

STATUTORY AUDIT REPORT FOR THE YEAR 2015-16

  
S. Poddar

**MANGO NOTIFIED AREA**

**S Poddar & Co**

Chartered Accountant

H O 2 Lal Bazar Todi Chamber  
Kolkata 700001



## AUDITORS REPORT

We have audited the accompanying financial statements of **Mango Notified Area Committee**, which comprises the Balance Sheet as at 31<sup>st</sup> March, 2016 together with the Income & Expenditure Statement and Receipts and Payments account for the year ended on that date

We report that,

- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit,
- b) *Subject to our observation enclosed in Annexure 2*, in our opinion, proper books of accounts as required by the Act and Rules have been kept by the ULB so far as it appears from our examination of those books,
- c) *Subject to our observation enclosed in Annexure 2*, in our opinion, the Balance sheet of the ULB's, Income & Expenditure Statement, and Receipts and Payments Statement dealt with by the report are in agreement with the books of accounts,
- d) *Subject to our observation enclosed in Annexure 2*, in our opinion and according to information and explanations given to us, an appropriate internal control has been adhered to by the ULB,
- e) *Subject to our observation enclosed in Annexure 2*, in our opinion and according to the information and explanations given to us, all the payments have been made in accordance with the law,
- f) In our opinion and according to the information and explanations given to us, no such deficiency or loss has been incurred that appears to have been caused by the gross negligence or misconduct of any person,





- g) In our opinion and according to the information and explanations given to us, the sum receive for and on behalf of the ULB has been ought to have been brought into account of the ULB by any person has been properly brought, and
- h) *Subject to our observation enclosed in Annexure 1 & 2* in our opinion, no such other material impropriety or irregularity has been observed by us during the course of our audit of the accounts
- 1) The Financial statement give true and Fair view,  
a In Case of Balance sheet of the state of affairs of the ULB as at 31<sup>st</sup> March, 2016 and  
b In case of Income & Expenditure Account of the surplus of the panchayat for the year ended on that date

Additional matters required to be reported by us is annexed herewith in Annexure 1 & 2

For S Poddar & Co  
Chartered Accountants,  
FRN 320394E



Khushboo Bayel  
Partner

Membership No 069828

Date 06<sup>th</sup> June, 2017

Place Kolkata



**Annexure-1**

**ANNEXURE TO THE AUDITOR REPORT OF THE MANGO  
NOTIFIED AREA COMMITTEE**

- 1) In our opinion and according to information and explanation given to us, all the expenditure incurred by the ULB are authorised by appropriate provision in the sanctioned budget, whether made originally or subsequently
- 2) In our opinion and according to information and explanation given to us, all sums due to and received by the ULB have been brought to account within the prescribed time limits but no separate record for arrears is maintained for holding tax and no penalty is charged *except otherwise mentioned in the Annexure 2*
- 3) In our opinion and according to information and explanation given to us, all transactions (incomes, expenditures, assets and liabilities) are correctly classified *except otherwise mentioned in the Annexure 2*
- 4) In our opinion and according to information and explanation given to us, in respect of all bills for charges on account of all works and other expenditure, on checking this on sample basis proper certificates have been furnished in support of them and that slight deviation has been made from the sanctioned plans and the estimates without the sanction of the competent authority
- 5) In our opinion and according to information and explanation given to us, the amounts received as specific grants have been utilised for the purposes cannot be clarified as no utilization certificate was available *except otherwise mentioned in the Annexure 2*
- 6) In our opinion and according to information and explanation given to us, the Special Funds have been created as per the provision of relevant statues and the Special Funds have been utilised for the purposes for which created, cannot be clarified as special fund cash book is maintained but no utilization certificate is provided for the same





- 7) In our opinion and according to information and explanation given to us, the ULB is not maintaining proper records showing full particulars, including quantitative details and situation of fixed assets as no fixed asset register is maintained *except otherwise mentioned in the Annexure 2,*
- a) *The physical verification report of Fixed Assets was not made available to us, hence we are unable to comment on whether physical verification of fixed assets has been conducted or not*
  - b) *As the report of Physical verification of fixed assets were not available Also, Fixed Assets register was not maintained Hence, we are unable to comment on the material discrepancies noticed on such verification and book records*
- 8) *According to information and explanation given to us, no physical verification of stores was conducted in the ULB as there is neither any store keeper to maintain the stores nor details of the same were maintained*
- 9) *In our opinion, a reasonable step to be taken to maintain store records and a procedure to be adopted for physical verification of stores as there is neither any store keeper to maintain the stores nor details of the same were maintained*
- 10) *In our opinion, neither store records are maintained nor was physical verification conducted Hence, we are unable to comment on material discrepancies on physical verification of stores as compared to books records*
- 11) *In our opinion, no store records are maintained, hence we are unable to comment on the valuation of stores*
- 12) In our opinion and according to information and explanation provided to us, loans or advances in the nature of loans have been given by the ULB to any parties Hence, the clause is applicable
- 13) *In our opinion and according to information and explanations, no such adequate internal control procedure exists for the purchase of stores, including components plant and machinery, equipment and other assets as neither store records maintained nor fixed asset register is maintained*





