

**AUDIT REPORT ON THE ACCOUNTS OF THE
REPALLE MUNICIPALITY GRADE-III MUNICIPAL COUNCIL, REPALLE MANDAL,
GUNTUR DISTRICT FOR THE YEAR 2015-16**

File Number : SA/GNT/REPALLE/MC(1)/REPALLE MUNICIPALITY GRADE-III/2015-16

Name Of the Auditor (s) :

1. Mr/Mrs VEERA SWAMY - ASSISTANT AUDIT OFFICER

Date Of Audit :

From 25-05-2016 To 29-07-2016

Name (s) of Executive Authorities :

1. Mr Sri T. Srinivasa Rao - Chair Person From 01-04-2015 To 31-03-2016
2. Mr Sri A. Venkateswara Rao - Deputy Executive Engineer From 01-04-2015 To 31-03-2016
3. Mrs Smt. Ch. Sarada, T.P.B.O - T.P.O./T.P.B.O., From 01-04-2015 To 18-08-2015
4. Mrs ii. Sri K. Venkateswarlu, T.P.O - T.P.O./T.P.B.O., From 19-08-2015 To 31-03-2016
5. Mr Sri D. Srinivasa Rao - Commissioner From 01-04-2015 To 31-03-2016

GENERAL FUND

Para Number : 1

OTHERS (Code : 18) Rs : 0

(2) GENERAL FINANCIAL REVIEW :

The receipts and payments during the year were shown in the Receipts & Payments statement together with the opening and closing balance. The opening balances in the cash books were in agreement with the closing balances of the previous year. The consolidated annual account was showing the closing balance of Rs.10,47,82,306-55 as on 31-3-2016. The cash books are not being closing monthly. The monthly abstracts and yearly abstract was not arrived at and not noted in the cash books. The reconciliation statements produced were not tallying with the closing balance of the reconciliation statement and the figures of the cash book and treasury pass book as on 31-3-2016. As such the correctness of the closing balance of the cash book could not be certified in audit.

Details of the closing balances as per Receipts and Payments statements as on 31-3-2016 :

Sl. No.	Details	MGF Rs.	CPF Rs.	Primary Education fund Rs.	Total Rs.

1	Cash on Hand	2682895.00	0	14231.00	2697126.00
2	Cash at Bank	39642707.76	54646772.79	0	94289480.55
3	Cheques on Hand	7764500	31200.00	0	7795700.00
	Total	50090102.76	54677972.79	14231.00	104782306.55

001 funds :

	Rs.
Balance as per cash book as on 31-3-2016 - Cash	7,03,242-00
S.T.	2,57,88,294-42

Total	2,64,91,536-42

Reconciliation of cash book balance with the sub treasury pass book balance as on 31-3-2016 :

	Rs.
Balance as per cash book as on 31-3-2016	2,57,88,294-42

Add :

(i) Challan No.4043, Dt.21.5.15	
relating to 002 funds credited	
in 001 funds	1,00,000
(ii) Cheque No.5112, Dt.3.9.15	
relating to 002 funds credited	

in 002 funds	1,27,230	
(iii) Uncashed cheques		
005568, Dt. 30.3.16	440326	
005569, Dt. 30.3.16	369744	
005570, Dt. 30.3.16	125439	
005571, Dt.30-3-16	181469	
005572, Dt.30-3-16	335745	
005573, Dt.30-3-16	195161	
005574, Dt.30-3-16	250856	
005575, Dt.30-3-16	255194	
005576, Dt.30-3-16	74750	
005577, Dt.30-3-16	429675	
005571, Dt.30-3-16	93369	
	----- 27,51,728	
	-----	29,78,958-00

		2,87,67,252-42
Less :		
(i) Challan No.4272, Dt. 7-8-2015		
Relating to 001 funds credited in		
002 pass book		2,247-00

Balance as per S.T. Pass book as on 31-3-2016		2,87,65,005-42

002 funds :

-		
Balance as per cash book as on 31-3-2016 - Cash		Rs. 3,74,003-00
S.T		2,07,24,605-10

Total		2,10,98,608-10

Reconciliation of cash book balance with the sub treasury pass book balance as on 31-3-2016 :

	Rs.
Balance as per cash book as on 31-3-2016	2,07,24,605-10
Add :	
(i) Challan No.4272, Dt.7-8-2015 relating to 001 funds credited in 002 pass book	2,247-00
(ii) Uncashed cheques	
005562, Dt. 30.3.16	316907
005563, Dt. 30.3.16	29700
005564, Dt. 30.3.16	11385
005565, Dt. 30.3.16	14850
005566, Dt. 30.3.16	17219
005567, Dt. 30.3.16	27490
-----	417551-00
	4,19,798-00

