

Audit Report of Municipality Lalsot

Financial Statements and Independent Auditor's report
For the FY 2017-18

Audited By :
Gupta Jasoria & Associates
Chartered Accountants
C-6-B, Jamuna Nagar, Sodala
Jaipur - 302019

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INDEPENDENT AUDITOR'S REPORT

To,
Municipality Board,
Lalsot

We have audited the accompanying financial statements of **MUNICIPALITY, LALSOT**, which comprise the Balance Sheet as at March 31, 2018, the Income and Expenditure Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the ULB in accordance with the Rajasthan Municipal Accounts Manual. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the ULB's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ULB's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



BASIS OF ADVERSE OPINION:

Major issues identified in the accounting system and discrepancies identified during the Audit procedure are described under following Para.

Double entry accounting system has not been properly done as :-

- (i) Wrong classification of expenses in revenue/capital as per nature.
- (ii) Income heads not classified as per nature.
- (iii) Majorly Double entry accounting is on cash basis not on an Accrual basis.

1. We observed that prior period expenses debited during current year. These expenses are required to be specifically shown separately in Income & Expenditure a/c, however no such separate disclosures have been made in financials. Some of the instances are reported as under:
 - a. Salary expense for March-2017 amounting to INR 40,32,612/- has been debited during current year.
 - b. INR 3,000/- dt 05-07-2017 paid for audit fees of local fund for FY 2015-16.
 - c. INR 48,200/- dt 22-12-2017 paid w.r.t. accounting fees of FY 2015-16.
 - d. INR 40,710/- dt 09-10-2017 paid w.r.t. statutory audit fees of FY 2016-17.
2. There is no proper classification of income head according to receipt of income and its nature. In many instances, income is booked under wrong head.
3. Expenses debited under wrong head of expenses:

During the course of our audit, we observed that many of the expenses have been debited under another head of expense due to which amount of expense presented in the financial statements for each kind of head cannot be relied. Some of the instances are detailed below:

 - a. INR 3,000/- dt 05-04-2017 paid w.r.t. repair of fountains is debited as other expenses under Operation and General expenses. Also prior period expense but not classified properly.
 - b. INR 27,000/- dt 12-04-2017 paid w.r.t. cleaning expense is debited as repair and maintenance expenses. Also direct payment entry passed and TDS not deducted. Since due entry of expense has not been passed, hence we are unable to quantify whether TDS is required to be deducted or not.
 - c. INR 22,260/- dt 12-04-2017 paid to Navjyoti Printing Press w.r.t. Advertising expense has been debited as Printing and Stationery expense. Further TDS and Patrakar Kosh cess has not been deducted. Also direct payment entry passed.
 - d. INR 30,900/- dt 12-04-2017 incurred w.r.t. road light maintenance, INR 1,66,624/- dt 30-06-2017 w.r.t. JCB work of cleaning expenses have been debited as repair and maintenance to safai labour.
 - e. INR 8,924/- dt 12-04-2017, INR 8,924 dt 08-05-2017, INR 9,810/- dt 04-08-2017, INR 63,630/- dt 04-10-2017 incurred w.r.t. cleaning expense (Toilet and Dead animals) is debited as repair and maintenance to safai labour.



- f. INR 3,500/- paid w.r.t. repair & maintenance of pumpset and INR 12,900 paid w.r.t. vehicle rent of chairman dt 03-05-2017, however total amount (3500+12900 = 16400) has been debited as other expenses under Operation and General expenses.
 - g. INR 1,37,282/- dt 08-05-2017, INR 9,810/- dt 10-07-2017 incurred w.r.t. cleaning expense have been debited as repair and maintenance to safai labour.
 - h. INR 2,944/- dt 11-05-2017, INR 2,782/- dt 18-05-2017, INR 5,253/- dt 11-07-2017, INR 3,398/- dt 18-08-2017 paid w.r.t. Telephone expenses has been debited as Postage Expense.
 - i. INR 2,590/- dt 15-05-2017 paid w.r.t. repair & Maintenance of electric items has been debited as other expenses.
 - j. INR 5,000/- dt 18-04-2017 incurred w.r.t. temporary electricity connection for gangore program, Bank Charges amounting to INR 230/- dated 31-05-2017, INR 2,800/- for national flag, INR 4,400/- dt 27-06-2017 paid w.r.t. vehicle rent, INR 7,150/- dt 27-06-2017 paid w.r.t. program expense, INR 1,345/- dt 27-06-2017 paid w.r.t. repair & maintenance of electricity pole and INR 200/- for repair of tractor dt 11-08-2017: all these expenses have been debited as Other Expense under Operation and General expenses.
 - k. INR 740/- dt 01-06-2017 paid w.r.t. TDS return filing charges of quarter-4 of FY 2016-17 has been debited as Other Expense under Operation and General expenses. Also it is a prior period expense.
 - l. INR 1,875/- dt 26-07-2017 paid for Bulb and Cable purchased, INR 19,175/- dt 02-08-2017 paid w.r.t. electrical items purchased for repair and maintenance, however the same has been debited as Election expenses.
 - m. TA bill of INR 7,616/- dt 26-09-2017 has been debited as legal fees.
 - n. INR 47,887/- dt 09-10-2017 paid as medical allowance, however the same has been debited as advertisement expenses.
 - o. INR 1,28,507/- dt 13-12-2017 paid to Dausa Ex-servicemen welfare sahkari samiliti doe supply of contract basis employees, has been debited as Election expenses.
 - p. INR 540/- dt 22-02-2018 paid for advertisement expense, has been debited as cleaning expenses.
 - q. INR 10,950/- dt 23-03-2018 paid w.r.t. program expenses, has been debited salary expense.
 - r. INR 10,00,000/- dt 28-03-2018 paid w.r.t. electricity bill payment has been debited as other expense.
4. Fuel expenses i.e. vehicle running expenses:
During the year expense w.r.t. Petrol & Diesel i.e. fuel expenses have been debited under wrong head of expense. Instances are detailed below:
- a. INR 33,593/- dt 16-06-2017, INR 17,256/- dt 02-08-2017, INR 20,128/- dt 12-01-2018, INR 500/- dt 21-03-2018, INR 58,153/- dt 28-03-2018 incurred for Petrol and Diesel Expenses, however the same have been debited as Vehicle Rent Expenses under General Administration Expenses in schedule-22 of financial statements.



- b. INR 37,668/- dt 09-10-2017 incurred for Petrol and Diesel Expenses, however the same have been debited as TA bill Expense.
 - c. INR 6,600/- dt 20-03-2018, has been debited as Repair and Maintenance to vehicle expense.
5. We observed that in many cases expenses are accounted as assets i.e. revenue expenses are capitalized as asset. Hence surplus/ deficit of income over expenditure is overstated/understated. Also assets are overstated. Instances are detailed below:
- a. INR 32,700/- dt 12-04-2017 incurred w.r.t. repair and maintenance of Samudayik Bhawan and Lalclub Stadium has been capitalized as asset naming "C.C. Road Construction" under Infrastructure assets. Also prior period expense.
 - b. INR 1,25,000/- dt 12-04-2017, INR 47,800 dt 01-10-2017 incurred w.r.t. painting on BPL families houses has been capitalized as asset naming "C.C. Road Construction" under Infrastructure assets.
 - c. INR 1,06,390/- dt 02-08-2017 incurred w.r.t. repair of pipelines has been capitalized as asset naming "C.C. Road Construction" under Infrastructure assets.
 - d. INR 5,250/- dt 01-12-2017 incurred w.r.t. cleaning expenses, has been capitalized as asset naming "C.C. Road Construction" under Infrastructure assets.
6. During the year certain capital expenses incurred which are booked as revenue expenses, however the same should be accounted as assets. Some of the cases are given below:
- a. INR 2,64,000/- dated 08-05-2017 paid to Bhagwati Sales Corporation for purchase of steel tube bands for road lights. However the same has been debited as Road Light Expense under Operation and General expenses under schedule-23 of financial statements. Also direct payment entry has been passed.
 - b. INR 30,000/- dated 20-05-2017 paid for purchase of 3 coolers. However the same has been debited as Electricity Expense under General Administration Expenses in schedule-22 of financial statements.
 - c. INR 40,900/- incurred for purchase of Computer and INR 27,000/- for Video Conferencing Setup as on 16-06-2017. However INR 67,900/- (40900+27000) has been debited as Computer Operator Expense under General Administration Expenses.
 - d. INR 3,44,362/- dated 30-06-2017 incurred for road light wire fitting. However the same has been debited as Road Light Expense under Operation and General expenses under schedule-23 of financial statements. Also direct payment entry has been passed.
 - e. INR 19,600/- dated 10-0-2017 paid for purchase of 2 coolers. However the same has been debited as Other Expense under Operation and General expenses in schedule-23 of financial statements.
 - f. INR 72,000/- dt 02-08-2017 incurred w.r.t. construction of public toilets, however the same has been debited as cleaning expenses.
 - g. INR 9,48,444/- dt 23-08-2017 paid to purchase safai vehicle, however the same has been debited as Vehicle Rent Expenses.



- h. INR 1,21,228/- dt 04-10-2017 incurred for construction of safety wall, however the same has been debited as cleaning expenses.
 - i. INR 2,75,239/-, INR 3,89,743/- dt 04-10-2017, INR 56,869/- dt 17-10-2017, INR 2,04,873/- dt 17-10-2017 incurred for construction of Nali, however the same has been debited as cleaning expenses.
 - j. INR 23,640/- dt 17-11-2017 paid to purchase biometric machine and machines for Tempo, has been debited as other expense.
 - k. INR 8,07,468/- dt 20-11-17 paid to purchase auto tipper and iron boxes, has been debited as cleaning expenses.
 - l. INR 58,800/- dt 22-12-2017 paid to purchase of projector, has been debited as computer contract expense.
 - m. INR 96,000/- dt 08-03-2018 incurred to purchase cleaning equipments, has been debited as cleaning expenses.
7. INR 4,29,402/- dt 08-05-2017, INR 45,915/- dt 08-05-2017, INR 6,91,902/- dt 04-08-2017, INR 2,85,921/- dt 04-10-2017 incurred for Nali Construction has been capitalized as asset naming "C.C. Road Construction".
 8. INR 4,98,134/- dt 08-05-2017 incurred for Construction of Toilets, INR 87,844/- dt 04-08-2017 incurred for water tank construction, INR 3,30,628/- dt 04-08-2017 incurred for construction of hall in municipality building, INR 5,98,071/- incurred for construction of wall of kachra sangrha kendra. However these have been capitalized as asset naming "C.C. Road Construction".
 9. As per books of accounts, Palika have purchased Printer amounting to INR 15,500/- during last year i.e. in FY 2016-17 on which depreciation was not charged during last year. During the current year depreciation should have been charged for previous year and current year depreciation should be calculated on the WDV after deducting previous year depreciation. However previous year depreciation has not been charged and current year depreciation has been calculated on the total purchased cost. Hence Deficit for the year has been understated and assets have been overstated to this extent.
 10. INR 2,66,105/- dt 16-06-2017 incurred for cleaning expense, but the same has been debited as repair and maintenance to safai labour. This amount was due to Mr. RS Dagar, however in the books of accounts amount has been credited in the name of Mr. Padam Chand. Also payment and TDS deduction entries are also made in the name of Mr. Padam Chand only.
 11. INR 1,11,461/- dt 17-10-2017 has been paid to Devi lal Raigar as refund of security deposit amount. However the same has been debited as asset naming "C.C. Road Construction". Also, out of INR 1,11,461/-, INR 12,800/- has been deducted as penalty (which should be booked as income) and INR 6,176/- has been deducted on



account of sales tax. However INR 18,976/- (12800+6176) has been accounted as TDS liability.

