

CA. ANUPAM BERI
Chartered Accountant

MIG - 21, Housing Board Colony
Boda Bag, Rewa (M.P.) 486001
Mob. 093028-20127

To
The commissioner
Municipal Corporation Rewa
Rewa (M.P.)

Ref: Letter No. 3185 / 2017 dated 21.08.2017

Sub: Submission of audit report of Municipal Corporation Rewa for the financial year 2016-17

Dear Sir,

Please find enclosed five copies of aforesaid audit report on the financial statements of the organization for the financial year 2016-17. Kindly acknowledge the receipt.

Thanking you,

Yours truly



CA. Anupam Beri



Date: 25.09.2017

Place: Rewa

AUDIT REPORT

I have examined the annexed Balance Sheet of the Rewa Municipal Corporation, Rewa (M.P.) as at 31.03.2017 along with the Income & Expenditure Account and Receipts & Payments Account for the period from 01.04.2016 to 31.03.2017 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 31.03.2017 and
2. In case of the Income & Expenditure account, of the surplus for the period from 01.04.2016 to 31.03.2017.
3. In case of the Receipts & Payments account, of the receipts & payments for the period from 01.04.2016 to 31.03.2017.

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. 673.00 Lakhs only Rs. 504.24 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. Advance to suppliers and contractors Rs. 205830271.00 as on 31.03.2017 includes mobilization advance given to M/s. K. K. Spun India Ltd. Rs. 199374431.00 on 17.03.2017. Further outstanding balance of advance to employees as on 01.04.2016 was



Rs. 5032762.00. On enquiry it was explained by the accountant that these balances do not tally with the manual advance ledger maintained by the concerned department due to wrong feeding and finalization of accounts for the financial year 2014-15 and earlier years. During the financial year 2016-17 amount equivalent to difference has been adjusted with the opening balance adjustment account to match the balances with manual advance ledger. As on 31.03.2017 Rs. 1467255.00 is still recoverable from employees. These balances of advances are subject to confirmation from employees.

4. Audit of FDR:

- i. FDRs standing at the year-end have been cross checked with fixed deposit register maintained by the corporation.
- ii. FDR GPF Funds amounting to Rs. 50050109.66 as on 31.03.2015 are not actually available on records. On enquiry it was explained by the accountant Shri R. K. Soni that this figure was reflected as investment in FDR's as on 31.03.2015 against the GPF fund reflecting under the head Earmarked funds amounting to Rs. 62549064.00. However it was explained by the accountant that as the GPF liability of the employees is discharged by the institution on monthly basis no such liability is existing as on the said date. Further the PF contribution of employees (including institution's share) is invested in the FDRs in the name of the employee and is not an investment of the institution. Both these amounts have been adjusted with the opening balance adjustment account.

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. 84077072.00 is outstanding as HUDCO loan as on 31.03.2017. 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. 54993090.66 have been debited and to the tune of Rs. 72699028.56 have been credited resulting in net credit of Rs. 17705937.90 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. An FDR amounting to Rs. 500000.00 was made on 23.09.2014 from Bank of Baroda (PHE A/c. No. 447) for EPF guarantee but was booked as expense in the financial year 2014-15. This amount has now been rectified through opening balance adjustment account.
9. 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: 25-09-2017
Place: Rewa

For CA. Anupam Beri
Chartered Accountant


CA. Anupam Beri
(M.No. 402538)



ANNEXURE - A
Revenue Recovery Against Monthly Installments

(Rs. in Lacs)

Particulars	Monthly Target	Actuals												Total
		Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	
110 Rates and Tax Revenue	255.25	28.89	18.99	21.13	19.85	38.98	22.10	32.35	126.66	63.68	23.61	50.70	770.00	1,216.94
120 Assigned Revenues & Compensations	286.08	318.32	130.71	644.48	121.66	121.41	252.37	122.91	-	122.91	122.91	122.91	426.31	2,506.91
130 Rental Income From Municipal Properties	75.00	23.09	26.95	9.75	12.91	40.11	5.64	13.10	28.29	6.74	4.14	10.53	43.87	225.10
140 Fees & User Charges	41.04	19.04	30.84	19.68	24.25	26.11	25.63	34.80	55.70	24.37	18.22	56.72	59.11	394.48
150 Sale & Hire Charges	2.63	3.80	3.13	2.54	4.43	6.52	2.07	2.10	0.44	5.25	1.93	1.45	3.36	37.02
160 Revenue Grants, Contribution & Subsidies	8.18	-	-	-	5.75	0.84	0.05	-	2.09	0.78	1.28	4.03	1,202.88	1,217.69
170 Income From Investments	-	-	-	-	-	-	-	145.95	3.66	-	22.88	6.61	197.72	376.81
171 Interest Earned	1.48	8.09	0.02	0.95	4.90	0.07	3.21	0.58	0.02	2.21	1.34	1.17	7.63	30.18
180 Other Income	3.33	1.04	1.14	1.30	0.98	0.95	0.94	3.19	11.46	12.07	3.46	1.47	7.77	45.76
Total	673.00	402.28	211.77	699.82	194.73	234.97	312.02	354.99	228.32	238.01	199.77	255.59	2,718.64	6,050.90