	2,11,44,403-10
Less :	
(i) Challan No.4043, Dt.21.5.15 relating to 002 funds credited in 001 funds	1,00,000
(ii) Cheque No.5112, Dt.3.9.15 relating to 002 funds credited in 002 funds	1,27,230
(iii) Challan No.3841, Dt.24.7.15 relating to 002 funds credited in others PD a/c	2,283
(ii) Cheque No.4882, Dt.26-8-15 relating to 002 funds credited in others PD a/c	696
-----	2,30,209-00

Balance as per S.T., pass book as on 31-3-2016	2.09,14,194-10

(3) FINANCIAL POSITION :

The resources of ULBs consist of grants and assistance from the Government of India (GOI) and the State Government under various schemes, loans from Financial Institutions (HUDCO etc.) and own revenue generated through various tax and non-tax collections. The tax revenue mainly accrues from property tax and taxes on advertisement, while non-tax revenue comes from water charges, encroachment fee, developmental charges, building fee, etc. The financial position of the ULB has been analysed with reference to the figures provided in the budget as follows. Further during the year under audit, as the subsidiary registers were not produced, the actual receipts in respect of revenue were taken based on the annual account figures.

Amount in Rs.

Sl. No.	Head of Account	Budget estimates	Actual	Difference	% of difference
	Receipts				
1	Property Tax from Public-General Tax	22500000	26012284	3512284	(+) 15.61%
2	Vacant land tax	700000	497355	202645	(-) 28.95%
3	Compost	200000	75671	124329	(-) 62.16%
4	Advertisement Tax	200000	259155	59155	(+) 29.58%
5	License fees	600000	554750	45250	(-) 7.54%
7	Birth and Death Register Extract Fee	1200000	2630	1197370	(-) 99.78%
	Charges				
8	Legal charges	300000	79000	221000	(-) 73.67%
9	Stationery	400000	288994	111006	(-) 27.75%
10	Printing	0	30220	30220	(+) 100%
12	Catching of dogs	50000	116150	66150	(+)132.30%

a) TAX REVENUE RAISED BY THE MUNICIPAL COUNCIL :

The tax revenue consists of property tax, water tax and advertisement tax etc. Tax on property is the main source which constituted the bulk of revenue receipts of Municipal Council during the year. An analysis of tax revenue for the current year and the preceding two years is given below.

Sl. No.	Nature of Tax	Collection			Increase/Decrease with ref. to previous years
		2013-14 Rs.	2014-15 Rs.	2015-16 Rs	
1	Property tax	12644074	20884095	26012284	(+) 24.56%
2	Advertisement tax	55955	198606	259155	(+) 30.49%
3	Vacant land tax	335866	463895	497355	(+) 7.21%
4	Entertainment tax	0	0	0	0

b) REVENUE RECEIPTS AND ITS ANALYSIS :

The source of revenue receipts during the year was through (1) revenue raised

by the Municipal Council (2) receipts from the state government towards share of entertainment tax, M.V. tax, land cess and surcharge on stamp duty etc (3) Grant-in-aid received from the Government. An analysis of receipts under the above heads during the year along with corresponding figures for the preceding 2 years is given below.

Sl. No.	Item of revenue	RECEIPTS		
		2013-14 Rs.	2014-15 (Rs.)	2015-16 Rs
1	Revenue raised by Municipal Council			
	a) Tax Revenue	13035895	23632864	26768794
	b) Non-tax revenue leases, fees and rents etc	8698735	10489062	14911614
	Total:	21734630	34121926	41680408
2.	Receipts from Government.			
	a) Entertainment tax	0	0	0
	b) Surcharge on stamp duty	0	17623488	7696856
	c) P.T.	600	0	0
	d) Population grant	0	0	0
	Total	600	17623488	7696856

C) NON-TAX REVENUE OF THE MUNICIPAL COUNCIL :

Building rents, leases of markets, slaughter houses, betterment charges etc., form the non-tax revenue and constituted 17.90% percentage of revenue of the municipal council. An analysis of the non-tax revenue under some principal heads for the year and during the preceding 2 years is given here under.

Sl. No.	Item of revenue	Collection			Increase/Decrease with ref. to previous years
		2013-14 Rs.	2014-15 Rs.	2015-16 Rs.	
1	Water charges	768970	2086268	3796982	(+) 82%
2	Shopping complexes rent	3266511	4581285	4710123	(+) 2.81%
3	Rent from civic amenities	243475	219714	349991	(+) 59.29%
4	License fees (D&O Trades)	432025	565875	554750	(-) 1.97%
5	Building license fee	2428137	2457532	3544858	(+) 44.24%
6.	Rent on Vacant land	1559617	871102	1954910	(+) 124.42%

(4) BUDGET :

According to rule 8 of the rules relating to the preparation of the budget, allotment and transfer of funds issued with G.O.Ms.No.619, M.A., dt.7-10-67, the budget should be submitted to Government through the District Collector and the Director of Municipal Administration, for approval by 31st December of each year. The date of submission of the Budget is not available to check whether the Budget was submitted in time or not. Further, the Budget was also not furnished in form-A, appended to the orders in which the above rules were issued.