12. INR 31,47,049/- dt 22-12-2017, out of which INR 48,200/- paid w.r.t. accounting fees of FY 2015-16, also no TDS has been deducted on the same. And INR 30,98,849/- has been paid to retired employees as pension. However total amount has been debited as other expense.
13. Bank Charges of INR 336.30/- dt 22-09-2017 has been debited as repayment of TDS liability. Hence both expense and liability have been understated to this extent.
14. Liability of TDS amounting to INR 6,564/- paid on 03-06-2017, however the same has been debited as Other Expenses under General Administration Expenses in schedule-22. Hence expense has been overstated and TDS liability is outstanding in the financial statements.
15. Payment of TDS liability of July-17 amounting to INR 4,789/- dt 02-08-2017 has been booked as payment of LIC. Also liability of LIC has been booked in excess for INR 4,789/- as on 02-08-2017.
16. Liability of TDS amounting to INR 8,659/- paid on 01-02-2018, however the same has been debited as EMD refund.
17. During the year INR 13,66,307/- has been paid to Dausa Ex-servicemen Welfare Sahkari Samiti Limited for supply of various employees to the Palika. However no TDS has been deducted by the Palika on these payments. As per the management the recipient has obtained no TDS deduction certificate from the Income Tax Department, However such certificate have not been provide to us for verification. Further, all the payments made are w.r.t. salary paid to contract basis employees, however the ledger account of Dausa Ex-servicemen Welfare Sahkari Samiti Limited itself has been shown under Establishment Expenses in the Financial Statements.
18. During the year INR 1,51,081/- has been paid w.r.t. legal fees on which no TDS has been deducted. Since due entries of expense have not been passed, hence we are unable to quantify whether TDS is required to be deducted or not. Further INR 55,000/- has been paid to Advocate Harinarayan Matha w.r.t. legal case fees as on 12-01-2018 on which TDS is required to be deducted. However no TDS has been deducted on the same.
19. INR 6,406/- dt 16-06-2017 due to Padam Chand Contractor w.r.t. cleaning expense has been debited as repair and maintenance to safai labour. Also INR 6,278/- (i.e. net amount payable to Padam chand after deduction of TDS) has been paid as on 16-06-2017, however the payment of liability has been debited as Other Expenses. Hence expenses have been overstated and liability is showing outstanding in the financial statements even after payment.



20. Ledger account balance of contractor Padam Chand has been classified as grant of Forth Vitt Aayog under liabilities in the financial statements.
21. EMD amount of INR 1,500/- refunded to Mr. Satyanarayan and INR 6,000/- refunded to Shree Bannaji Sweet Caters dt 18-08-2017 but the same has been debited as Other Expense. Hence expense has been overstated and liability is also overstated in the financial statements.
22. EMD amount of INR 10,000/- dt 16-06-2017 refunded to Onn Media but the same has been debited as Advertisement Expense. Hence expense has been overstated and liability is also overstated in the financial statements.
23. Liability of Patrakarta Kosh Cess amounting to INR 3,103/- paid on 28-06-2017, however the same has been debited as Other Expenses under Operation and General expenses in schedule-23. Hence expense has been overstated and liability is showing outstanding in the financial statements.
24. Advertisement Expenses:
Some of the instances of non deduction/ short deduction of TDS and Patrakarta Kosh Cess relating to Advertisement Expenses are detailed below:
 - a. INR 3,863/- dt 16-06-2017 paid to Rajasthan Patrika and INR 3,644/- dt 16-06-2017 paid to Navjyoti printing for advertisement expenses, however Patrakar Kosh cess has not been deducted. Also direct payment entry passed.
 - b. INR 31,017/- dt 02-08-2017 paid to Creative Agencies, INR 1,41,980/- dt 04-10-2017 paid for advertisement expenses on which TDS and Patrakar Kosh cess has not been deducted. Also direct payment entry passed.
 - c. INR 540/- dt 04-10-2017 paid for advertisement expense on which Patrakarta Kosh Cess amounting to INR 81/- has been deducted. However such deduction has been booked as TDS deduction instead of Patrakarta Kosh Cess.
 - d. INR 43,209/- dt 02-08-2017 incurred w.r.t. 4 different advertisement given in newspapers. INR 6,780/- has been deducted as Patrakarta kosh cess which has been credited as TDS liability. Also no TDS has been deducted by the Palika on these payments.
 - e. INR 90,283/- dt 23-08-17 incurred for advertisement expenses. However TDS and Patrakarta Kosh Cess have not been deducted.
 - f. INR 1,51,596/- dt 15-01-2018 incurred for different advertisements, however no TDS and Cess has been deducted.



25. INR 24,000/- paid w.r.t. Sawach Bharat Mission (Balti Distribution), INR 14,204 paid w.r.t. watertak pipeline fitting and INR 67,939/- paid w.r.t. advertisement expenses as on 30-06-2017. However total of all 3 expenses have been debited as other expenses. Also Patrakar Kosh cess has not been deducted for advertisement expenses. Also direct payment entry passed.
26. INR 4,12,000/- dt 09-05-2017, INR 5,72,000/- dt 16-06-2017, INR 11,12,000/- dt 22-09-2017 paid to various beneficiaries under Sawachch Bharat Mission ("SBM") has been debited as expenses under Operation and General expenses.
27. Palika have 3 PD Accounts (General, GPF and Gratuity). However opening and closing balance of all 3 PD Accounts are not reconciled with Books. There are differences in the balances between financial statement and account statements which could not be reconciled by the Palika. Such differences are detailed in below tables:

For Opening Balances:

Account	As per Account Statement	As per Books of Accounts	Differences
PD (General) A/c	6,12,94,489.00/-	6,09,14,293.00/-	3,80,196.00/-
PD (GPF) A/c	1,11,48,531.00/-	1,10,60,270.00/-	88,261.00/-
PD (Gratuity) A/c	18,77,542.00/-	19,87,973.00/-	(1,10,431.00/-)

For Closing Balances:

Account	As per Account Statement	As per Books of Accounts	Differences
PD (General) A/c	4,36,17,090.00/-	4,33,04,090.00/-	3,13,000.00/-
PD (GPF) A/c	1,05,07,920.00/-	1,10,60,270.00/-	(5,52,350.00/-)
PD (Gratuity) A/c	38,27,880.00/-	19,87,973.00/-	18,39,907.00/-

28. As per bank statement of ICICI (16495) Bank A/c, balance as on 31st March 2018 is INR 2,47,63,810.40/- and balance as per books of accounts is INR.3,17,43,610.40/- There is difference of INR 69,79,800.00/-.

Also Palika have an another ICICI (1780) Bank A/c which is not there in books of accounts. As per physical cash book of Palika, balance of this bank A/c as on 31st March 2018 is INR 69,79,800.00/-. Hence we can say that this bank A/c is not being entered in books of accounts and all the transaction entries of this account has been passed in ICICI (16495) Bank A/c.

29. As per books of accounts, Palika maintain 3 bank accounts (SBBJ SJSRY, UCO SJSRY and UCO MSDP) which have closing balances of INR 2,57,118.63/-, INR 4,72,686.00/- and INR 98,876.00/- respectively. Also as per books of accounts there



are no transactions has been done through these 3 accounts. Hence opening and closing balances are same. However bank statements for these 3 bank accounts have not been provided to us for verification, hence we are not able to comment upon the correctness of the balances of these accounts.

30. Palika have different bank accounts for different type of expenditures. However, generally payment for the expenses were not done through the specific bank account which was assigned for that purpose.
31. As per books of accounts, cash balance as on 31st March 2018 includes INR 145.30/- under the ledger naming "Cash SJSRY". As per the management, there are separate cash book and documents are being maintained for SJSRY and all these documents along with cash book have been submitted in DLB Jaipur head office for inspection. Hence we are not able to comment on the correctness of the same.
32. Royalty is required to be deducted @ 3% from the amounts payable to the contractors. However we have observed that during the year royalty has been deducted @ 2% only on most of the payments made to contractors. Also in some cases royalty has been deducted @ 1.5% only.
33. Liabilities that may arise on account of late filing of return / Late payment / non deduction / mismatching of TDS, Royalty, Labour cess and Patrakarta Kosh Cess have not been ascertained and hence not considered. To this extent Deficit for the year and Liabilities are understated.
34. Many Direct payment entries have been passed in double entry system as on the date of payment without making entries for amount due. Since due entries of expenses have not been passed, hence we are unable to quantify whether TDS is required to be deducted or not on certain payments.
Also in many cases repayment of security deposit amount has been booked via direct payment entry. Also mostly there are no narrations being entered while passing the journal and direct payment entries in the books of accounts.
35. There is neither Urban Development Tax assessment for the FY 2017-18 nor other revenue assessment during the FY 2017-18. Therefore no tax or revenue has been accrued for the FY 2017-18 at end of Financial Year.
36. No provisions have been made in books of accounts for any expense.
37. Statement of Outstanding liabilities in the Form GEN-28 is not prepared. Therefore the double entry accounting has no conformity with Accrual Concept. The Double entry accounting is on cash basis not on an Accrual basis.



38. Liabilities or recovery on account of pending cases and/or notices filed against or by municipal Board by/against third parties is not ascertainable and not considered in the books of accounts. Financial impact of such cases has not been ascertained and hence we are unable to comment on correctness or otherwise of Income, Expenditure, Assets or Liabilities to this extent. Contingent Liabilities, if any, arising out of these cases has not been estimated by the municipal Board nor has been disclosed in notes to accounts.
39. Closing Stock of Stores has not been determined by the municipality and not considered in the accounts. To this extent both, Deficit for the year overstated and Assets are understated.
40. No specific Fixed Assets Register maintained by the Municipality only store register maintained.
41. There are differences between balances of Earnest Money and security deposit as the Financial Statement prepared under the Double Entry System and as per deposits register maintained by the Municipality Board. The Reconciliation Statement of above balances has not been prepared. As such to this extent of discrepancy, the accounts do not reflect true and fair view.
42. As per Financial Statements, as on 31st March 2018 palika have debtors amounting to INR 21,82,157/-, Loans and advances amounting to INR 2,36,734/- and creditors amounting to INR 110/-. Most of the balances are old outstanding balances. As per the management legal proceedings are being carried out to recover the same.
43. As per financial statements balance of unsecured loans as on 31st March 2018 is INR 33,70,361.22/- which comprises of RUFD loan. However as per the management, this loan amount has been settled from the concerned grants. Since we have not been provided with any documents relating to such loan, hence we are unable to comment upon the closing balance the same.
44. Some of the utilization certificates are not available for certain grants. Also there are differences between closing balances of grants between utilization certificates and books of accounts (For instance - 5th Rajya Vitt Ayog Grant, 14th Vitt Ayog grant, BPL Grant, Sawach Bharat Mission, 13th Vitt Ayog). The differences are due to transfer entries of grants to Income & Expenditure Account/ Capital Fund (as per the utilization) have not been passed in books of accounts.
45. During the year INR 18,57,000/- has been received under Mukhyamantri Jan Swablamban Yojna (MJSA) in the month of Mar-18. The nature of grant is Capital Grant, however the same has been treated as grant received for revenue purpose and credited as income which is not a correct treatment. Hence income has been overstated and liabilities are understated to this extent.
46. Palika have received INR 1,00,000/- as grant from Pashu Palan Department. However since palika have not used the same, hence INR 1,00,000/- has been refunded back to the Pashu Palan Department as on 13-10-2017. However such payment has been



debited as other expense. Hence Deficit during the year and Liabilities are overstated to this extent.

47. During the year, Income/ Capital fund from the grants according to revenue/capital expenses not accounted as per grant nature and Rajasthan Municipality Accounts Manual.

Treatment of grants should be done as described below:

- a. General Grants, which are of revenue nature should be recognized as income on actual receipt.
 - b. Grants which are re-imbursement of specific revenue expenditure should be recognized as income in the accounting period in which the corresponding revenue expenditure is charged to the Income and Expenditure Account.
 - c. Grants received towards capital expenditure should be treated as liability till such time the fixed asset is constructed or acquired. On construction/acquisition of fixed asset, grant corresponding to the value of asset so constructed/acquired should be treated as a capital receipt and should be transferred to Capital Contribution.
48. Depreciation amount as stated in financial statements is not correct due to the following reasons:
- a. Capitalization of revenue expenses as assets.
 - b. Capital expenses incurred for assets are accounted as revenue expenses.
 - c. Assets which was purchased last year but accounted during current year.
 - d. Prior period depreciation not charged during current year.
49. Since financial statements of previous year were subject to qualified opinion, hence opening balances of current year are not reliable.
50. Surplus/(deficit) of income over expenditure is overstated/ understated due to the following reasons:
- a. Capitalization of revenue expenses as assets.
 - b. Capital expenses incurred for assets are accounted as revenue expenses.
 - c. Incorrect calculation of depreciation amount.
 - d. Grants are not accounted as per their nature.
51. We observed that in many accounts, there are differences in balances between books of accounts prepared under double accounting system and manual books maintained by the palika.
52. Cash flow statement has not been provided to us for the verification, hence we are not able to comment on the same.



