

AUDIT REPORT

I have examined the annexed Balance Sheet of the **Rewa Municipal Corporation, Rewa (M.P.)** as at 31.03.2016 along with the Income & Expenditure Account and Receipts & Payments Account for the period from 01.04.2015 to 31.03.2016 which is in agreement with the books of accounts, maintained by the corporation for the purpose.

I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of the audit. In my opinion proper books of account have been kept by the above-named institution so far as appears from my examination of books.

In my opinion and to the best of my information and according to the explanations given to me and subject to the audit observations of the even date annexed, the said accounts give a true and fair view:

1. In case of the Balance Sheet, of the state of affairs of the above named institution as at 31.03.2016 and
2. In case of the Income & Expenditure account, of the surplus for the period from 01.04.2015 to 31.03.2016.
3. In case of the Receipts & Payments account, of the receipts & payments for the period from 01.04.2015 to 31.03.2016.

Our comments, observation and suggestion as regards the accounts are as under: -

1. Audit of Revenue:

- i. During the audit it was observed that revenue receipt books are kept as per the prescribed norms. Issue of receipt book and deposit of counterfoils are duly recorded for by the RMC.
- ii. Cash / revenue receipts were examined on test check basis and found that cash collected has been deposited with the cashier in due time. Further cash collected was deposited in bank account of corporation within prescribe time limit except when the very next day bank was closed.
- iii. Cash collection was cross checked with the entries in the cash book on test check basis, no adverse observation was found.



- iv. Interest income from FDR has been duly accounted for and cross checked from the interest certificate furnished before us. Interest rates on FDRs are at the rate relevant to the respective banks.
- v. Comparative chart of revenue recovery against the quarterly and monthly targets are annexed with the report (Annexure – A & B)

From the analysis of the annexed charts, it is apparently clear that targets as set have not been achieved. As against monthly target revenue of Rs. 999.63 Lakhs only Rs. 354.13 Lakhs has been achieved on an average. It depicts that either targets have been set higher or efforts have not been made by the department concerned for recovery for meeting the required targets.

2. Audit of Expenditure:

- i. Expenditure voucher were examined on test check basis for documentation, supporting documents, proper authentication and approval and were found in accordance with the prescribed norms.
- ii. While checking it was observed that expenditure relating to specific scheme was well within the fund limit allocated to it.
- iii. During the course of audit it was found that, assets which have been completed during the year, have been transferred from CWIP to fixed assets on the basis of details made available by the RMC, however no scheme wise project wise utilization was made available.

3. Audit of Book Keeping:

- i. Manual cash book is maintained by the corporation on single entry system. Further entries are punched in tally for double entry for maintaining ledger accounts.
- ii. Bank reconciliation has been checked and found correct. Further the cash book shows a balance of Rs. 1,31,265/- under the head "Various Bank Accounts". This balance recorded in the cash book is being brought forward since long; no one in the RMC has any information that how many bank accounts and which bank branch are involved under this balance.
- iii. Three bank accounts were opened in the financial year 2014-15 but not accounted for. These accounts have been incorporated in the financial year 2015-16 through opening balance adjustment account which are Axis Bank Rewa (A/c No. 543671) – opening



- balance as on 01.04.2015 Rs. 3288.00, Punjab National Bank Rewa (A/c No. 28937) – opening balance as on 01.04.2015 Rs. 474850.00 and Oriental Bank of Commerce Rewa (A/c No. 53565) – opening balance as on 01.04.2015 Rs. 7070702.00.
- iv. Certain payments amounting to Rs. 3539023.00 were made in the financial year 2014-15 from IDBI Bank (A/c No. 16366) which have cleared in the financial year 2015-16. These payments were not accounted for in the financial year 2014-15 creating a difference in bank reconciliation. Similarly a payment of Rs. 16915.00 was made from Central Bank of India (A/c No. 4710). These amounts have been accounted for in the financial year 2015-16 through 'Opening balance adjustment account'.
- v. Advance to suppliers and contractors Rs. 33499906.00 as on 31.03.2016 includes opening balance as on 01.04.2015 Rs. 23729906.00, no recovery has been made during the financial year. Further outstanding balance of advance to employees as on 01.04.2015 was Rs. 4739469.00. During the financial year 2015-16 Rs. 4890837.00 has further been given as advance totaling to Rs. 9630306.00. Against this Rs. 4401437.00 has only been recovered. As on 31.03.2016 Rs. 5228869.00 is still recoverable from employees. The balances of advances are not verifiable.

