidated Tax	70,69,945.00	Other Honourarium	69,217.00
Water Tax	4,43,25,049.00	Other Allowances	
Advertisement Tax	23,97,544.00		
Export Tax	46,08,000.00	<b>Administrative Expenses</b>	38,57,46,765.00
Development Tax	57,23,579.00	Printing and Stationery	7,68,163.00
Town Development Cess	60,80,558.00	Books & Periodicals	82,571.00
Exhibition Tax	1,24,000.00	Travelling & Conveyance	1,55,99,132.00
Service Charges	11,80,578.00	Insurance Exp	3,83,053.00
Lighting Tax	1,023.00	Audit Fees	48,00,000.00
Sewerage\Cleaning Tax	4,103.00	Advertisement and Publicity	33,71,610.00
Education Cess	48,42,871.00	Office Main. Exp.	7,26,684.00
		Professional & Other Fees	45,02,712.00
<b>Assigned Revenues &amp; Compensation</b>		Telephone Exp.	13,25,918.00
Taxes and Duties collected by others- Stamp Duty	2,10,03,177.00	Other Administrative Expenses	1,58,35,273.00
Compensation in lieu of Octroi	39,21,31,959.00		
Compensation in lieu of Pilgrim Tax	1,72,17,000.00	<b>Operations &amp; Maintenance</b>	4,73,95,116.00
		Power & Fuel exp	7,08,56,096.00
<b>Rental Income from Municipal Properties</b>		Frieght & Hire Charges	42,39,550.00
Rent from Shops	76,12,792.00	Repairs & Maintenance- Vehicles	18,97,058.00
Shop Premium	83,15,089.00	Repairs & Maintenance-Infrastructure	9,78,250.00
Rent from lease of rent	2,00,904.00	Repairs & Maintenance-Civic Amenities	79,23,146.00
Other rents	1,29,172.00	Repairs & Maintenance-Building	3,55,637.00
Rent from Market	53,19,261.00	Repairs & Maintenance-Office Equi.	39,690.00





Rent from Tower	28,03,618.00			
Rec from transfer of Shops	11,52,548.00	2,55,33,384.00	Repairs & Maintenance-Furniture	26,676.00
<b><u>Fees &amp; Charges</u></b>			Repairs & Maintenance-Public Lighting	7,02,416.00
Registration of Animals	37,690.00		Repairs & Maintenance-Other	16,96,164.00
Registration of Contractors	40,722.00		Other Operational & Main. Exp.	1,19,88,183.00
Mutation fee	27,39,580.00			
Fees for Certificate or Application	52,216.00		<b><u>Finance &amp; Other Charges</u></b>	
Recovery from Illegal Colonies	5,83,055.00		Interest Charged (HUDCO & Other)	3,43,31,711.00
Abitation Fee	1,84,051.00		Bank Charges	70,993.96
Licensing fees	3,87,527.00			
Building Permit (Construction)	7,74,312.00		<b>Programme Exp.</b>	2,82,989.00
Fees for Certificate Extract	72,406.00			
Other Fee	31,97,814.29		<b>Revenue Grants, Contributions &amp; Subsidies</b>	
Penalties & Fines	28,09,235.00			
User Charges	23,785.00		<b>Other Investments(FDR)</b>	92,39,59,194.00
Road Cutting Charges	1,71,900.00			
Fire Tender Fee	12,318.00		<b><u>CAPITAL EXP</u></b>	
Confiscation of FDR of Defaulters	1,61,94,728.00	2,72,81,339.29	Land	30,57,081.00
			Building	2,89,04,603.00
<b><u>Sale &amp; Hire Charges</u></b>			Road & Culverts	6,04,67,582.00
Sale of Forms & Publication	27,71,410.00		Sewerage & Drains	13,08,24,633.00
Sale of Stores & Garbage	88,500.00	28,59,910.00	Waterways	1,77,22,511.00
			Plant & Machinery	25,09,526.00
<b><u>Income from Investment</u></b>			Public Lighting	66,88,284.00
Interest on FDR	4,32,13,127.00	4,32,13,127.00	Office & other Equipment	8,10,391.00
			Furniture, Fixture, Fitting & Eletrial	84,075.00
<b><u>Interest Earned</u></b>			Appliances	6,68,000.00
Consolidated Int on Bank	56,64,661.19	56,64,661.19	Statues & Heritage	5,47,98,315.00
			Public Toilet	16,22,70,698.00
<b><u>Grant Aid</u></b>			Cons of Individual house under RAY	10,05,78,835.00
State Finance Comm	1,47,80,000.00		Cons of Individual house under PMAY	54,22,890.00
14th Finance	14,87,78,000.00		Slum Development	47,89,345.00
Moolbhoot	8,24,52,000.00		Solid Watse Management	
Road Development	1,99,66,000.00			
			<b><u>Grant Returned</u></b>	
			Bundelkhan Vikas Pradhikaran	7,43,250.00

57,95,96,769.00





Recovery of Advance Given	42,780.00	42,780.00			
Other Rec.	20,85,126.00	20,85,126.00			
FDR Matured	34,13,26,682.00	34,13,26,682.00			
		2,74,79,78,034.43			2,74,79,78,034.43

For Municipal Corporation, Sagar

(Municipal Commissioner)

Date:-

Place: Sagar (M.P.)