Adverse Opinion

In our opinion because of the discrepancies reflected in the Basis for Adverse Opinion paragraph, and Additional matters the financial statements does not present true and fair view in conformity with the accounting principles generally accepted in India, and also in all material respects in conformity with the Rajasthan Municipal Accounts Manual :-


- a) In the case of the Balance Sheet, of the state of affairs of the ULB as at March 31, 2018
- b) In the case of the Income and Expenditure Account, of the surplus/ deficit for the year ended on that date; and
- e) ~~In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.~~


We further report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the ULB so far as appears from our examination of those books subject to **adverse opinion**;
- c) the Balance Sheet, Income and Expenditure Account, ~~and Cash Flow Statement~~ dealt with by this Report are in agreement with the books of account subject to **adverse opinion**;
- d) In our opinion, the Balance Sheet, Income and Expenditure Account, ~~and Cash Flow Statement~~ comply with the Rajasthan Municipal Accounts Manual subject to **adverse opinion**;

Place: Jaipur
Date: 19/08/2019

For Gupta Jasoria and Associates
Chartered Accountants
FRN: 016412C


Yogesh Gupta
(Partner)
M.No. 414096



FINANCIAL STATEMENT FOR THE YEAR 2017-18

NAGAR PALIKA, LALSOT

Balance Sheet of Nagar Palika, Lalsot

As at 31/03/2018

LIABILITIES	Schedule	2017-18	2016-17
		(Amount in Rs.)	(Amount in Rs.)
RESERVE & SURPLUS			
Municipal (General) Fund	1	9,23,89,741.59	11,73,62,617.79
Earmarked Funds	2	-	1,30,48,249.11
Reserve & Surplus			
Total Reserve & Surplus (A)		9,23,89,741.59	13,04,10,866.90
Grant Contribution			
Grant Received for Specific Purpose	3	14,46,40,095.93	9,04,90,332.93
Total Grant (B)		14,46,40,095.93	9,04,90,332.93
LOANS			
Secured Loans			
Unsecured Loans		33,70,361.22	33,70,361.22
Total Loans (C)		33,70,361.22	33,70,361.22
CURRENT LIABILITIES & PROVISIONS			
Sundry Deposits	4	62,63,101.00	43,77,375.00
Statutory Liabilities	5	1,24,68,932.81	-
Other Liabilities	6	110.00	110.00
Provision	7	-	-
Total Current Liabilities and Provisions (D)		1,87,32,143.81	43,77,485.00
TOTAL LIABILITIES (A+B+C+D)		25,91,32,342.55	22,86,49,046.05

As Per audit report even date

For Gupta Jasoria & Associates

Chartered Accountants

FRN:- 0164126

Yogesh Gupta
(Partner)

M. No. 414096

Date :- 19-08-19

Place:- Jaipur

Signature of
EO/ Commissioner

अधिकांश अधिकारी
नगरपालिका लालसोट

Signature of
CAO/ Sr. AO

लेखाकार
नगरपालिका लालसोट

FINANCIAL STATEMENT FOR THE YEAR 2017-18			
NAGAR PALIKA, LALSOT			
Balance Sheet of Nagar Palika, Lalsot			
As at 31/03/2018			
ASSETS	Schedule	2017-18 (Amount in Rs.)	2016-17 (Amount in Rs.)
FIXED ASSETS			
Gross Block	8	17,43,90,897.00	14,61,69,370.00
Depreciation Fund	9	4,96,07,340.16	3,40,09,178.51
Net Block		12,47,83,556.84	11,21,60,191.49
Capital Work in Process			
Total Fixed Assets (A)		12,47,83,556.84	11,21,60,191.49
INVESTMENTS			
General Fund Investments			
Specific Fund Investments	10	1,30,48,243.00	1,30,48,243.00
Total Investments (B)		1,30,48,243.00	1,30,48,243.00
CURRENT ASSETS, LOAN & ADVANCES			
Inventories			
Sundry Debtors/ Receivables		21,82,157.00	21,87,394.00
Cash & Bank Balances	11	11,88,71,651.71	10,10,16,483.56
Loans, Advances & Deposits	12	2,46,734.00	2,36,734.00
Diff. in Cash Book			
Total Current Assets, Loans & Advances(C)		12,13,00,542.71	10,34,40,611.56
TOTAL ASSETS(A+B+C)		25,91,32,342.55	22,86,49,046.05

As Per audit report even date

For Gupta Jasoria & Associates

Chartered Accountants

FRN:- 016412C

Yogesh Gupta
(Partner)

M. No. 414096

Date :- 19-08-19

Place:- Jaipur

Signature of
EQ/ Commissioner

Signature of
CAO/ Sr. AO

FINANCIAL STATEMENT FOR THE YEAR 2017-18

NAGAR PALIKA , LALSOT

Income and Expenditure Account of Nagar Palika, Lalsot, For the Year Ending 31st March, 2018

PARTICULARS		Schedule	2017-18	2016-17
			(Amount in Rs.)	(Amount in Rs.)
INCOME				
Income From Taxes	110	13	39,281.00	3,67,003.00
Assigned Compensations	120	14	2,88,56,000.00	-
Rental Income from Municipal Properties	130	15	-	39,50,834.00
Fees and User Charges	140	16	1,81,54,426.00	7,03,576.00
Revenue Grant Contribution Subsidies	160	17	18,57,000.00	4,64,70,540.00
Sales & Hire charges	150	18	-	-
Interest Earned	171	19	18,88,822.00	5,57,573.15
Income From Corporation Assets And Investment				
Miscellaneous Income	180	20	12,77,665.50	5,38,312.00
Total Income			5,20,73,194.50	5,25,87,838.15
EXPENDITURE				
Establishment Expenses	210	21	3,88,70,366.00	3,87,97,090.00
General Administrative Expenses	220	22	54,38,039.60	79,32,071.00
Operating & Maintenance	230	23	1,68,99,503.45	-
Public Works		24	2,40,000.00	1,05,43,677.00
Programme Exp.	250	25	-	-
Interest & Financial Exp.	240			1,43,160.62
Miscellaneous Expenses				
Annapurna Exp.				
Jal Sawablambar exp.				
CMAR Contribution				
Depreciation During the Year			1,55,98,161.65	1,01,59,050.94
Total Expenditure			7,70,46,070.70	6,75,75,049.56
Surplus\ Deficit before adjustment of prior period items and Depreciation			(2,49,72,876.20)	(1,49,87,211.41)
Less: Prior Period Items			-	-
Less: Prior Period adjustment of Depreciation			-	-
NET SURPLUS\ (DEFICIT)			(2,49,72,876.20)	(1,49,87,211.41)

As Per audit report even date

For Gupta Jasoria & Associates

Chartered Accountants

FRN:- 016412C

Yogesh Gupta
(Partner)

M. No. 414096

Signature of
EO/ Commissioner
नगरपालिका लालसोट

Signature of लेखाकार
GAO/ Sr. AO
नगरपालिका लालसोट

Date :- 19-08-19

Place:- Jaipur

NAGAR PALIKA ,LALSOT

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Accounting policies

1. Basis of Accounting:

The financial statement are prepared on going concern and under historical cost basis under mercantile basis of accounting except in case of salary payment, borrowing cost and contractual payments like accounting charges and audit fees and interest earned on bank deposits. The method of accounting is the double entry accounting system.

2. Recognition of Revenue:

Property and other taxes are recognized in the period in which they are received

- Advertisement taxes are considered on receipt basis.
- Revenue in respect of trade license fees are determined in the year in which they are received.
- Assigned revenue like entertainment tax ,duty /Surcharge on transfer of Immovable property are accounted during the year only upon actual receipt.
- Other incomes ,which are of an uncertain nature for which the amount is not ascertainable or where demand is not raised in regular course of operations, is recognized on actual receipt.

3. Recognition of expenditure :

- All revenue expenditures are treated as expenditures in the period in which they are paid.
- In case of works, expenditures are considered in the year in which the payment has been made.
- Post- Retirement benefit are booked on payment basis i.e. when they are due for payment.

4. Fixed assets:

1. Fixed Assets

i. Recognition

- a. All fixed assets are carried at cost less accumulated Depreciation. The cost of fixed assets include cost incurred/ money spent in acquiring or installing or constructing the fixed assets, interest on borrowings directly attributable to acquisition or construction of qualifying fixed assets up to the date of commissioning of the assets and other incidental and indirect expenses incurred up to date.

ii. Depreciation :

Depreciation is provided on Written down value method as per rates specified in Income Tax Act,1961 as suggested in Rajasthan Municipal Accounting Manual.



2. Notes to Accounts

1. Bank balances has been taken and accepted as per books.
2. Balance in grant accounts according to the utilization certificate.
3. PD A/C balance has been taken and accepted as per books
4. Balance in personal accounts (Debit/credit), Sundry debtors and creditors are subject to confirmation.
5. No sinking fund has been created for replacement of assets as prescribed in Rajasthan Municipal Accounts Manual Chapter-18.
6. Balances of TDS, Labor cess, service tax are subject to confirmation.
7. Earnest Money deposit and Security deposit are subject to confirmation.
8. Overall we prepare balance sheet according to data provided by the Lalsot Nagar Palika.

For Gupta Jasoria & Associates

Yogesh Gupta
(Partner)
(M.No.414096)

(Estate Officer)

(Accountant)

लेखाकार
नगरपालिका लालसोद

Schedule forming part of Balance Sheet , Income & Expenditure of Nagar Palika, Lalsot Rajasthan
As on 31st March, 2018

Particulars	2017-18 (Amount in Rs.)	2016-17 (Amount in Rs.)
Schedule-1		
MUNICIPAL (GENERAL) FUND		
Opening balance	33,92,336.79	1,83,79,548.20
Add :- Capital contribution	11,39,70,281.00	11,39,70,281.00
Less:- Deduction during the year		
Less: Excess of Expenses over Income	2,49,72,876.20	1,49,87,211.41
Difference in Opening Balance		
Add: Excess of Income over Expenditure		
Total	9,23,89,741.59	11,73,62,617.79
Schedule-2		
EARMARKED FUND		
Gratuity Fund		1,03,02,833.11
General Provident Fund		19,87,973.00
Pension Nidhi Earmarked Funds		7,57,443.00
Total	-	1,30,48,249.11
Schedule- 3		
GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE		
Grant from Central government		
Grant from State Finance Commission		
Special Grant for 14th Financial Commission	6,73,95,961.00	4,28,46,061.00
Special Grant for 13th Financial Commission	10,98,161.00	10,98,161.00
State 5th Vitt. Ayog FC	5,99,27,263.00	3,25,80,263.00
Bhamasah Yojana		
Swachchh Bharat Mission	1,25,40,122.00	1,25,93,627.00
MSDP	91,319.00	91,319.00
Grant From MLA/M.P. Fund		
Grant for SJSRY Yojana	6,65,039.93	6,65,039.93
Fourth Vitt Aayog(320.30.16)	6,278.00	
Pashu Palan Vibhag	1,00,000.00	1,00,000.00
Cm BPL Awas Yojana	1,690.00	
Grant for energy conservation		
Grant For NULM	15,00,000.00	
MLA Fund	8,68,494.00	70,094.00
Rain Basher	3,66,463.00	3,66,463.00
Jan Sahbhagita	79,305.00	79,305.00
Panna dhay Yojana		
Total	14,46,40,095.93	9,04,90,332.93
Schedule- 4		
SUNDRY DEPOSITS		
340.10.01 EMD		9,91,600.00
340.10.02 SECURITY DEPOSITS	62,63,101.00	21,97,275.00
Unsecurd Loan		
Security Deposit For rent		11,88,500.00
Total	62,63,101.00	43,77,375.00
Schedule- 5		
STATUTORY LIABILITIES		
Royalty	(39,250.00)	
Labour Cess Payable	5,058.00	
GPF Payable	95,16,014.11	
Gratuity Payable	19,05,444.00	
Lic payable		
Income Tax Deduction		
TDS (I.T)	1,95,171.70	
Pension Fund	7,57,443.00	
Salary Payable		
Sales Tax	1,29,052.00	
S.S		
Labour Tax		
Employee Anshadhan		
Employee PF Payable		
Nagar Palika Rent		