AUDIT OBJECTIONS**Para No.5****Code No.1****RECONCILIATION DONE BETWEEN CASH BOOK AND TREASURY PASS BOOK/BANK PASS BOOKS WITHOUT CLOSING CASH BOOK- OTHER DEFECTS - NEEDS ACTION :**

According to para 196 of A.P. Budget Manual read with G.O.Ms.No.318, Finance & Planning Department , dated 10.11.1980 and orders of Government issued from time to time, the Departmental expenditure and receipt figures should be got reconciled (Major Head of accounts wise) with those booked by the Treasury every month in order to ensure that no misclassification or wrong accountal of expenditure and receipts took place and also to detect fraudulent draws if any.

The reconciliation statements were produced along with annual account during the year. On a verification of the same some defects were noticed as a result of which the reconciliation statement could not be verified and the correctness of the annual account could not be verified with reference to cash book and pass books in audit. The executive authority would need to take good steps for rectification of the defects pointed out at an early date.

- A) The cash books (manual) which were maintained in the municipality (all schemes and funds) were not closed monthly and not even annually under the hand and seal of the Commissioner. The closing balance was also not arrived at monthly and annually. In the absence of the maintenance of the cash books and their regular and proper closing the could not be verified in audit.
- B) The relevant register of DD/MO received was also not maintained properly. As such the classification of the receipt could not be known in audit. The receipt side of the cash book was not maintained at all as such the treasury adjustments, voucher adjustments etc., could not be verified. The figures in the annual account were not supported by any subsidiary registers which were ought to be maintained. In the absence of the same the executive authority would need to explain as to how the figures exhibited in the annual account were correct and reflect true and fair view of the transactions contained therein.

Para No.6**Code No.1****MUNICIPAL GENERAL FUNDS****VARIATION BETWEEN THE BALANCES OF CASH BOOKS AND FUNDWISE ACCOUNT BALANCES OF THE FINANCIAL REPORTS :**

As verified from the cash books relating to -Municipal General funds-and -fund wise account balances- of financial reports, it was noticed that there was a variation of Rs.16,87,982.76 as detailed below. Action may be taken for the rectification of the same.

Name of the fund	Balance as per cash book as on 31-3-2016	Balance as per financial reports (fund wise account balances) as on 31-3-2016)	Variation
001 funds	26491536.42	25328833.42	1162703.00
002 funds	21098608.10	20165137.34	933470.76
DDO A/c	1252625.00	1660816.00	(-) 408191.00
	48842769.52	47154786.76	1687982.76

Para No.7

Code No.1

PRIMARY EDUCATION FUND
VARIATION BETWEEN RECEIPTS AND CHARGES STATEMENT AND BALANCES IN
ELEMENTARY AND SECONDARY EDUCATION CASH BOOKS - NEEDS
RECTIFICATION :

As verified from the receipts and charges statement of primary education funds, it was noticed that there was a cash balance of Rs.14,231.00 as on 31-3-2016. But, as verified from the cash book and pass books relating to Elementary and Secondary Education funds, the same were closed and no balances were existed. Hence, immediate action may be taken for the rectification of the deviation.

Para No.8**Code No.1****MUNICIPAL GENERAL FUNDS****VARIATION BETWEEN THE CASH BALANCE SHOWN IN THE RECEIPTS AND CHARGES STATEMENT AND CASH BALANCES EXISTED IN 001 AND 002 FUNDS - NEEDS RECTIFICATION :**

As per the Receipts and Charges statement (MGF), an amount of Rs. was shown as balance of cash as on 31-3-2016. But, the same was in excess of the cash balances existed in 001 and 002 funds as on 31-3-2016 as detailed below. Action may be taken for the rectification of deviation of Rs.27,44,860.00.

		Rs.
Balance of cash balance as per Receipts and Charges statement as on 31-3-2016		38,22,105.00
Cash balance in 001 funds as on 31-3-2016	7,03,242.00	
Cash balance in 002 funds as on 31-3-2016	3,74,003.00	
	-----	10,77,245.00

Difference		27,44,860.00

Para No.9**Code No. 3****RECOVERY ACCOUNT (SALARY & PENSIONS) - MONTHLY INSTALMENTS TOWARDS ADVANCES ADJUSTED - BUT NOT REMITTED TO GENERAL FUND - IRREGULAR :**