Particulars	Shortfall / (Excess)												Total
	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	
110 Rates and Tax Revenue	226.36	236.26	234.13	235.41	216.28	233.15	222.90	128.59	191.57	231.64	204.56	(514.75)	1,846.11
120 Assigned Revenues & Compensations	(32.24)	155.37	(358.40)	164.42	164.67	33.71	163.17	286.08	163.17	163.17	163.17	(140.23)	926.09
130 Rental Income From Municipal Properties	51.91	48.05	65.25	62.09	34.89	69.35	61.90	46.71	68.26	70.85	64.47	31.13	674.88
140 Fees & User Charges	22.00	10.21	21.37	16.80	14.93	15.41	6.24	(14.65)	16.67	22.82	(15.67)	(18.07)	98.05
150 Sale & Hire Charges	(1.17)	(0.50)	0.09	(1.80)	(3.89)	0.55	0.52	2.19	(2.62)	0.70	1.18	(0.73)	(5.47)
160 Revenue Grants, Contribution & Subsidies	8.18	8.18	8.18	2.43	7.34	8.13	8.18	6.09	7.41	6.91	4.15	(1,194.70)	(1,119.53)
170 Income From Investments	-	-	-	-	-	-	(145.95)	(3.66)	-	(22.88)	(6.61)	(197.72)	(376.81)
171 Interest Earned	(6.61)	1.46	0.53	(3.43)	1.41	(1.73)	0.89	1.46	(0.73)	0.14	0.30	(6.15)	(12.48)
180 Other Income	2.29	2.20	2.03	2.35	2.38	2.40	0.14	(8.13)	(8.73)	(0.13)	1.86	(4.43)	(5.76)
Total	270.72	461.23	(26.82)	478.26	438.03	360.98	318.01	444.68	434.99	473.23	417.41	(2,045.64)	2,025.07



ANNEXURE - B

Revenue Recovery Against Quarterly Targets

(Rs. in Lacs)

Particulars	Actuals				Total	
	Quarterly Target	Qtr. 1	Qtr. 2	Qtr. 3		Qtr. 4
110 Rates and Tax Revenue	765.76	69.02	80.93	222.70	844.31	1,216.94
120 Assigned Revenues & Compensations	858.25	1,093.52	495.44	245.82	672.13	2,506.91
130 Rental Income From Municipal Properties	225.00	59.78	58.66	48.12	58.54	225.10
140 Fees & User Charges	123.13	69.56	75.99	114.87	134.06	394.48
150 Sale & Hire Charges	7.89	9.46	13.02	7.80	6.74	37.02
160 Revenue Grants, Contribution & Subsidies	24.54	-	6.64	2.87	1,208.19	1,217.69
170 Income From Investments	-	-	-	149.60	227.21	376.81
171 Interest Earned	4.43	9.06	8.18	2.81	10.14	30.18
180 Other Income	10.00	3.48	2.87	26.72	12.70	45.76
Total	2,018.99	1,313.87	741.73	821.31	3,174.00	6,050.90

Particulars	Shorfall / (Excess)				Total
	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	
110 Rates and Tax Revenue	696.75	684.84	543.07	(78.54)	1,846.11
120 Assigned Revenues & Compensations	(235.27)	362.81	612.43	186.12	926.09
130 Rental Income From Municipal Properties	165.22	166.33	176.87	166.46	674.88
140 Fees & User Charges	53.57	47.14	8.26	(10.93)	98.05
150 Sale & Hire Charges	(1.58)	(5.13)	0.09	1.15	(5.47)
160 Revenue Grants, Contribution & Subsidies	24.54	17.90	21.67	(1,183.65)	(1,119.53)
170 Income From Investments	-	-	(149.60)	(227.21)	(376.81)
171 Interest Earned	(4.63)	(3.75)	1.62	(5.72)	(12.48)
180 Other Income	6.52	7.13	(16.72)	(2.70)	(5.76)
Total	705.13	1,277.27	1,197.68	(1,155.01)	2,025.07