Op. Advance return(Deduction)		
Other nagar palika Deduction		
Palika Anushandan		
Patkar kalyan fund 1%		
Provident Fund		
Royalty Payable		
Total	1,24,68,932.81	
Schedule- 6		
OTHER LIABILITIES		
A.E.N 5% Hold Money		
Payment to othere Department Agency Recoveries		
Creditoers	110.00	110.00
Total	110.00	110.00
Schedule- 7		
PROVISIONS		
Audit fees Payable		
Sundry Creditors		
Accounting fees payable		
Provisions for GPF		
Provisions for Gratuity Payable		
Total	-	-
Schedule- 8		
GROSS BLOCK		
Immovable Assets		
Land		
Office Building	6,08,08,535.00	6,08,08,535.00
Total	6,08,08,535.00	6,08,08,535.00
Infrastructure Assets		
CC Roads		
Sewrage & Drainage	8,20,64,201.00	5,43,99,833.00
Streat Light		
Road And Bridge	29,69,682.00	29,69,682.00
Nali Construction 410-31	20,42,811.00	20,42,811.00
Water Tank SFC	1,81,10,227.00	1,81,10,227.00
Total	8,34,550.00	8,34,550.00
Moveable Assets	10,60,21,471.00	7,83,57,103.00
Plant and Machinery		
Furniture & Fixture	9,990.00	
Office & Other Equipments	10,74,968.00	9,98,718.00
Computer	10,19,980.00	10,19,980.00
Genratoer	1,90,455.00	1,90,455.00
Invetor	4,77,260.00	4,77,260.00
Vehicles	15,700.00	15,700.00
cooloer	43,75,348.00	39,04,429.00
Laptop	1,50,000.00	1,50,000.00
VC Camera		
Printer	15,500.00	15,500.00
CCTV Camera	2,31,690.00	2,31,690.00
W.I.P		
Toilet Construction		
Total	75,60,891.00	70,03,732.00
Grand Total	17,43,90,897.00	14,61,69,370.00
Schedule-9		
DEPRECIATION FUND		
Opening balance		
Add:- Depreciation provided during the year	3,40,09,178.51	2,38,50,127.57
Less:- Depreciation for the previous year	1,55,98,161.65	1,01,59,050.94
Total	4,96,07,340.16	3,40,09,178.51



Schedule- 10		
SPECIFIC FUND INVESTMENT		
GPF PD A/C	1,10,60,270.00	1,10,60,270.00
Gratuity P.D A/c	19,87,973.00	19,87,973.00
Pension Nidhi		
Total	1,30,48,243.00	1,30,48,243.00
Schedule- 11		
CASH & BANK BALANCES		
Cash in Hand	3,988.30	3,755.00
Balances in Saving & Current a/cs	11,88,67,663.41	10,10,12,728.56
Total	11,88,71,651.71	10,10,16,483.56
Schedule- 12		
LOANS,ADVANCES & DEPOSITS		
Advance To Contractors		1,90,000.00
PF Loan to Employees		
Income Tax (TDS) Payable		
Commercial Taxes Payable		
Loan & Advances(Assets)	2,36,734.00	41,734.00
Vechile loan		
Advance Loan-460	10,000.00	5,000.00
Total	2,46,734.00	2,36,734.00
Schedule - 13		
INCOME FROM TAXES		
Cleanliness Tax		
House Tax	39,281.00	1,15,702.00
Water Tax		
Urban Development Tax		2,51,301.00
Total	39,281.00	3,67,003.00
Schedule - 14		
ASSIGNED COMPENSATION		
Octroi Compensations	2,88,56,000.00	
Entertainment tax compensation		
Total	2,88,56,000.00	-
Schedule - 15		
RENTAL INCOME FROM MUNICIPAL PROPERTIES		
Income from Municipalities Properties		
Rent from Shop		8,24,898.00
Income From Public facility		15,79,600.00
Income From Banks		14,90,362.00
Income from Mobile Tower		30,000.00
Income Teh Bazari		25,974.00
Total	-	39,50,834.00



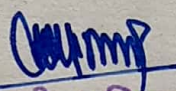
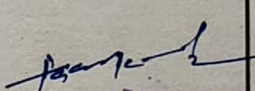


Schedule - 16		
FEES AND USER CHARGES		
Licensing Fees		
Contract Fees		1,20,779.00
Fees for Certificate or Extract	3,100.00	
Development Charges		
Registration Fees		
Application fees	3,65,078.00	
Rent Reco. Of Assets(130.10)	1,05,421.00	
Advertisement Fees	97,636.00	
Audit Recovery	3,87,317.00	4,64,943.00
BSWP Fees		
Name Change approval fees	49,071.00	
Tender Fees	7,310.00	
Development Charges		
Tamir Shulk	47,12,709.00	
Income From RTI		
Agriculture Lease Reciept		
Building AP/Lease Other Fees	2,270.00	
Income From Birth Death Certificate	1,21,33,831.00	
Income From Land User Changes	3,338.00	
Income From Marriage Certificate		
Penalty Fees	65,880.00	
User Charges	40,297.00	
Road Cutting Fees		
NOC Fees	1,980.00	8,880.00
Transferr Charges	20,585.00	20,220.00
Other certificate fees		52,930.00
Other Fees	1,53,243.00	
Administrative Charges	5,360.00	
Total		35,824.00
Schedule - 17	1,81,54,426.00	7,03,576.00
REVENUE GRANT,CONTRIBUTION,SUBSIDIES		
Revenue Grant- 14 Finance Commission		
Revenue Grant- 13 Finance Commission		47,59,300.00
Revenue Grant Rajya Vitt Aayog		45,23,276.00
Revenue Grants- SBM	18,57,000.00	
Revenue Grant 5th Vitt Aayog		21,53,000.00
Revenue Grant MLA/MP		79,84,114.00
Revenue Grant- SFC		
Chungi grant		
Scholarship		2,62,31,000.00
Sensus Anudan		7,11,600.00
Total		1,08,250.00
Schedule - 18	18,57,000.00	4,64,70,540.00
SALES & HIRE CHARGES		
Sale Of Products		
Sale Of Stores		
Sale of Forms & Publications		
Total		
Schedule - 19		
INTEREST EARNED		
Interest from Banks		
Interest On FDR	18,88,822.00	5,57,573.15
Interest from employee advances		
Other Interest		
Total	18,88,822.00	5,57,573.15
Schedule - 20		
MISCELLANEOUS INCOME		
Other Income		
Slaes Form	12,77,365.50	3,01,262.00
Sales Of Death Animal		1,26,950.00
Sale of wasteage Material		1,10,100.00
Post Order Fees		
Total	300.00	
	12,77,665.50	5,38,312.00



Schedule -21		
ESTABLISHMENT EXP.		
Salary, Bonus & Wages	3,68,85,683.00	3,40,58,988.00
Bonus Block		4,26,762.00
Institutional Exp.		
Dausa Ex Service Welfare Co Oprative	13,66,307.00	
Parshad allowance	2,37,400.00	
Gratuity Exp.		42,14,440.00
TA Bill	1,39,048.00	
Medical Allowances	2,41,928.00	96,900.00
Total	3,88,70,366.00	3,87,97,090.00
Schedule -22		
GENERAL ADMINISTRATION EXP.		
Administrative Exp	8,58,710.00	5,23,068.00
Opretional and maintainence Exp Vehicle		
Tent Exp	1,55,142.00	
Accounting fees		
Postage Expenses		17,003.00
Program Exp	1,68,115.00	
Petrol And Diesel Fees		2,66,805.00
Printing & stationary	1,67,346.00	19,163.00
Travelling & Conveyance	1,71,960.00	9,125.00
contributions		1,00,000.00
Audit Fees	43,710.00	79,350.00
Computer Operator charges	67,900.00	3,46,594.00
Insurance	67,504.00	22,535.00
Electricity Exp & Water Exp.	5,15,806.00	12,98,833.00
Bank Charges	81.60	
RUDF Contribution	12,92,100.00	
Legal expenses	1,51,081.00	2,32,076.00
Vehicles (Rent)	13,13,217.00	1,85,288.00
telephone Exp	36,151.00	37,729.00
othere Exp	2,31,564.00	35,202.00
Software Exp		47,59,300.00
Magzine Exp	400.00	
Medical Exp	1,93,752.00	
Return & Filling Charge	3,500.00	
Total	54,38,039.60	79,32,071.00
Schedule- 23		
OPERATING & MAINTANANCE		
Vehicle Running and Maintanance Exp	3,180.00	
Repairs and Maintanance - Infrastructure Assets	57,000.00	
Repairs and Maintanance - Public Assets	32,192.00	
Dedicated Consultant		
Repairs and Maintanance - Safai Labor	8,18,349.00	
Electronic Item Repair exp	2,61,990.00	
Other Expences		
OPERATING & GENRAL EXP	1,55,36,891.45	
Colonyon Ka Posh karan		
Google map all Land Fulera		
Repairs and Maintanance - Vehicles	1,89,901.00	
Rashan Card		
Total	1,68,99,503.45	-



Schedule- 24		
PUBLIC WORKS		
Specific Perpose Grant		
10 % E Governance		
Bhamasah Yojana Expenses		
Electricity Bill Exp		
Repairs and Maintainance - Public lighting		
Repairs and Maintainance - Vehicle/tools		11,72,404.00
Exp Against 13 Finance Commission		2,37,777.00
Exp Against 14 Finance Commission		
Exp Against Jan Sahabagi Yojna		
Exp Against Mia/MP		
Exp Against Pannadhya Jeeven Amrit Yojna		
Swachchh Bharat Yojana Expenses	2,40,000.00	21,53,000.00
Exp Against- Scholoershi[7,06,800.00
Cleaning Exp		57,05,748.00
Sadi Cumble Exp		3,615.00
SBM Auto Tear		
SBM Cloth Bag		
Slogan Writing Exp		
Cleaning Exp		4,56,083.00
Cenus Exp		1,08,250.00
Total	2,40,000.00	1,05,43,677.00
Schedule- 25		
PROGRAMME EXPENDITURE		
PROGRAMME EXPENDITURE		
Election Expenses	-	-
Total	-	-
<p>As Per audit report even date</p> <p>For Gupta Jasoria & Associates</p> <p>Chartered Accountants</p> <p>FRN:- 016412C</p> <p></p> <p>Yogesh Gupta (Partner) M. No. 414096</p> <p></p> <p>Date :- 19-08-19 Place:- Jaipur</p> <p> Signature of अधिकारी EO/ Commissioner नगरपालिका लालसोट</p> <p> Signature of काँडाकाय CAO/ Sr. AO नगरपालिका लालसोट</p>		