For PRAMOD K SHARMA & Co.  
Chartered Accountants

PRAMOD K SHARMA  
PARTNER  
FRN : 007857C





Sr. No.	Grant Head	Opening Balance	Grant Rec. during the year	Transfer from Other Head	Bank Loan	Interest Rec.	Total	Exp. Made during the year	Closing Balance
1	State Finance Commission	66,98,290	1,47,80,000				2,14,78,290	1,86,88,290	27,90,000
2	Moolhoot Suvridha	94,31,610	8,24,52,000				9,18,83,610	7,68,08,569	1,50,75,041
3	Road Maintenance	1,62,56,041	1,99,66,000				3,62,22,041	3,10,54,046	51,67,995
4	Vishesh Nidhi (Swimming Pool)	25,00,000					25,00,000	-	25,00,000
5	Vishesh Nidhi (Pond Maintenance)	24,98,500					24,98,500	-	24,98,500
6	Auditorim	1,00,00,000					1,00,00,000	-	1,00,00,000
7	12th finance Commission	58,99,831					58,99,831	-	58,99,831
8	13th finance Commission	26,883					26,883	-	26,883
9	14th finance Commission	3,64,96,314	14,87,78,000				18,52,74,314	8,27,03,069	10,25,71,245
10	Sagar Talab	8,32,038				34,448	8,66,486	8,66,486	-
11	Sarv Shiksha Abhiyan	93,69,793				4,17,191	97,86,984	2,66,310	95,20,674
12	Peyjal Parivahan	1,35,600	18,14,000				19,49,600	16,39,698	3,09,902
13	Fire Anudan	4,30,127					4,30,127	2,50,000	1,80,127
14	Water Resource	1,97,000	21,44,000				23,41,000	21,44,000	1,97,000
15	Fish Market Grant	23,302	11,25,000			26,068	11,74,370	11,74,370	-
16	MPUP	1,40,00,000					1,40,00,000	91,05,986	48,94,014
17	Rain Basera Maintenance	10,00,000	10,00,000				20,00,000	13,48,601	6,51,399
18	IHSDP	7,73,529	21,24,926			30,598	29,29,053	25,85,714	3,43,339
19	IHSDP Beneficiry Contribution		13,05,000				13,05,000	13,05,000	-
20	UIDSSMT	23,10,86,228	1,67,80,000			1,19,56,977	25,98,23,205	4,81,011	25,93,42,194
21	Rajeev Awas Yojana	44,20,582		6,61,28,952	11,50,00,000	1,68,816	18,57,18,349	18,35,46,470	21,71,879
22	Rajeev Awas Yojana Beneficiry Contribution		2,84,00,000			6,790	2,84,06,790	1,42,00,000	1,42,06,790
23	CM Urban Infra	12,09,961					12,09,961	-	12,09,961
24	CM Adhosanrachna	2,24,26,000	2,00,00,000				4,24,26,000	89,50,204	3,34,75,796
25	CM Adhosanrachna (Vishesh Nidhi)		1,00,00,000				1,00,00,000	-	1,00,00,000
26	CM Peyjal Yojana	38,450					38,450		38,450
27	Solid Waste management	67,100					67,100		67,100
28	CM Swachhta	2,84,00,989	1,79,85,000				4,63,85,989	4,31,38,881	32,47,108



Sr. No.	Grant Head	Opening Balance	Grant Rec. during the year	Transfer from Other Head	Bank Loan	Interest Rec.	Total	Exp. Made during the year	Closing Balance
29	Swachhata Beneficiary Contribution		20,08,720				20,08,720	20,08,720	-
30	Swachha Bharat Mission		1,15,73,514				1,15,73,514	26,14,256	89,59,258
31	Swachha Bharat Mission-Chalit Shauchalay		13,04,000				13,04,000	-	13,04,000
32	Swachha Bharat Mission-Samudayik Shouchalay		67,08,000				67,08,000	7,81,593	59,26,407
33	PMAY		28,71,30,000			74,63,117	29,45,93,117	10,39,82,922	19,06,10,195
34	AMRIT Yojana	56,02,00,233				2,26,59,195	58,28,59,428	11,60,52,828	46,68,06,600
35	Smart City	2,00,00,000					2,00,00,000	59,26,073	1,40,73,927
36	Vidhayak Nidhi	85,56,991	1,79,30,100				2,64,87,091	97,24,485	1,67,62,606
37	Sansad Nidhi	20,23,365	36,63,800				56,87,165	28,10,523	28,76,642
38	Bundelkhand Vikas Pradhikaran	44,04,118	15,00,000				59,04,118	33,17,185	25,86,933
39	Aadim Jati Kalyan	39,67,626	66,39,000				1,06,06,626	49,94,540	56,12,086
40	Janbhagidari	13,92,865	1,05,000				14,97,865	2,09,830	12,88,035
41	Janbhagidari (Pan. Motilal)	646					646	646	-
42	Janbhagidari (Lohiya Park)	4,54,800	47,000				5,01,800	-	5,01,800
43	Other Grants (MES & RES)	40,15,000	57,42,565				97,57,565	11,90,000	85,67,565
<b>TOTAL</b>		<b>1,00,92,33,812</b>	<b>71,30,05,625</b>	<b>6,61,28,952</b>	<b>11,50,00,000</b>	<b>4,27,63,200</b>	<b>1,94,61,31,588</b>	<b>73,38,70,306</b>	<b>1,21,22,61,282</b>
<b>CM Adhosanrachna (HUDCO Loan)</b>		<b>64,35,504</b>					<b>64,35,504</b>	<b>2,82,105</b>	<b>61,53,399</b>
<b>TOTAL</b>		<b>1,01,56,69,316</b>	<b>71,30,05,625</b>	<b>6,61,28,952</b>	<b>11,50,00,000</b>	<b>4,27,63,200</b>	<b>1,95,25,67,092</b>	<b>73,41,52,411</b>	<b>1,21,84,14,681</b>