MUNICIPAL CORPORATION REWA, (M.P.)
BALANCE SHEET
As At 31ST MARCH 2017



	Particulars	Schedule No.	Current Year (16-17)	Current Year (15-16)
A	SOURCES OF FUNDS			
A1	Reserves and Surplus			
	Municipal (General) Fund	B-1	511,316,116.10	350,308,784.12
	Earmarked Funds	B-2	-	62,549,064.00
	Reserves	B-3	1,002,602,661.27	788,292,013.27
	Total Reserves and Surplus		1,513,918,777.37	1,211,149,861.39
A-2	Grants, Contributions for Specific Purpose	B-4	1,049,464,285.63	874,327,631.13
A3	Loans			
	Secured Loans	B-5	-	-
	Unsecured Loans	B-6	84,077,072.00	89,604,862.00
	Total Loans		84,077,072.00	89,604,862.00
	TOTAL SOURCES OF FUNDS (A1-A3)		2,647,460,135.00	2,175,282,354.52
B	APPLICATION OF FUNDS			
B1	Fixed Assets	B-11		
	Gross Block		1,506,138,237.00	1,278,763,935.00
	Less : Accumulated Depreciation		717,227,201.69	606,430,114.69
	Net Block		788,911,035.31	672,333,820.31
	Capital Work in Progress		892,560,087.00	818,533,166.00
	Total Fixed Assets		1,681,471,122.31	1,490,866,986.31
B2	Investments			
	Investments-General Fund	B-12	105,341,460.00	86,050,380.66
	Investments-other Fund	B-13	463,396,052.00	67,194,495.00
	Total Investment		568,737,512.00	153,244,875.66
B3	Current Assets, loans & Advance			
	Stock in hand (Inventories)	B-14	1,489,772.00	649,418.00
	Sundry Debtors (Receivables)	B-15	138,597,753.70	138,365,234.70
	Gross Amount outstanding		-	-
	Less: Accumulated Provision against bad and doubtful receivables		-	-
	Deposit Assets			
	Loans & Advances			
	Prepaid Expenses	B-16	112,028.00	65,279.00
	Cash and Bank Balance	B-17	426,009,457.21	604,693,079.63
	Loans, advances and deposits	B-18	208,446,107.00	39,288,741.00
	Total Current Assets		774,645,117.91	984,261,752.33
B4	Current Liabilities and Provisions			
	Deposits Received	B-7	153,260,894.02	128,621,765.02
	Deposits Works	B-8	4,994,546.00	4,994,546.00
	Other liabilities (Sundry Creditors)	B-9	195,132,213.20	296,391,791.76
	Provisions	B-10	23,985,964.00	22,083,157.00
	Total Current Liabilities		377,393,617.22	452,091,259.78
B5	Net Current Assets (B3-B4)		397,251,500.69	532,170,492.55
C	Other Assets.	B-19		
D	Miscellaneous Expenditure (to the extent not written off)	B-20		
	TOTAL APPLICATION OF FUNDS (B1+B2+B5+C+D)		2,647,460,135.00	2,175,282,354.52

Account Officer

Municipal Corporation, Rewa (M.P.)


Municipal Corporation

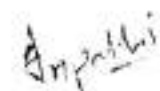
TABLE :1

MUNICIPAL CORPORATION REWA (M.P.)
INCOME AND EXPENDITURE STATEMENT
FOR THE PERIOD FROM 1st April 2016 to 31st March 2017



	ITEM/ HEAD OF ACCOUNT	Schedule No	Current Year (16-17) (Rs.)	Previous Year (15-16) (Rs.)
A	INCOME			
	Tax Revenue	IE-1	121,694,339.00	57,977,539.00
	Assiged Revenues & Compensation	IE-2	250,690,650.00	220,005,771.00
	Rental Income From Municipal Properties	IE-3	22,510,368.00	34,539,082.00
	Fees & User Charges	IE-4	39,447,976.01	30,377,592.00
	Sal & Hire Charges	IE-5	3,702,240.00	1,902,116.00
	Revenue Grants, Contributions & Subsidies	IE-6	121,768,891.00	72,741,122.00
	Income From investments	IE-7	37,681,361.00	4,558,137.00
	Interest Earned	IE-8	3,018,185.06	1,110,105.00
	Other Income	IE-9	4,576,253.00	2,185,237.00
	TOTAL - INCOME		605,090,263.07	425,396,701.00
B	EXPENDITURE			
	Establishment Expenses	IE-10	236,893,857.00	218,826,487.50
	Administrative Expenses	IE-11	50,400,005.00	21,546,854.00
	Operations & Maintenance	IE-12	65,742,138.00	176,834,914.00
	Interest & Finance Expenses	IE-13	7,544,581.99	7,528,098.87
	Programme Expenses	IE-14	-	-
	Revenue Grants, Contributions & Subsidies	IE-15	411,200.00	1,030,188.00
	Provisions & Write Off	IE-16	-	-
	Miscellaneous Expenses	IE-17	-	-
	Depreciation	B-11	110,797,087.00	107,181,223.00
	TOTAL - EXPENDITURE		471,788,868.99	532,947,765.37
C	Gross Surplus / (deficit) of income over expenditure before prior period items (A-B)		133,301,394.08	(107,551,064.37)
D	Add/Less : Prior Period items (Net)	IE-18		
E	Gross Surplus / (deficit) of income over expenditure after prior period items (C-D)		133,301,394.08	(107,551,064.37)
F	Less : Transfer to Reserve Funds			
G	Net Balance being surplus / deficit carried over to Municipal Fund (E-F)		133,301,394.08	(107,551,064.37)


 Account Officer
 Municipal Corporation, Rewa (M.P.)


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 Municipal Corporation, Rewa (M.P.)


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 Municipal Corporation, Rewa (M.P.)