(1) Fixed Assets											
DESCRIPTION	RATE OF DEP.	GROSS BLOCK AS AT 01.04.2017 (Rs.)	ADDITIONS (Rs.)		DELETION/ SALES (Rs.)	GROSS BLOCK AS AT 31.03.2018 (Rs.)	DEPRECIATION up to 31.03.2017 (Rs.)	DEPRECIATION FOR THE YEAR (Rs.)	TOTAL DEPRECIATION UP TO 31.03.2018 (Rs.)	NET BLOCK AS AT 31.03.2018 (Rs.)	NET BLOCK AS AT 31.03.2017 (Rs.)
Plant And Machinery-15% WDV	15%		More than 180 days	Less than 180 days							
Office Equipment (tools)				152992							
Machinery		1019980				1019,980.00	3,08,418.28	1,06,734.26	4,15,152.54	6,04,827.46	7,11,561.72
Kitchen Appliance					9,990.00	9,990.00		749.25	749.25	9,240.75	-
Total Plant & Machinery		10,19,980.00				10,29,970.00	3,08,418.28	1,07,483.51	4,15,901.79	6,14,058.21	7,11,561.72
Computer And Printers WDV-60%	60%										
Computer And Printers	60%	1,90,455.00				1,90,455.00	1,75,248.80	9,123.12	1,84,372.92	6,087.08	15,205.20
Printer	60%	15,500.00				15,500.00	32,961.75	29,809.24	62,770.99	5,200.00	15,500.00
VC Camera	15%	2,31,690.00				2,31,690.00	2,08,211.55	48,232.36	2,56,443.91	1,81,201.09	1,98,728.35
Total Computer And Printer Furniture And Fixture-SLM-	10%	4,37,645.00				4,37,645.00					2,29,433.45
Furniture And Fixture	10%	9,98,718.00									
Total Furniture And Fixture		9,98,718.00	4,000.00	72,250.00		10,74,968.00	2,99,237.70	1,03,884.30	4,03,122.00	5,71,846.00	6,99,480.30
Road, Street, Lane/Footpath-SLM 10% Infrastructure Assets	20%	7,45,52,871.00	1,69,24,861.00	1,07,39,507.00		10,22,17,239.00	1,74,58,313.48	96,84,748.55	2,71,43,062.03	7,50,74,176.97	5,70,94,557.52
CC Road & Nail											
Water Tank		8,34,550.00				8,34,550.00	1,84,634.97	83,455.00	2,68,089.97	5,66,460.03	6,49,915.03
Street Light		29,69,682.00				29,69,682.00	7,98,598.93	2,96,968.20	10,95,567.13	18,74,114.87	21,71,083.07
Total		7,83,57,103.00	1,69,24,861.00			10,60,21,471.00	1,84,41,547.38	1,00,65,171.75	2,85,06,719.13	7,75,14,751.87	5,99,15,555.62
Building-WDV-10%	10%										
Office Building		6,08,08,535.00				6,08,08,535.00	1,30,92,945.66	47,71,558.93	1,78,64,504.59	4,29,44,030.41	4,77,15,589.34
Total Building		6,08,08,535.00				6,08,08,535.00	1,30,92,945.66	47,71,558.93	1,78,64,504.59	4,29,44,030.41	4,77,15,589.34
Vehicle-10%	15%	390429	4,70,919.00			43,75,348.00	14,57,516.35	4,37,534.80	18,95,051.15	24,80,296.85	24,46,912.65
Generator-10%	10%	4,77,260.00				4,77,260.00	1,46,733.59	47,726.00	1,94,459.59	2,82,800.41	3,30,526.41
Cooler-10%	10%	1,50,000.00				1,50,000.00	2,983.00	15,000.00	66,585.00	83,415.00	98,415.00
Investor-10%	10%	15,700.00	4,70,919.00			50,18,308.00	16,58,817.94	5,01,830.80	21,60,648.74	28,57,659.26	28,88,571.06
Total		45,47,389.00	4,70,919.00			17,43,90,897.00	3,40,09,178.51	1,55,98,161.65	4,96,07,340.16	12,47,83,556.84	11,21,60,191.49
Gross Total		14,61,69,370.00	1,73,99,780.00								



Additional matters to be reported by the financial statements auditor

<u>S.No.</u>	<u>Additional Matters</u>	<u>Audit Observation</u>
1	Whether all sums due to and received by the Municipality have been brought to account and have been appropriately classified; and	Annexure-1
2	Whether all grants sanctioned or received by the Municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the Municipality whether such deductions have been properly accounted;	Annexure-2
3	Whether any Earmarked Funds have been created as per the provision of any statute and, if so, whether such Earmarked Funds have been utilized for the purposes for which they were created;	Annexure -3
4	Whether the Municipality is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	Annexure-4
5	Whether in case of leasehold property given by the municipality, whether lease rentals are collected regularly by the Municipality and that the lease agreements are renewed after their expiry;	Annexure-5
6	Whether physical verification has been conducted by the Municipality at reasonable intervals in respect of stores; Whether the procedures of physical verification of stores followed by the Municipality are reasonable and adequate if not, state the inadequacies in such procedures; Whether any material discrepancies have been noticed on physical verification of stores as compared to stores records, and if so, whether the same have been properly dealt with in the books of account;	Annexure-6



7	Whether the parties to whom loans or advances have been given by the Municipality are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the Municipality for recovery of the principal and interest;	Annexure-7
8	Whether advances given to municipal employees and interest thereon are being regularly recovered;	Annexure-8
9	Whether there exists an adequate internal control procedure for the purchase of stores, fixed assets and services	Annexure-9
10	Whether there exists an adequate internal control procedure for the contracting of works and projects, periodic inspections and measurements, quality checks and payments there for	Annexure-10
11	Whether the Municipality is regular in depositing statutory dues including tax deducted at source, works contract tax, cess payable to the Government, ESI, PF etc., and if not, the nature and cause of such delay and the amount not deposited;	Annexure-11
12	Whether any personal expenses have been charged to the Municipality's accounts; if so, the details thereof;	Annexure-12
13	Whether the books and registers specified under the Rajasthan Municipal Accounts Manual and other applicable acts and rules have been properly maintained; whether Bank Reconciliation statements have been properly prepared for all the bank accounts of the Municipality;	Annexure-13
14	Whether the year-end and reconciliation procedures have been carried out;	Annexure-14



Annexure-1

All sums due to and received by the Municipality have been brought to account and have been appropriately classified subject to following:

1. Income is booked on actual receipt basis and no records available to verify the assessment for taxes / other incomes available therefore it implies that all sums due to Municipality is not take in financial statement for the period concerned.
2. Statement of Outstanding liabilities in the Form GEN-28 is not prepared. Therefore the double entry accounting has no conformity with Accrual Concept.

Annexure-2

All grants sanctioned or received by the Municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the Municipality and such deductions have been properly accounted subject to following:

1. The ULB has accounted Grant received and usage thereof under the Double entry accounting system but The ULB has not prepared register for the Grant in the format Mentioned FORM: G-1
2. Many grants showed in financial statements from previous years which are already being utilized in earlier years but their balances being not adjusted against expenses done.
3. During the year, Income/ Capital fund from the grants according to revenue/capital expenses not accounted as per grant nature and Rajasthan Municipality Accounts Manual.

Treatment of grants should be done as described below:

- a. General Grants, which are of revenue nature should be recognized as income on actual receipt.
- b. Grants which are re-imbursement of specific revenue expenditure should be recognized as income in the accounting period in which the corresponding revenue expenditure is charged to the Income and Expenditure Account.
- c. Grants received towards capital expenditure should be treated as liability till such time the fixed asset is constructed or acquired. On construction/acquisition of fixed asset, grant corresponding to the value of asset so constructed/acquired should be treated as a capital receipt and should be transferred to Capital Contribution.



Annexure- 3

Whether any Earmarked Funds have been created as per the provision of any statute and, if so, whether such Earmarked Funds have been utilized for the purposes for which they were created.

Comment: According to the information and explanations given to us provident & Gratuity earmarked fund have been created by the ULB as per the provision of statute and such earmarked funds were utilized for the intended purpose But Earmarked Fund as per financial statements made for PF & Gratuity liability does not reconciles with the actual liability of Provident fund & Gratuity employees.

Annexure-4

Whether the Municipality is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;

Comment: The ULB is not maintaining the register of Fixed assets as per format specified in the Form GEN-30 and GEN-31 only store register maintained.

Annexure-5

Whether in case of leasehold property given by the municipality, whether lease rentals are collected regularly by the Municipality and that the lease agreements are renewed after their expiry;

Comments: No records provided to verify the same.

Annexure-6

Whether physical verification has been conducted by the Municipality at reasonable intervals in respect of stores; Whether the procedures of physical verification of stores followed by the Municipality are reasonable and adequate if not, state the inadequacies in such procedures; Whether any material discrepancies have been noticed on physical verification of stores as compared to stores records, and if so, whether the same have been properly dealt with in the books of account;



Comment:

- The ULB is not maintaining the register of Stores in the prescribed format.
- As explained to us, physical verification of stores has not been conducted by the Municipality at reasonable intervals As such we are unable to comment on the procedures of physical verification of stores vis-a-vis material discrepancies, if any, on physical verification and its treatment in books of accounts. Moreover, neither the stores has been verified and valued at the year end nor same has been recognized in the accounts.
- It has been suggested to ULB that the ULB should prepare Store Register and Documentations in the Format prescribed (ST-1, ST-2 and ST-3).

Annexure-7

Whether the parties to whom loans or advances have been given by the Municipality are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the Municipality for recovery of the principal and interest;

Comment: No, As per books of accounts, all amount showing in financial statements as loans and advances are the closing balance of last year.

Annexure-8

Whether advances given to municipal employees and interest thereon are being regularly recovered;

Comment: As explained to us, Municipality has granted advance against for expenses amounting to INR 10,000/- in the month of Mar-18 and the same has not been adjusted till 31st March 2018.

Annexure-9

Whether there exists an adequate internal control procedure for the purchase of stores, fixed assets and services



Subject Matters of Internal Controls	INTERNAL CONTROL	AUDITORS COMMENT
Stores	The Head of the Accounts Department shall ensure budget availability with respect to the expenditure incurred at the time of accruing of the expenditure i.e. Budget monitoring shall be on accrual basis rather than payment basis.	Yes, The Head of Accounts department ensures the budget availability with respect to the expenditure incurred at the time of accruing of the expenditure.
	The Head of the Accounts Department shall ensure that all the purchase bills/invoices were journalized before release of the payments.	No Such procedure is exists.
	At the end of the financial year, the Stores-in-charge, the Head of the Accounts Department and the Director Local Fund Audit shall physically verify the stock lying in stores and compare it with the stock as per the book records and in case of any difference, appropriate remedial steps as prescribed by the LB shall be taken.	No such system followed on yearly basis.
	The Stores-in-charge shall ensure availability of adequate budget allocation before procuring any material, after considering all commitments made against the budget allocation.	The Store-in-charge has no such procedure of budget allocation but same is checked through accounts.
	At the time of issue of any material to the Departments, the Stores-in-charge shall ensure that there is an adequate budget provision in respect of that department.	No documents available to verify such system.



	<p>The Head of the Accounts Department shall ensure that all the dues recoverable including advance provided to supplier has been recovered before making the final payment to the supplier. Further, it should be ensured that only net amount has been paid to the supplier, as may be applicable to the materials actually received or accepted.</p>	<p>Yes, Internal Control exists</p>
	<p>Before releasing payment to the supplier, the Head of the Accounts Department shall ensure that the material received is recorded in the Stores Ledger. Further, it shall be ensured that the Payment Order provides reference to the Stores Ledger where the entry for receipt of material is recorded. In addition, at the time of payment to Suppliers/contractors and any other creditors it shall be ensured that no amount is due from them, which may be adjusted before payment.</p>	<p>The Head of accounts department verify the store register maintained by the Store-in-charge and all procedures followed.</p>
	<p>The Stores-in-charge shall ensure that materials in respect of which bills have been received but have not been forwarded to the Accounts Department are stated separately in the Statement of Closing Stock (Form ST – 3).</p>	<p>No such type of entries found in the Stores register.</p> <p>All bills has been forwarded to Accounts department as and when material received as informed to us, no documents available to verify the same.</p>
	<p>The Head of the Accounts Department shall ensure that the 'Purchase of Materials' account has been reconciled at the period and the balance has become nil on accounting of stock entries for the closing stock(on the basis of Statement of Closing Stock in Form ST –3) and consumption of stores.</p>	<p>Accounts department does not follow this procedure.</p>



	Also the Head of Accounts Department shall ensure that the balance in the 'Opening Stock' account has become nil at the period end on accounting of stock entries and consumption based on the closing stocks.	Accounts department does not follow this procedure.
<u>Other Revenue Expenditures</u>	The Head of the Accounts Department shall ensure budget availability with respect to the expenditure incurred at the time of accruing of the expenditure.	Yes, Accounts department ensures the budget availability for the expenditure.
	The Head of the Accounts Department shall ensure that all the bills/invoices were journalized before release of the payments	No bills/Invoices are journalized before the payment.
	The Head of the Accounts Department shall ensure proper authorization of Payment Order as per the authorities delegated by the LB.	Yes, Payment orders are by proper authorization.
	The Head of the Accounts Department shall ensure that the relevant supporting documents are annexed to the Payment Order submitted by the Department.	Yes
	The Head of the Accounts Department shall ensure appropriate classification both in terms of expenditure head and the period in which the expenditure has been accounted with reference to the nature of the bill and the date of the bill, respectively.	No, There is no system of classification on payment vouchers as per double accounting system as prior period expenses booked in current year.
	On a quarterly basis, and, also in between, on a random basis, the Head of the Accounts Department shall conduct physical verification of cash in hand held at the various departments and tally it with the departmental records maintained there and thereafter with the Register of Advances	Yes, Accounts department take the Physical Verification of cash time to time.