- 14) *In our opinion no such procedures exist to identify any unserviceable or damaged stores and no provision for the loss in this respect, if any, has been made in the accounts*
- 15) The ULB is not regular in depositing Provident Fund dues and Profession Tax deducted on annual basis with the appropriate authorities
- 16) In our opinion and according to information and explanation given to us, *there has been delay in depositing tax deducted at source* and other statutory dues with appropriate authorities by the ULB
- 17) In our opinion and according to information and explanation given to us, no personal expenses have been charged to revenue account
- 18) *In our opinion and according to information and explanation provided to us, Demand Register, Collection Register, Grant Register & Fixed Asset Register is not maintained properly Hence, the below mentioned audit observations are based on the information provided to us*

For S Poddar & Co  
Chartered Accountants,  
FRN 320394E



Khushboo Nayel  
Partner

Membership No 069828  
Date 06<sup>th</sup> June, 2017  
Place Kolkata



16	Education Cess	-	N/A
17	Sales Tax	-	-
18	Collection Register	17/02/17	Manually

Sl No	Forms to be maintained	Updated till	Manually/ Computerised
	<b>Immovable Property</b>	Not maintained	Not maintained
1	Land (Form 1)	Not maintained	Not maintained
2	Building (Form 2)	Not maintained	Not maintained
3	Roads, streets, lanes and footpaths (Form 3)	Not maintained	Not maintained
4	Bridges, culverts, flyovers, subways and causeways (Form 4)	Not maintained	Not maintained
5	Drains including underground drains (Form 5)	Not maintained	Not maintained
6	Water Works Distribution (Form 6)	Not maintained	Not maintained
7	Public Lighting System (Form 7)	Not maintained	Not maintained
8	Lakes and Ponds (Form 8)	Not maintained	Not maintained
9	Capital Work-in-Progress (Form 9)	Not maintained	Not maintained





		Not maintained	Not maintained
	<b>Movable Property</b>		
10	Plant and Machinery (including machinery of Water Works and Drainage) (Form 10)	Not maintained	Not maintained
11	Vehicles (Form 11)	Not maintained	Not maintained
12	Furniture & Fixtures (Form 12)	Not maintained	Not maintained
13	Office Equipments (Form 13)	Not maintained	Not maintained
14	Other Equipments (Form 14)	Not maintained	Not maintained
15	Live Stock (Form 15)	Not maintained	Not maintained
16	<b>Investments (Form 16)</b>	Not maintained	Not maintained
	<b>Current Assets</b>		
17	Cash Balance (Form 17)	Not maintained	Not maintained
18	Bank Balance (Form 18)	Not maintained	Not maintained
19	Details of Advances paid to suppliers / contractors (Form 19)	Not maintained	Not maintained
20	Details of Loans & Advances to	Not	Not maintained







	employees (Form 20)	maintained	
21	Receivables (including Taxes, Water charges, Rent etc ) (Form 21)	Not maintained	Not maintained
22	Grants Receivable (Form 22)	Not maintained	Not maintained
23	Department - wise Inventory (Form 23)	Not maintained	Not maintained
24	Consolidated Inventory Form (Form 23A)	Not maintained	Not maintained
25	Details of Deposits made (Form 24)	Not maintained	Not maintained
26	Loans Payable (Form 25)	Not maintained	Not maintained
27	Unutilised Grants (Form 26)	Not maintained	Not maintained
28	Reserve Funds (Form 27)	Not maintained	Not maintained
	<b>Current Liabilities</b>	Not maintained	Not maintained
29	Details of Deposits received (Form 28)	Not maintained	Not maintained
30	Bills and other payables details (Form 29)	Not maintained	Not maintained





**2) Statement of Government Dues Payable as on 31 03 2016**

Account code	Account Head	Opening Balance	Additions	Paid/Adjustments during the year	Balance Payable
35020 11	Labour Cess	1239522	1261988	395408	2106102
35020 06	TDS from Contractors	439790	2824734	2921694	342830
35020 05	TDS From Employees	124859	201808	179999	146668
35020-07	Suppliers	3743	-	3743	
35020-10	Sales Tax payable	6953999	5382872	3625591	8711280