As per G.O.Ms.No.179/MA&UD(G-1)Dept., Dt. 25-2-2009, the salaries are being paid under the Head of 010 from Treasuries w.e.f 1-4-2009. The Non-Government recoveries like Festival Advances, Marriage Advance, Bank Loans, Court recoveries etc. were adjusted to this account by the Treasury Department while passing the salary bills. The monthly installments of advances which were taken from Municipal General Funds were credited to this account as Non-Government recoveries. The credit installments were not remitted to Municipal General funds sofar. As such huge amount relating general fund amount was available and kept idle. The executive authority did not take much interest for transfer of recovery amount to Municipal General Fund. However as there are no Government instructions for discontinuation of pay bill register, the office is not maintaining the pay bill registers, instead preparing pay bills on computer. As such it could not be ascertained in audit how much amount was adjusted in this account towards recovery of advance amount. Immediate action would need to be taken to remit to the Municipal General Funds

In this connection it was observed that an amount of Rs.1,80,000-00 was drawn and paid to the employees towards Festival advance, Marriage advance and Vehicle Advances from the fund which was created from non-government recoveries like Advances, Bank Loans, Court recoveries etc. This was not admissible in audit. The Executive Authority would need to take good steps to remit account concerned as and when adjusted to this fund in future.

Para No.10**Code No.4****SCHEME FUNDS - AMOUNTS KEPT IDLE - UNSPENT BALANCES NOT REMITTED :**

The CDMA Hyderabad vide circular No Roc No PD A/c /CDMA/2012 Dt:13.10.12 issued instructions to all the Municipal Commissioners in the state to close all the non-operative accounts and FDRs which were opened without any orders of the higher authorities and transfer the available balances to the PD A/c No -001-and after transferring those amounts separate cash book and other necessary record shall be maintained for reconciliation and issue of UCs. The ULBs shall maintain a Master Cash Book for the Head wise and scheme wise transactions etc., and before the transfer and closing of accounts, it shall be informed to the Municipal Council for recording in the Minutes.

During the course of audit, it was observed that this Municipality has opened following saving bank accounts without any permission from the competent authority for depositing of funds received for implementation of the schemes sanctioned by the GOI and GoAP such as Krishna Pushkaralu, SJSRY, Rajiv Nagara Bata, Janma Bhoomi, Wakf Board, Rajiv Gruhakalpa, Tribal sub plan funds etc. The said scheme funds were kept idle with banks. No transactions were conducted during the year under audit. The Executive Authority would need to take immediate action to remit the unspent balance amounts which were kept idle with the banks, to the heads concerned and the result may be intimated to audit.

Sl.No	Name of the Scheme	Name of the Bank	Account No.	Amount kept idle Rs.
1	Grant in aid	Andhra Bank	47710011020631	129041
2	N.S.D.P.	Andhra Bank	47710011019575	295356
3	Krishna Pushkaralu	Andhra Bank	47710011020431	177704
4	SJSRY	Andhra Bank	47710011017526	5228
5	FLOOD GRANT	AXIS BANK	800010100008877	39179
6	Solid Waste Management	Indian Bank	526808443	9020
7	FLOOD GRANT	Indian Bank	860530696	57992
8	Parks and play grounds	S.B.I.	30646055420	109348
9	Pavalavaddi	S.B.I.	11090586041	492641
10	APURMSP	S.B.I.	11090588617	111740.92
11	Pension benefit fund	S.B.I.	11090585435	21657.17
12	N.F.B.S.	S.B.I.	11090584339	9887.45
13	SJSRY-Dwacra	SBI	11090585048	2805
14	SJSRY-T&C	SBI	11090584259	59957
15	PH Pension	SBI	11090585446	39330
16	Krishna Pushkaralu	SBI	11090582682	76939
17	SJSRY-UWEP	SBI	11090585004	145118
18	SJSRY-Infrastructure	SBI	11090585059	6257
19	Rajiv Nagarabata	SBI	30646121745	36077
20	Road grant	SBI	11090585015	67403
21	IDSMT revolving fund	SBI	11090584566	4342
22	ESeva	SBI	11090584816	46979
23	Janma Bhoomi	SBI	11090584974	12497
24	EIS	SBI	11090585219	6297
25	Roads (Public contribution)	SBI	11090584929	44487
26	CM Assurance	SBI	11090584306	257951
27	ILCS	SBI	11090584667	858000

28	NMBF	SBI	110905854996	3174
29	UPA	SBI	11090585242	40607
30	School Building grant	SBI	11090585117	51762
31	IDSMT	SBI	11090584577	13268
32	NSDP	SBI	11090584340	65957
33	SJSRY	SBI	11090584351	5491
34	Tribal Sub Plan funds	SBI	11090585220	2799
35	Wakf Board	SBI	11090584362	3576
36	Election	SBI	11090585605	3313
37	Rajiv Gruhakalpa	SBI	11090585560	3575
38	WIDOW PENSION	SBI	11090637338	13756
39	INDIRAMMA PENSION	SBI	11090585945	2932
40	WEVERS PENSION	SBI		