	(Form GEN-16) maintained at the Accounts Department.	
	At the time of making payment, the Accounts Department shall ensure that reference to the departmental Register of Bills for Payment where the payment bill has been recorded by the department concerned, is provided in the Payment Order. In case of non-referencing, the Accounts Department shall return the Payment Order to the concerned Department for rectification and resubmission. In addition, at the time of payment to Suppliers/contractors and any other creditors it shall be ensured that no amount is due from them, which may be adjusted before payment.	Yes, In the accounts department, this payment control system is exists but no register system found reference for work order , payee file available.
	The Head of the Accounts Department shall ensure that a monthly reconciliation of total expenditure incurred and recorded in the Departmental Expense (Administrative Expenses) Subsidiary Ledger is carried out with the total expenditure recorded in several Administrative Expense Ledger Accounts.	No Reconciliation statement and Subsidiary ledger has been prepared.
Fixed Assets	At the time of award of new contract, the concerned department shall ensure the availability of adequate budget allocation after considering all commitments made against that budget allocation before purchasing any new fixed asset.	Yes at the Time of Award of contract concerned department ensure the budget availability.



	<p>The Head of the Accounts Department shall have a system of conducting physical verification of fixed assets throughout the year so that each fixed asset is verified at least once during the year. Any discrepancies with the Fixed Assets Register should be reconciled.</p>	<p>The HOD of Accounts department has no system of physical verification of fixed assets at least once in the year.</p>
	<p>The Head of the Accounts Department shall ensure that the amount set aside in the Asset Replacement Bank Account consequent to depreciation provision made, is utilized only for the purpose of purchase or acquisition of fixed asset for which depreciation has been provided.</p>	<p>No Such Procedure is exists.</p>
	<p>Before releasing payment to the supplier, the Head of the Accounts Department shall ensure that the fixed assets acquired are recorded in the Register of Immovable Properties. Further, it shall be ensured that the Payment Order provides reference to the Register of Immovable Properties where the entry for receipt of fixed assets is recorded.</p>	<p>Yes</p>
	<p>At the time of computing depreciation provision for the period, the Head of the Accounts Department shall ensure that the accumulated depreciation (including current period's depreciation provision) provided on any fixed asset does not exceed its cost of acquisition.</p>	<p>There is no such system exists.</p>



Annexure-10

Internal control procedure for the contracting of works and projects, periodic inspections and measurements, quality checks and payments

Subject Matters of Internal Controls	INTERNAL CONTROL	AUDITORS COMMENT
Public Works	The Public Works Department and the Chief of Accounts Department or any other responsible officer as defined by the applicable Acts, shall ensure the availability of adequate budget allocation after considering all commitments made against that budget allocation before undertaking any new work, whether being an Original Work or Repairs and Maintenance Work	The ULB take the approval from board meeting of Members and Public Works department and HOD of accounts department ensure that Whether budget availability for the such public works are sufficient or not.
	A distinction should be maintained between the works of capital nature and revenue nature.	Yes the Accounts department has classified the nature of expenditure. However the same has not been taken care while accounting the same in books of accounts. Instances are reported in main audit report.
	A quarterly reconciliation of the balance as per the Deposit Register maintained at the Public Works Department shall be carried out with the Deposit Ledger accounts.	No Reconciliation statement has been prepared by the Public works department or accounts department



	On the completion of an Original Work, reconciliation should be carried out in respect of the amount expended as shown in the records maintained by the Public Works Department and the capital work-in-progress control ledger account maintained by the Accounts Department.	No Such type procedure has been followed as no manual ledger being maintained.
	On receipt of Summary Statement of Status on Capital Work-in-Progress (Form PW – 1), the Accounts Department shall ensure that total expenditure incurred as stated in the Statement tallies with the cumulative total of several Capital Work-in-Progress Ledger Accounts.	No Such type procedure has been followed, as no ledger being maintained.
	The Accounts Department shall ensure that the tax deducted at source and works contract tax deducted from the contractor's bill, etc., is deposited with the Government in accordance with the provisions of the relevant Acts.	No, There is not proper system for payment of Statutory dues.
	At the end of each month, the Accounts Department shall reconcile the total expenditure as per the Functional Expense (Repairs and Maintenance) Subsidiary Ledger (in form GEN –34) with the total expenditure recorded in the several Repairs and Maintenance Ledger Accounts.	No Functional expenses ledger and Subsidiary ledger prepared.
	Ensure budget availability at the time of approval of the bill.	Yes, Chief of Accounts Department ensure the Budget availability on the Time of payment.



	<p>Ensure that all the dues, including liquidated damages/penalties, are recovered from the contractor before making the final payment in respect of any contract.</p>	<p>No instance being found for recovering liquidated damages/penalties in our audit sample.</p> <p>Penalty amount has been deducted in certain payments, however the same has not been recorded properly in book of accounts. Such cases are already reported in main audit report.</p>
	<p>Ensure that no amount is due from suppliers/contractors, which may be otherwise adjusted before payment.</p>	<p>Yes, Chief of Accounts department ensure that no advances given or no amount is due before payment.</p>
	<p>Ensure that all the bills/invoices of contractors were journalized before release of the payments.</p>	<p>No bills/invoices journalized before payment.</p>
	<p>At period-end, the Head of the Accounts shall review the Work Sheets maintained for ascertaining whether any of the capital work in progress qualifies for capitalization.</p>	<p>No Such procedure is followed by Accounts department.</p>



Annexure-11

Whether the Municipality is regular in depositing statutory dues including tax deducted at source, works contract tax, cess payable to the Government, ESI, PF etc., and if not, the nature and cause of such delay and the amount not deposited.

Comment: Municipality Board is not regular in depositing any statutory due on time.

Also qualifications and observations in respect of statutory dues are mentioned in main report under basis of opinion paragraph.

Annexure-12

Whether any personal expenses have been charged to the Municipality's accounts; if so, the details thereof;

Comment: To the best of our knowledge and according to information and explanation given to us, No Personal expenses have been charged from ULB's accounts.

Annexure-13

Books and registers specified under the Rajasthan Municipal Accounts Manual and other applicable acts and rules:

S.No	Name of Record/ Register	Requirements	No of Forms	Auditors Comments
	Cash Book	The Cash Book has two sides, viz., "Receipt" and "Payment". All collections on behalf of the LBs shall be recorded on the "Receipt" side and all payments shall be recorded on the "Payment" side	GEN-1	Yes, Properly maintained by the ULB.
	Journal Book	A non-cash/bank transaction is first recorded in the Journal Book by dividing into its debit and credit aspects, from which a posting is done in the relevant ledger account. Recording of income in respect of Taxes Bills raised, recording of liability on receipt of supplier's bills are examples of transactions, which shall be first recorded in the Journal Book.	GEN-2	Not Maintained by the ULB based on day to day to transaction. In the Double entry Accounting a non-cash/bank transaction is first recorded in the Journal Book.
	Ledgers	Ledgers shall be the book that shall contain all the accounts as specified in the Chart of Accounts. The Ledger has two	GEN-3	Not Maintained by the ULB based on day to day to transaction. In the



S.No	Name of Record/ Register	Requirements	No of Forms	Auditors Comments
		columns, viz, "Debit" (Dr.) and "Credit" (Cr.).		Double entry Accounting Ledgers are maintained.
	Cash/Bank Receipt Voucher	The Cash Receipt Voucher shall be prepared for receipts in cash and the Bank Receipt Voucher for receipts by cheques, demand drafts, banker's cheques, etc., which need to be deposited in the bank for realization.	GEN-4A & 4B	Cash receipt voucher and Bank receipt voucher have been prepared.
	Cash/Bank Payment Voucher	Cash/Bank Payment Voucher shall be the document prepared for recording payment entries in the Cash Book/Bank Book	GEN-5A & 5B	Cash/Bank Payment Vouchers have been prepared
	Contra Voucher	Contra Voucher shall be a document for depositing into or withdrawing cash from bank or transferring amount from one bank to another	GEN-6	No Contra Voucher has been prepared
	Journal Voucher	Journal Voucher shall be the document prepared for recording entries in the Journal Book	GEN-7	No Physical Journal Voucher prepared only cash/bank payment voucher made which has all supporting.
	Receipt	For receipt of cash or any amount received in the form of cheques/draft, a Receipt, duly signed and dated shall be issued in Form GEN-8	GEN-8	Yes ULB has been issued a receipt for any cash or Bank receipt.
	Receipt Register	All cheques/drafts received shall be recorded in a Receipt Register, maintained in Form GEN-9	GEN-9	No Such register provided to verify the same.
	Statement on Status of Cheques Received	The details should be intimated to the Accounts Department by the Collection Office/Centre who have actually deposited the cheques and co-ordinating with the bank, through a Statement on Status of Cheques Received, prepared in Form GEN-10. Based on the Statement on Status of Cheques Received the	GEN-10	No Such statement as all done through Cash & Accounts.



S.No	Name of Record/ Register	Requirements	No of Forms	Auditors Comments
		Accounts Department shall reverse the entry passed		
	Collection Register	The Collection register to be maintained in Form GEN-11 will show account head-wise details of the daily collections. This collection register shall be maintained in triplicate where in one copy can be sent to the concerned departments along with one copy of the Bill/Challan collected, if any, one can be sent to the Accounts and other one will be retained as book copy.	GEN-11	Collection register is not maintained as specified, all collections sent through challan by concerned department to Accounts.
	Summary of Daily Collection	Based on the details from the collection register, the collection offices shall prepare a Summary of Daily Collection in Form GEN-12.	GEN-12	Summary of Daily Collection in Form GEN-12 is not prepared
	Register of Bills for Payment	The concerned department shall verify the bills/claims received. On satisfactory verification, the bills/claims shall be entered into the Register of Bills for Payment, maintained in Form GEN-13.	GEN-13	There is no register for this.
	Payment Order	On approval of the payment by the concerned authorities at the respective departments, the department shall forward the bills for preparing a payment order by the concerned Department in Form GEN-14	GEN-14	Yes, Maintained.
	Cheque Issue Register	On verification of the Cash/Bank Payment Voucher, a cheque shall be prepared. An entry of the cheque prepared shall be made in the Cheque Issue Register, maintained in Form GEN-15. At period end, the Accounts Department shall review the Cheque Issue Register	GEN-15	Yes, Maintained.