- a) No details for the above dues maintained
- b) ULB has not yet taken PAN
- c) Challans and returns for TDS & EPF are not prepared by the ULB
- d) ESIC challans are also not prepared
- e) Trade license fee named as professional tax is not found in cash book
- f) TDS demand for the ULB

Financial Year	Processed Demand
2015-16	30 00

**4) Delay Payment of TDS deducted from contractor**

Month	TDS Deducted	TDS Deposited	Date of Deposit	Balance
Opening	-	-	-	4,39,790 00
Apr-15	1,74,236 00	-	-	6,14,026 00
May-15	75,460 00	-	-	6,98,486 00

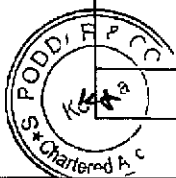




Jun-15	2,12,954 00	-	-	9,02,440 00
Jul-15	1,24,949 00	4,376 00	-	10,23,013 00
Aug-15	3,07,307 00	3,01,421 00	-	10,28,899 00
Sep-15	3,84,135 00	34,128 00	-	13,78,906 00
Oct-15	2,76,037 00	19,230 00	-	16,35,713 00
Nov-15	1,68,493 00	4,25,487 00	-	13,78,719 00
Dec-15	1,48,473 00	41,378 00	-	14,85,814 00
Jan-16	2,84,291 00	58,253 00	-	17,11,852 00
Feb-16	2,45,007 00	80,905 00	-	18,75,954 00
Mar-16	4,23,392 00	19,56,516 00	-	3,42,830 00

**6) Payment of sales tax deducted from contractors and suppliers**

Month	TDS Deducted	TDS Deposited	Date of Deposit	Balance
Till Previous Year	69,53,999 00			69,53,999 00
Apr-15	4,44,819 00	-	-	73,98,818 00
May-15	2,45,283 00	-	-	76,44,101 00
Jun-15	4,44,727 00	-	-	80,88,828 00
Jul-15	1,65,084 00	8,753 00	-	82,45,159 00
Aug-15	5,24,206 00	-	-	87,69,365 00
Sep-15	7,76,648 00	-	-	95,46,013 00
Oct-15		-	-	99,58,088 00





	4,12,075 00			
Nov-15	3,90,183 00	23,036 00	-	1,03,25,235 00
Dec-15	3,72,331 00	51,273 00	-	1,06,46,293 00
Jan-16	6,04,090 00	671 00	-	1,12,49,712 00
Feb-16	2,76,169 00	-	-	1,15,25,881 00
Mar-16	7,27,257 00	35,41,858 00	-	87,11,280 00

**7) Utilization certificate**

Utilization certificate is available in soft copy which does not serve the purpose of its validness since duly signed hard copy is required

**8) Vouchers of Advertisement publicity and travelling expenses**

In the Advertisement publicity bills, no TDS IT is deducted which should be deducted as per sec 194C of Income Tax Act, 1961 And it is done on cash basis

**9) Labour cess payment**

The Labour cess statement for the year was not prepared Hence the amount charged during the year and the closing figure could not be verified





### **11 ) Registration and insurance**

No registration certificate is available for Tractors, and no insurance is done for tractors, dumper, gully enter, hand trolley and water tanker Hence, vehicles have been duly used but no legal documents maintenance has been done

### **13 ) Income from water service to household**

Huge amounts have been received from water connection service to household in cash As per the explanation provided by the accountant the same is maintained on online basis but neither any online receipt nor cash receipt have been provided in support to this Further, no such documentation or register being maintained to determine the same

### **14 ) Fixed Assets**

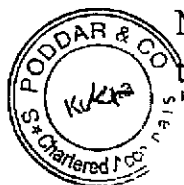
- a) Fixed Assets Register was not maintained properly as mentioned in Accounting Manual
- b) No details were maintained in respect of the fixed assets created out of the grants and depreciation on those fixed assets for the year

### **15 ) Accumulated Depreciation**

Fixed Assets Register was not maintained as mentioned in Accounting Manual We are unable to comment on the authenticity of the Opening Balance of Fixed Assets and accumulated depreciation or depreciation during the year provided

### **16 ) Receivables**

No details of receivables were maintained by the ULB It was also found that provision created on debtor is not according to the Jharkhand manual





### 17) Closing Stock

Stock Register was maintained by the ULB But no valuation of the stock was done Hence it was not possible to ascertain the value of closing stock as the store register was not properly maintained

### 18) Revenue Recognition

- a) No comments can be given for the recognition of taxes since demand register is not being maintained
- b) Further, Penalty has not been charged to debtors for non- payment of Revenue Tax by them