4. Audit of FDR:

- i. FDRs standing at the year-end have been physically verified (except mentioned below) and was cross checked with fixed deposit register maintained by the corporation.
- ii. FDR GPF Funds amounting to Rs. 50050109.66 as on 31.03.2015 is continuing as closing balance as on 31.03.2016 also and was not made available for verification.
- iii. Furthermore FDRs amounting to Rs. 26019032.91 (FDR CM payjal yojna first phase – Rs. 68501.08, FDR HUDCO – Rs. 107639.00, FDR CM Adhosarachana yojna – Rs. 555911.00, FDR Utthan – Rs. 282157.80, FDR RMSA – Rs. 950000.00, FDR Pipe line sitting grant – Rs. 444592.00, FDR IHSDP – Rs. 2520103.00, FDR Serva Siksha Abhiyam – Rs. 779900.00, FDR UIDSSMT – Rs. 20310229.03) were included in the closing balance as on 31.03.2015 but neither these FDRs were available in physical form nor they have matured during the financial year 2015-16. On enquiry no explanation was provided by the accountant. These amounts have been adjusted in the 'Opening balance adjustment a/c'.

5. Audit of Tenders / Bids:



- i. Bidding process as prescribed has been followed, which has been cross checked on test check basis.
 - ii. Further bid processing fees was duly recovered and performance guarantee was also received / retained during the construction and maintenance period.
6. Audit of Grants & Loans:
- i. During the financial year no loan was received by the corporation. However Rs. 89804862.00 is outstanding as HUDCO loan as on 31.03.2016. This balance includes loan received for IHSDP, CM basic structure development, CM water supply – Phase I and Jal shroto ke unyan scheme. On enquiry it was explained by the accountant that till the date of audit no completion certificate for the generation of fixed assets from the said fund was issued by the nirman department of the corporation.
 - ii. Further it was also explained by the accountant that presently no revenue is generated to corporation from the asset created. Repayment of the loan is done by the corporation out of municipal fund.
7. During the course of audit it was observed that entries aggregating to the tune of Rs. 55846006.91 have been debited and to the tune of Rs. 195482781.15 have been credited resulting in net credit of Rs. 139636774.24 in the 'Opening Balance Adjustment Account'. On enquiry it has been explained by the accountant that, these amounts pertain to difference in the closing balance of various accounts as reported in the balance sheet of 31.03.2015 to that of closing balance as per manual records maintained by the RMC. These accounts include contractors and creditors balances, bank accounts, FDRs, debtors balances, provisions for expenses, loan etc.
8. During the course of audit it was also observed that furniture and fixtures of the corporation has never been physically verified nor has it been marked and serial numbered. Therefore it is suggested to do the physical verification and marking as soon as possible for the proper control of the asset.

Date: 04.02.2017

Place: Rewa



For CA. Anupam Beri
Chartered Accountant

CA. Anupam Beri
(M.No. 402538)

ANNEXURE - A
Revenue Recovery Against Monthly Targets

(Rs. In Lacs)

Particulars	Monthly Target	Actuals												Total
		Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	
110 Rates and Tax Revenue	113.42	19.10	12.31	12.74	22.84	24.85	28.26	10.84	13.38	35.82	51.25	36.54	311.86	579.78
120 Assigned Revenues & Compensations	239.71	122.14	244.29	566.09	122.14	122.53	9.05	245.07	-	122.53	131.58	117.53	397.09	2,200.06
130 Rental Income From Muncipal Properties	561.33	19.45	3.80	18.03	16.05	2.42	5.64	1.36	31.86	9.86	76.27	22.72	137.92	345.39
140 Fees & User Charges	57.59	14.94	13.57	45.95	13.05	9.13	8.83	19.12	24.88	32.17	41.08	32.83	48.24	303.78
150 Sale & Hire Charges	1.15	1.01	1.18	0.82	0.76	1.42	2.58	0.67	1.48	2.35	0.93	0.44	1.00	14.64
160 Revenue Grants, Contribution & Subsidies	21.67	-	7.22	-	-	-	-	2.70	-	0.60	-	-	716.89	727.41
170 Income From Investments	2.08	-	2.23	-	0.57	0.78	3.35	1.78	9.91	-	-	-	26.95	45.58
171 Intrest Earned	0.83	-	0.52	2.60	0.14	0.39	0.43	-	-	3.27	1.67	0.16	1.93	11.10
180 Other Income	1.85	0.05	5.79	0.14	4.33	1.69	0.36	4.45	0.52	2.20	0.78	0.31	1.22	21.85
Total	999.63	176.69	290.91	646.38	179.88	163.22	58.51	285.99	82.02	208.79	303.56	210.53	1,643.10	4,249.59