S.No	Name of Record/ Register	Requirements	No of Forms	Auditors Comments
	Register of Advance	The details of the advances given shall be recorded in the Register of Advance maintained in Form GEN-16	GEN-16	Register of advance is maintained.
	Register of Permanent Advance	The details of the expenditure incurred against the advance shall be recorded in a Register of Permanent Advance maintained at the various departments in Form GEN-17.	GEN-17	No register of permanent advance department wise.
	Deposit Register	Deposits received/paid/deducted shall be recorded by the ULB	GEN-18	Yes, ULB has been maintained Deposit Register.
	Summary Statement of Deposits Adjusted	Deposit adjusted shall be recorded properly in this Form	GEN-19	Not maintained, all done in one register.
	Demand Register	Bills raised by the LB for the revenue collection is recorded in the Form GEN-20	GEN-20	No such register provided for verification.
	Bill for Municipal Dues	Municipal Dues bill shall be recorded in GEN-21	GEN-21	Not maintained covering all income heads.
	Summary Statement of Bills Raised	Summary Statement of Bills Raised shall be prepared in form GEN-22	GEN-22	No Summary Statement of Bills Raised has been prepared.
	Register of Notice Fee, Warrant Fee, Other Fees	Register of Notice Fee, Warrant Fee, Other Fees shall be prepared in Form-23	GEN-23	No specific Register of Notice Fee, Warrant Fee, Other Fees found but all available in file and dispatch register.
	Summary Statement of Notice Fee, Warrant Fee, Other Fees	Summary Statement of Notice Fee, Warrant Fee, Other Fees shall be prepared in the form GEN-24	GEN-24	Summary Statement of Notice Fee, Warrant Fee, Other Fees has not been prepared
	Register of Refunds, Remissions and Write-offs	Register of Refunds, Remissions and Write-offs shall be prepared in the form GEN-25	GEN-25	Register of Refunds, Remissions and Write-offs has not been prepared
	Summary Statement of	Summary Statement of Refunds and Remissions shall be	GEN-26	No Summary Statement of Refunds



S.No	Name of Record/ Register	Requirements	No of Forms	Auditors Comments
	Refunds and Remissions	prepared in the form GEN-26		and Remissions has been prepared
	Summary Statement of Write-Offs	Summary Statement of Write-Offs shall be prepared in the form GEN-27	GEN-27	No Summary Statement of Write-Offs has been prepared
	Statement of Outstanding Liability for Expenses	For this, at the end of the accounting period, each of the departments shall collate the details of the accrued expenditure from the bills received during or after the accounting period but pertaining to the accounting period and remaining unpaid at the end of the accounting period. The said information shall be collated in Form GEN-28 by 30 th April of the next financial year where the accounting period is a financial year	GEN-28	Statement of Outstanding Liability for Expenses in the form GEN-28 has not been prepared.
	Documents Control Register/Stock Account of Receipt/Cheque Book	Documents Control Register/Stock Account of Receipt/Cheque Book shall be prepared in the Form GEN-29	GEN-29	Not prepared.
	Register of Immovable Property	A record shall be maintained for the immovable fixed assets in the relevant Register of Immovable Property in Form GEN-30	GEN-30	Register of Immovable Property has not been maintained properly.
	Register of Movable Property	A record shall be maintained for the moveable fixed assets in the Register of Moveable Property in Form GEN-31.	GEN-31	Register of Movable Property has been maintained.
	Register of Land	A record shall be maintained for the land in the Register of land in Form GEN-31.	GEN-32	Register of land has not been maintained properly
	Function-wise Income Subsidiary Ledger	The Accounts Department shall maintain separate Subsidiary Ledger for each of the Major revenues in Form GEN - 33. The Subsidiary	GEN-33	No Function-wise Income Subsidiary Ledger has been maintained by the ULB.



S.No	Name of Record/ Register	Requirements	No of Forms	Auditors Comments
		Ledgers would provide function-wise break-up of above-mentioned income earned/received by the LBs on a daily basis. Separate folios shall be maintained for each function within the Subsidiary Ledger for recording incomes in respect of each function		
	Function-wise Expense Subsidiary Ledger	The Accounts Department shall maintain separate Subsidiary Ledger for each of the Major expense head in Form GEN - 34. The Subsidiary Ledgers would provide function-wise break-up of above-mentioned expenses incurred by the LBs on a daily basis.	GEN-34	No Function-wise Expenses Subsidiary Ledger has been maintained by the ULB.
	Asset Replacement Register	Asset Replacement Register in Form GEN-35 shall be maintained asset class-wise to record the money set aside and shall be updated for deposits made to Asset Replacement Bank Account in respect of annual depreciation provision made during the accounting year	GEN-35	No Asset Replacement Register has been maintained.
	Register of Public Lighting System	Register of Public Lighting System shall be maintained in the Form GEN-36	GEN-36	Not maintained

RECORDS AND DOCUMENT RELATED TO RENTALS, FEES & OTHER INCOMES

	STATEMENT OF DEMAND RAISED ON ASSESSMENT	The respective departments shall intimate the Accounts Department of the advance adjusted against the subsequent bills raised through the Summary Statement of Bills Raised (Form OTH - 1)	OTH-1	Not maintained
	SUMMARY STATEMENT OF YEAR-WISE HEAD-WISE COLLECTION	A Summary Statement of Year-wise/ Head-wise Collection of various other	OTH-2	Not maintained



S.No	Name of Record/ Register	Requirements	No of Forms	Auditors Comments
	OF OTHER INCOMES	incomes in Form OTH-2 shall be prepared on a monthly basis by the respective departments and sent to the Accounts Department to record the details of collection.		
	SUMMARY STATEMENT OF REFUNDS	A Summary Statement of Refunds and Remissions in Form OTH - 3 shall be prepared by the respective departments on monthly basis. Refunds / Remissions pertaining to prior period shall be identified separately from the current period	OTH-3	Not maintained
	SUMMARY STATEMENT OF WRITE OFFS	The details of the write off has to be entered in the 'Statement of Write off' by the respective departments in Form OTH - 4. This form has to be prepared on a monthly basis and forwarded to the Accounts Department	OTH-4	Not maintained

RECORDS AND DOCUMENT RELATED TO PUBLIC WORKS

	SUMMARY STATEMENT OF STATUS OF CAPITAL WORK-IN- PROGRESS/DEPOSIT WORKS	At period-end, the departments incurring expenditure on capital projects shall submit a Summary Statement of Status on Capital Work-in-Progress in Form PW - 1 detailing total expenditure incurred till date on each of the capital projects	PW-1	Not, maintained
	WORK SHEET	The details of the Deposit works contract (including names of the departments who have entrusted the deposit works) shall be recorded in the Deposit Works Register (form PW - 2).	PW-2	Not maintained
	DEPOSIT WORKS REGISTER	The Accounts Department shall maintain a Deposit Works Register in Form PW-3 with separate registers for each kind of the Deposit works. (For example, Civil, Electrical, etc).	PW-3	Not maintained



S.No	Name of Record/ Register	Requirements	No of Forms	Auditors Comments
RECORDS AND DOCUMENT RELATED TO STORES				
	MATERIAL RECEIPT NOTE	As per the terms of the agreement with the Supplier, the materials shall be delivered to the LB. The Stores shall prepare a Material Receipt Note in Form ST-1	ST-1	Yes Store in-charge prepare a Material Receipt Note in Form ST-1
	STORES LEDGER	From the Material Receipt Note, the Stores shall record the receipt of materials in the Stores Ledger maintained in Form ST-2 If the materials supplied are found to be defective or not in accordance with the terms specified in the agreement, the Stores shall return it back to the supplier concerned and make an entry for return of material in the Issue of the relevant folio in the Stores Ledger (Form ST – 2).	ST-2	Store Ledger is maintained.
	STATEMENT OF CLOSING STOCK AS ON 31/03/2017	At the end of every accounting period, the Stores shall send a Statement of Closing Stock in Form ST – 3. The balances in various accounts of the item-wise Stores Ledger shall be extracted and valued as per First In First Out (FIFO) Method	ST-3	No Statement of closing stock has been prepared in the form ST-3 by Store in-charge, however all taken as opening balance in next financial year.
RECORDS AND DOCUMENT RELATED TO EMPLOYEES RELATED TRANSACTIONS				
	CONSOLIDATED PAY BILL SUMMARY ROLL OF THE PERMANENT/TEMP ORARY ESTABLISHMENT FOR THE MONTH OF	Salary pay bill shall be prepared in the Form ES-1	ES-1	Yes, salary pay bill has been prepared properly
	REGISTER OF EMPLOYEE LOANS/ ADVANCES	On payment of loans and advances by the LB, the	ES-2	Yes, Maintained.



S.No	Name of Record/ Register	Requirements	No of Forms	Auditors Comments
		Register of Employee Loans / Advances (Form ES-2) shall be updated by the Accounts Department. These registers shall be maintained department-wise.		
	REGISTER OF INTEREST ON LOANS TO EMPLOYEES FOR THE YEAR	Register of Interest on Loans to Employees maintained in Form ES-3 for recovery of loans and interest respectively	ES-3	Yes, Maintained.
	UNPAID SALARY REGISTER FOR THE YEAR	If the salary remains unpaid to the employees, it shall be recorded in the Unpaid Salary Register maintained in Form ES-4. The register shall have the details for unclaimed salary as well as subsequent payment of salary	ES-4	No such manual register found.
RECORDS AND DOCUMENT RELATED TO GRANTS				
	GRANT REGISTER		G-1	Not maintained
RECORDS AND DOCUMENT RELATED TO BORROWINGS				
	<u>REGISTER OF LOANS</u>	The amount borrowed as per the terms of sanction shall be entered in the Register of Loans in Form BR-1 maintained by the Accounts Department of the LB	BR-1	Not required.
	<u>REGISTER OF DEBENTURES</u>	In case, sanction has been obtained for issuing debentures, the particulars of the debenture holder shall be recorded in the Register of Debentures in Form BR-2.	BR-2	Not required.
	<u>REGISTER OF SINKING FUNDS</u>	Register of Sinking fund shall be prepared in the form BR-3	BR-3	Not required.
RECORDS AND DOCUMENT RELATED TO SPECIAL FUNDS				
	SPECIAL FUNDS REGISTER	Special fund received or created shall be maintained in the register of from SF-1	SF-1	Not required.
RECORDS AND DOCUMENT RELATED TO INVESTMENT				
	INVESTMENT LEDGER / REGISTER	Investment ledgers and register shall be prepared in form IN-1	IN-1	Not maintained.



S.No	Name of Record/ Register	Requirements	No of Forms	Auditors Comments
	CALCULATION SHEET FOR PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS FOR THE PERIOD ENDING	CALCULATION SHEET FOR PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS FOR THE PERIOD ENDING shall be prepared in the form IN-2	IN-2	Not required.
RECORDS AND DOCUMENT RELATED TO LOAN AND ADVANCES				
	REGISTER OF LOANS TO OTHERS	The loans to Others shall be entered in the 'Loans to Others register' in Form LA -1 and on a monthly basis	LA-1	Not maintained.
RECORDS AND DOCUMENT RELATED TO BUDGET				
	Budget	Budget shall reflect the principles and programmes of the LB. Budget must also enable LB in measuring and promoting accountability in respect of service delivery.	BUD-1 to BUD-12	Yes, Budget has been prepared in the specified formats.
	Opening Balance Sheet	Balance for the Balance Sheet shall be taken from the form Prepared.	Form-1 to Form 29	No form has been prepared for the Opening Balance sheet.

Annexure : 14

Year/Period end and reconciliation procedures

S.No.	YEAR END PROCUDURES	AUDITORS COMMENTS
Assigned Revenue	At the period end, it shall be ensured that all the Receivables of Assigned revenues are reviewed and written off, if considered necessary Further, the accounts department shall also ensure that the necessary reversal entries are made for assigned revenues received in the current accounting period, which were accrued in the previous	No receivable of assigned revenue accrued during the preceding financial years or current financial year in double accounting and manual. Therefore, No Receivables of Assigned revenues are reviewed at the end of the financial years.



	period	
Public Works	<p>The details of the Deposit works contract (including names of the departments who have entrusted the deposit works) shall be recorded in the Deposit Works Register (in form PW – 3).</p> <p>At period-end, the departments incurring expenditure on Deposit Works shall submit a Summary Statement of Status on Deposit Works Expenditure maintained category wise as Civil, Electrical and Others in Form PW – 1 (similar to Capital work in progress) detailing total amount of works incurred till date on each of the Deposit Works. The details of total expenditure incurred on each of the Deposit Works can be collated from the Work Sheet (similar to Capital work in progress) in Form PW – 2</p>	<p>The Public works department and chief of accounts department prepared the summary statement as per own requirement but this procedure is not conformity with the Rajasthan Municipal accounts Manuals.</p>
Investment	<p>At period-end, interest shall be accrued on investments made from the date of last receipt of interest till the end of the accounting period. The accrual of interest shall include both interests due for receipt and interests not due for receipt.</p>	<p>No such system exists.</p>
Fixed Assets	<p><u>Recording of liability for fixed assets purchased for which payment has not been made.</u> At period end, the concerned departments shall ensure that for bills in respect of all the fixed assets received before the last date of the accounting period are processed</p>	<p>Since it is recorded in the form GEN-28, but ULB is not preparing the form GEN-28, Therefore this year end procedure is not followed by accounts departments.</p>