### 19) Bank Accounts

a) All bank statements are maintained as verified by us on sampling basis except the followings-

- State Bank of India (038)
- State Bank of India - BRGF (431)
- State Bank of India - SJSRY (005)
- Indian Overseas Bank - MLALAD (4949)
- ICICI Bank - MLALAD
- Oriental Bank of commerce -(1168)
- Axis Bank-(571)





b) Further BRS of the following Bank accounts are not prepared-

- \* State Bank of India (55111)
- \* HDFC Bank (071)
- \* HDFC Bank (5986)
- \* Canara Bank - NSDP (3177)
- \* Canara Bank – SJSRY (44)
- \* Canara Bank – MLALAD (4361)
- \* Union Bank of India – (3883)
- \* Oriental Bank of Commerce – MLALAD (550)

c) Also no records of the following bank balance is maintained in cash book-

- 45021-01 State Bank of India (038)
- 45021-07 State Bank of India (Pension Account) – 32086840590
- 45061-01 State Bank of India – BRGF(431)
- 45061-02 State Bank of India – SJSRY(716)
- 45061-03 State Bank of India-SJSRY(005)
- 45061-14 HDFC Bank -SJSRY (7148)
- 45061-05 HDFC Bank (National Games) (6128)
- 45023-10 HDFC Bank (Labour Cess) (071)
- 45061-06 Canara Bank – SJSRY(2242)
- 45061-07 Canara Bank – SJSRY(10196)





- 45061-08 Canara Bank -NSDP(3177)
- 45061-09 Canara Bank – SJSRY(44)
- 45064-01 Canara Bank – MLALAD(4361)
- 45061-10 UCO Bank -SJSRY(2071)
- 45061-11 Union Bank(3883)
- 45061-12 Indian Overseas Bank – MLALAD(4949)
- 45062-01 ICICI Bank-MLALAD
- 45061-04 Bank of India (National Games 2010) (1649)

d) No entries have been made during the year for the transactions done from the accounts of Canara Bank (Account no- 4361 & 3177) whereas the bank statement stated that many transactions were done during the year

e) There existed a current account of Canara Bank having a balance of Rs 95984 as on 31 03 2016 But the same has not been shown in tally

## **20 ) Loans and interests**

- a) No supporting has been provided in relation to the loan given by the Govt amounting to Rs 14,66,68,579 00
- b) It was explained that loan is taken @13% On calculating it was found that interest should amount to Rs 1,90,66,915 00 But the amount entered in tally was Rs 1,89,76,805 00 resulting in a difference of Rs 90,110 00

## **21 ) Establishment Expenses**







- a) On verifying the pension file it was found that an amount of Rs 21,042 00 was paid to Mr Nishad Prasad every month But the ULB was not maintaining any calculation of this amount
- b) It was found that entry for salary for the month of march was passed during the year But it is not shown as prior period items
- c) Contribution for EPF is neither made by employer nor by employee
- d) There is no basis of calculation maintained for the calculation of employee contribution to PPF

## 22 ) Investments

No documents other than interest certificate were maintained by the ULB in relation to the investment consisting of fixed deposit amounting to Rs 1,46,03,400 00 Hence, interest on FD cannot be traced accurately

## 23 ) Earmarked Funds

Two BSUP funds were created in tally One naming- BSUP Fund having a closing balance of Rs 11,59,22,774 and the other naming – BSUP Fund Utilised having a closing balance of Rs 88,15,683 However no reason was provided by the concerned person in relation to the creation of two different accounts and the difference between them

## 24 ) Other Observations-

- a) Electricity bills for the entire year is not being maintained by the ULB
- b) Advance Register, Deposit Register and Grant Register are not being maintained





- c) Details of the Capital Work in Progress is also not maintained
- d) No explanation for the incomes booked under prior periods was given
- e) There was a consumption of water supply store for Rs 1427854 for which no details were provided
- f) The incomes and expenses are booked on cash basis
- g) No explanation is provided for the amount of reserve transferred and accumulated during the year
- g) Other funds included MP/MLA fund amounting to Rs 1,66,95,546 00 and BRGF fund amounting to Rs 1073409 The concerned person was neither available nor was maintaining any details of these funds
- h) No details of creditors as on 31 03 2016 are being maintained
- i) No documents were provided in relation to an advance of Rs 3,25,19,157 00 to EE PHED adityapur given in previous year, has been credited as it has been claimed to be utilised during the year However no documents in relation to the UC or advance given were maintained by the ULB

For S Poddar & Co  
Chartered Accountants,  
FRN 320394E



Membership No 069828  
Date 06<sup>th</sup> June, 2017  
Place Kolkata