Particulars	Shorfall / (Excess)													Total
	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16		
110 Rates and Tax Revenue	94.33	101.12	100.68	90.59	88.58	85.16	102.58	100.05	77.61	62.18	76.88	(198.43)	781.31	
120 Assigned Revenues & Compensations	117.56	(4.58)	(326.38)	117.56	117.17	230.66	(5.36)	239.71	117.17	108.12	122.17	(157.39)	676.43	
130 Rental Income From Muncipal Properties	541.88	557.53	543.30	545.28	558.91	555.68	559.97	529.46	551.47	485.06	538.61	423.41	6,390.56	
140 Fees & User Charges	42.65	44.01	11.64	44.54	48.46	48.75	38.47	32.71	25.42	16.51	24.76	9.35	387.27	
150 Sale & Hire Charges	0.13	(0.04)	0.32	0.39	(0.27)	(1.44)	0.47	(0.33)	(1.21)	0.22	0.71	0.15	(0.89)	
160 Revenue Grants, Contribution & Subsidies	21.67	14.45	21.67	21.67	21.67	21.67	18.97	21.67	21.07	21.67	21.67	(695.22)	(467.41)	
170 Income From Investments	2.08	(0.15)	2.08	1.51	1.30	(1.27)	0.30	(7.83)	2.08	2.08	2.08	(24.87)	(20.58)	
171 Intrest Earned	0.83	0.32	(1.77)	0.70	0.44	0.40	0.83	0.83	(2.43)	(0.83)	0.68	(1.09)	(1.10)	
180 Other Income	1.80	(3.94)	1.71	(2.48)	0.16	1.49	(2.60)	1.33	(0.35)	1.07	1.54	0.63	0.35	
Total	822.93	708.72	353.24	819.74	836.41	941.11	713.64	917.60	790.84	696.07	789.09	(643.47)	7,745.94	



ANNEXURE - B
Revenue Recovery Against Quarterly Targets

(Rs. In Lacs)

Particulars	Quarterly Target	Actuals				Total
		Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	
110 Rates and Tax Revenue	340.27	44.15	75.95	60.03	399.65	579.78
120 Assigned Revenues & Compensations	719.12	932.52	253.73	367.60	646.21	2,200.06
130 Rental Income From Muncipal Properties	1,683.99	41.28	24.11	43.08	236.91	345.39
140 Fees & User Charges	172.76	74.46	31.01	76.16	122.15	303.78
150 Sale & Hire Charges	3.44	3.02	4.76	4.50	2.36	14.64
160 Revenue Grants, Contribution & Subsidies	65.00	7.22	-	3.30	716.89	727.41
170 Income From Investments	6.25	2.23	4.71	11.69	26.95	45.58
171 Intrest Earned	2.50	3.12	0.96	3.27	3.75	11.10
180 Other Income	5.55	5.98	6.39	7.16	2.32	21.85
Total	2,998.88	1,113.98	401.61	576.80	2,157.19	4,249.59

Particulars	Shorfall / (Excess)				Total
	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	
110 Rates and Tax Revenue	296.13	264.33	280.24	(59.38)	781.31
120 Assigned Revenues & Compensations	(213.40)	465.40	351.52	72.91	676.43
130 Rental Income From Muncipal Properties	1,642.70	1,659.87	1,640.90	1,447.08	6,390.56
140 Fees & User Charges	98.30	141.76	96.60	50.61	387.27
150 Sale & Hire Charges	0.42	(1.32)	(1.06)	1.08	(0.89)
160 Revenue Grants, Contribution & Subsidies	57.78	65.00	61.70	(651.89)	(467.41)
170 Income From Investments	4.02	1.54	(5.44)	(20.70)	(20.58)
171 Intrest Earned	(0.62)	1.54	(0.77)	(1.25)	(1.10)
180 Other Income	(0.43)	(0.84)	(1.61)	3.23	0.35
Total	1,884.90	2,597.27	2,422.08	841.69	7,745.94