Lease of Land	<u>Accrual of ground rentals:</u> The Revenue Department shall identify the total ground rentals due for the period under reporting and compare the same with the ground rental income recognized till date in the books and account for differences if any.	No accrual of ground rental at the end of the financial years. And No reconciliation statement or comparative statement has been prepared.
<p style="text-align: center;">GENERAL PERIOD-END PROCEDURES</p>		



S.No.	PERIOD END PROCEDURES	AUDITORS COMMENTS
Daily Procedures	<p>a. <u>Balancing of Cash Book:</u> The Cash Book shall be totaled and balanced daily. The posting of the day's transactions shall be made in the respective Ledger Accounts by the end of the day</p> <p>b. <u>Physical verification of cash balance:</u> Cash available with the Accounts Department shall be physically verified by the Cashier. The values and denominations of the cash physically verified shall be noted in the Cash Book itself</p> <p>c. <u>Deposit of collections (both cash and cheque) in the Bank:</u> The cash and cheque collection shall be remitted to the Accounts Department or deposited with the Bank (Main Bank or Designated Banks) in the manner and in accordance with the procedure provided for in Chapter 4- General Accounting Procedures. Care has to be taken that the money is remitted or deposited either on the same day or by the next working day</p> <p>d. <u>Checking of ledger accounts with the books of original entries, i.e., Cash Book and Journal Book:</u> The daily postings of the entries in the Ledger Accounts from the Cash Book and the Journal Book shall be checked and certified by the Head of the Accounts Department or other designated officer</p> <p>e. <u>Verification of number of receipts issued as reported by the collection</u></p>	<p>The cash book is totaled and balanced daily basis. But no posting of day's transaction in to ledgers on daily basis.</p> <p>Yes, cash available with accounts department is physically verified.</p> <p>The cash, cheque and demand draft collected in a day is deposited in the bank with in same day or on next working days. Since Statement of cheque received in the form GEN-10 is not maintained therefore it is difficult to remittance position of the cheque.</p> <p>No Ledgers and Journal Books have been prepared on the daily basis.</p> <p>The ULB has not maintaining the collection register on daily</p>



	<p>office with the Collection Register: On receipt of Challan for Remittance of Money from the Collection Office, the Head of the Department supervising the functioning of the Collection Office shall verify the duplicate copies of the receipts issued with the entries made in the Collection Register</p>	<p>basis. Only challan book is maintained by the ULB.</p>
	<p>f. <u>Updation of Subsidiary Ledger:</u> The Accounts Department shall update the following Subsidiary Registers at the end of each day:</p> <ol style="list-style-type: none"> Functions wise Income Subsidiary Ledger in respect of all major heads of Income during the day; Functions wise Expense Subsidiary Ledger in respect of all major heads of Expenses during the day 	<p>Functions wise Income Subsidiary Ledger in respect of all major heads of Income during the day and Functions wise Expense Subsidiary Ledger in respect of all major heads of Expenses during the day are not maintained by the ULB.</p>



<p>Monthly Procedures</p>	<p>a. <u>Bank Reconciliation:</u> Bank Reconciliation shall be carried out for each of the Banks either on a monthly basis or for such shorter time interval as the LB may decide. The procedure for bank reconciliation has been provided in Chapter 24 - Reconciliation Procedures.</p> <p>b. <u>Recording of expenditure incurred against permanent advance:</u> At the end of each month, the Head of the Department, to whom permanent advance has been disbursed, shall prepare and submit a payment order for expenses incurred against the permanent advance</p> <p>c. <u>Payment of provident fund dues and pension contribution in respect of employees on deputation.</u> The Accounts Department shall ensure that the provident fund deducted from the salaries of the employees on deputation and the pension contribution payable for their benefit have been paid on time to the Government.</p> <p>d. <u>Reconciliation of Function wise Income/Expense Subsidiary Ledgers with respective ledger accounts:</u> Subsidiary ledgers of all Function wise Income and Expense shall be reconciled.</p> <p>e. <u>Closing of ledger accounts:</u> The ledger accounts shall be totaled and balanced at the end of each month or such shorter period as the LB may decide</p>	<p>ULB has been prepared the Bank reconciliation statement on the monthly basis.</p> <p>The register of permanent advance is not maintained by the ULB as informed advance given for expenses adjusted after bills being submitted.</p> <p>Not Applicable</p> <p>No reconciliation statement has been prepared.</p> <p>No ledger accounts maintained on daily basis, therefore no question of closing of ledger at end of month.</p>
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<p>Quarterly Procedures</p>	<p>a. <u>Reconciliation of deposits, advances, receivables and income:</u> The deposits received from contractor/supplier or any other deposit; advances provided to contractor/supplier or to the departments or employees of the LB; receivables in respect of various sources of income and money received from various sources of income shall be reconciled at the end of each quarter. The procedure for reconciliation has been described in Chapter 24- Reconciliation Procedures.</p> <p>b. <u>Provision for period-end expenses:</u> At the end of an accounting period (quarter), all the departments of the LB shall prepare a Statement of Outstanding Liability for Expenses in Form GEN – 28.</p> <p>i. Provision for expenses incurred on original work/ operations or maintenance</p> <p>ii. Provision for materials purchased</p> <p>iii. Provision for revenue expenditures</p> <p>iv. Provision for interest accrued but not due on the money borrowed</p> <p>v. Provision for fixed assets purchased</p> <p>vi. Provision for Depreciation on Fixed assets</p> <p>c. <u>Transfer of revenue grant received in advance for specific purpose to grant income.</u> The balance in the Revenue Grant Account received in advance, to the extent utilized during the period shall be transferred to the respective Grant Income Account</p> <p>d. <u>Recognition of grant income for</u></p>	<p>No reconciliation statement of deposits like EMD, SD etc has been prepared with double accounting system.</p> <p>No reconciliation statement of advances has been prepared.</p> <p>No reconciliation statement of various sources of income has been prepared.</p> <p>Since the ULB has not preparing the Statement of outstanding liabilities for expenses in the form specified GEN-28.</p> <p>Therefore no provision is made at end of quarter for the any expenditure as mentioned in list, neither maintained in double accounting system, accrual concept not followed.</p> <p>No such system followed while maintain double entry accounting system as per accounting standard.</p>
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<p>revenue expenditure incurred in respect of grant receivable as reimbursement. The revenue expenditure incurred during the period towards specific projects/schemes under a grant receivable, as a reimbursement shall be recognized as income at the end of each quarter</p>	<p>No such system followed while maintain double entry accounting system as per accounting standard.</p>
<p>e. <u>Accrual of interest on borrowings:</u> Interest charges on loans received, which is not due shall be accrued,</p>	<p>No loan has been shown in the Balance sheet of the ULB.</p>
<p>f. <u>Recording of provision for bills remaining unpaid in respect of Special Fund expenditure</u></p>	<p>No Provision is made for special fund expenditure.</p>
<p>g. <u>Accrual of interest on investments.</u> Interest accrued but not due on investments made shall be accrued</p>	<p>Accrual entries not made for all the investments.</p>
<p>h. <u>Accrual of interest on loans and advances to employees.</u> The amount of interest accrued in respect of loans provided to employees shall be determined and accrued.</p>	<p>No accrual of interest on loan and advances to employees.</p>
<p>i. <u>Reconciliation of Capital Work in Progress:</u> Expenditure incurred on cumulative total of several Capital Work-in-Progress Ledger Accounts should be reconciled at the end of each quarter with the Summary Statement of Status on Capital Work-in-Progress received from the department.</p>	<p>No Reconciliation statement is prepared.</p>
<p>j. <u>Passing of adjustment entries:</u> At the period-end, the Accounts Department shall verify whether proper distinction has been maintained between revenue and capital transactions and between the</p>	<p>Yes identification done but not properly followed in double accounting system.</p>



	<p>transactions having effect in two accounting periods</p> <p>k. <u>Closing of ledger accounts</u>: The ledger accounts shall be totaled and balanced at the end of each quarter or such shorter period as the LB may decide for preparation of Financial Statements.</p>	<p>No Ledgers has been prepared by the ULB, therefore no question of closing of ledger.</p>
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Annual Procedures	a. <u>Physical verification of stores:</u> The physical verification of stores and consumables shall be carried out at least once in a year on the last day of the accounting year and at such time intervals as the LB may decide. The verification shall be carried out by the Stores-in-charge in presence of the personnel of the Audit Department	No.
	b. <u>Physical verification of fixed assets:</u> A Committee consisting of Municipal Commissioner, Head of the Accounts Department, Head of the Public Works Department and such other representatives as the LB's Statutory Authority resolves, shall be formed. The Committee shall ensure the existence of a system of conducting physical verification of fixed assets throughout the year so that each fixed asset is verified at least once during the year	No.
	c. <u>Transfer of funds from special funds:</u> The balance in the Special Fund shall be transferred to the Special Fund (Utilized) on construction or purchase or acquisition of fixed asset at the time of capitalization of the relevant expenditures into fixed asset	No such system followed while maintain double entry accounting system.
	d. <u>Confirmation of all categories of advances.</u> At the end of the year, the Accounts Department shall obtain a confirmation from all the persons to whom the advances have been provided	No Confirmation has been taken from all categories of advances at the end of the year.
	e. <u>Provision for unrealized revenue:</u> A provision shall be made for the	No provision has been made for the unrealized or doubtful



	demands raised during the accounting period but remaining outstanding.	revenue receivables
	f. <u>Accounting of prepaid expenses.</u> At the year-end, all the expenses shall be scrutinized to identify those expenses whose benefit is likely to accrue in the next year	Such expenditure has occurred in the ULB, But no treatment of Prepaid expenses has been made.
	g. <u>Contribution of difference in interest to the provident fund.</u> The difference between the interest earned on Provident Fund investment and interest payable on Provident Fund contribution to the employees shall be contributed by the LB and an amount equivalent to the difference shall be transferred from the Main Bank Account to the Provident Fund Bank Account.	No such system followed.
	h. <u>Confirmation from Government/Quasi-government and Government owned agencies.</u> At the end of each accounting year, the Accounts Department shall prepare and forward a balance confirmation statement to Government and Quasi-government and various government owned agencies in the format as prescribed in Chapter 24- Reconciliation Procedures	No such steps have been taken by the accounts department of ULB.
	i. <u>Closing of ledger accounts.</u> In addition to closing of ledger accounts at the end of each quarter, the ledger accounts shall be balanced and totaled at the end of each accounting year	No ledger has been prepared. In the double entry accounting ledger has been closed at the end of year.



Limitations of Audit

Limitations of 'GUPTA JASORIA & ASSOCIATES' in carrying out the assignment as per the scope of work are as under:

- 'GUPTA JASORIA & ASSOCIATES' has restricted the scope of work to 'Terms of Reference' only.
- 'GUPTA JASORIA & ASSOCIATES' has undertaken the audit in accordance with generally auditing standards, guidelines issued by ICAI.
- In performing the review and verification, the work, 'GUPTA JASORIA & ASSOCIATES' has relied entirely on:
 - Financial and expenditure report/ details provided by the Accounts department of the ULB.
 - Other information, schedules, reports and explanations as given to us during and in connection with our audit.
 - Report includes comments on those accounting issues/ accounting policies, which are material and are not in accordance with the Rajasthan Municipal Accounts Manual.
 - 'GUPTA JASORIA & ASSOCIATES' has assumed the genuineness of all the documents and signatures thereon as if they were originals and also that the copies confirm to the originals.
 - Transactions and events which are not recorded and which were not disclosed to 'GUPTA JASORIA & ASSOCIATES' may not have been identified in the procedure.
- The working papers, prepared in conjunction with the work are the property of the firm, constitute confidential and proprietary information and will be retained by 'GUPTA JASORIA & ASSOCIATES' in accordance with Firm's internal policies and procedures.
- 'GUPTA JASORIA & ASSOCIATES' has no responsibility to update the report for events and circumstances occurring after the date of report.
- Books of Accounts are reconstructed from original records which are provided for audit.
- This report is for the year 2017-18 and is confidential being for use only to whom it is issued. It must not be quoted, cited, copied, disclosed or circulated, or referred to in correspondence or discussion with any other person or made public except to a person to whom it is issued.

