

**Government of Uttarakhand, Finance Department**  
Uttarakhand Public Financial Management Strengthening Project  
**Centre for Training and Research in Financial Administration, (CTRFA)**  
**UTTARAKHAND, INDIA**  
**REQUEST FOR EXPRESSIONS OF INTEREST**  
**(CONSULTING SERVICES –SELECTION OF FIRMS)**

**India**

*Uttarakhand Public Financial Management Strengthening Project*

Loan No.: IBRD 8928

**Assignment Title: Selection of Chartered Accountants Firms for Financial Attest Audit of Urban Local Bodies in Government of Uttarakhand**

**Reference No. IN-CTRFA-283995-CS-FBS**

**Request for Expression of Interest for Selection of Firms of Chartered Accountant Firms for Financial Attest Audit of Urban Local Bodies in Government of Uttarakhand Package No 2**

**(CONSULTING SERVICES –SELECTION OF FIRMS)**

<b>Application Deadline:</b>	12 <sup>th</sup> April 2022
<b>Type of Contract:</b>	Consulting Service- Selection of Firm
<b>Method of Procurement:</b>	Fixed-budget Based Selection (FBS)
<b>Expected Duration of Assignment:</b>	Six Months (expected from month of May to November , 2022)
<b>Packages</b>	<b><u>Selection of Chartered Accountant Firms for Financial Attest Audit of ULBs in Government of Uttarakhand – Package 2 – ULBs of Haridwar and Pauri</u></b> in Annexure -A of Draft TOR

Reference No.: IN-CTRFA-283995-CS-FBS

**Date:** 26<sup>th</sup> March 2022

1. The GoUk has received a loan from The World Bank (IBRD) for the Uttarakhand Public Financial Management Strengthening Project (UkPFMS) and intends to apply a part of the loan proceeds for this assignment which is towards Selection of Chartered Accountant firms for conducting Financial Attest Audit of Urban Local Bodies in the State of Uttarakhand in accordance with the Uttarakhand Financial Attest Audit Manual adopted by the Government of Uttarakhand.
2. The Directorate of Audit is constituted under section 3 of the Uttarakhand Audit Act, 2012 to perform audit functions in the State of Uttarakhand. The Directorate of Audit is the primary statutory auditor and is responsible for carrying out Financial Attest Audit

of Urban Local Bodies (ULB) and Rural Local Bodies (RLB). GoUk has presently adopted a Co-sourced model of audit. The financial attest audit services are provided by a combination of in-house audit teams and a panel of external Chartered Accountants (CA) firms.

3. The UkPFMS invite applications from Chartered Accountant Firms who are interested to conduct the Financial Attest Audit of Urban Local Bodies in Uttarakhand. The objective of this audit assignment is to carry out a financial attest audit of the selected Urban local bodies (ULBs) and to provide an ‘expression of opinion’ on the “true and fair view” of the Financial Statements prepared by the ULBs.
4. The assignment will cover the financial attest audit of ULBs for last three financial years i.e., FY 2018-19, 2019-20 and 2020-21 as per the draft Terms of Reference (ToR) provided in **Annexure-I. The Terms of Reference has** 07 Packages and a CA Firm can apply for only three packages at REOI stage . Each package has to be separately applied GoUk will limit the number of packages in RFP and Award of the final contract.
5. The Interested CA firms should provide information demonstrating that they have the required qualifications and relevant experience to perform these services.

The REOI shortlisting criteria is given below. The applicants who fail to meet these criteria or those who have not provided required supporting documents will not be considered further in the evaluation process.

**Shortlist Criteria:**

S No	Shortlisting Criteria	Supporting Documents
1	The applicant should be registered with ICAI. The applicant having its Head Office or Branch Office in Uttarakhand will be an advantage keeping in mind the COVID situation.	Self-certified copy of Constitution certificate issued by ICAI as on 1 <sup>st</sup> January 2022
2	The firm should have at least five years overall experience.	Self-certified copy of Constitution certificate issued by ICAI as on 1 <sup>st</sup> January 2022
3	The applicant should have a minimum annual average turnover of at least Rs.50.00 Lakhs (Rs Fifty Lakhs Net of GST) in the last three years (FY 2020-21 , 2019- 20 , 2018-19) from audit fees only	Audited Financial Statements for FY2020-21, FY 2019-20, and FY 2018-19
4	The firm should have at least three full-time partners associated with the firm for the last one year	Self-certified copy of Constitution certificate issued by ICAI as on 1 <sup>st</sup> January 2022
5	The firm should have completed at least three Financial Attest audit assignments of Urban local bodies in the last ten years.	Self-certified list. Please note that audit of the same entity for more

		than one financial year will be counted as single assignment.
6	<p>The applicant is not debarred by any State Government, Central Government or any other Public Sector undertaking or a Corporation or any other Autonomous Organization of Central or State Government or the World Bank</p> <p>The applicant (firm or its members) is not debarred by ICAI for any professional misconduct</p> <p>The applicant is not engaged with GoUK for any accounting, audit, and PFM related assignment of ULBs which conflicts with this assignment.</p>	<p>- Declaration format given in the EOI on Rs. 100 Non Judicial Stamp Paper duly notarized (please provide strictly as per format given below) . In case the firm doesn't provide the format as given below or on a notarized Rs 100 Stamp Paper the proposal shall be duly rejected</p>

6. The Finance Department, through the Center for Training and Research in Financial Administration (CTRFA) now invites eligible CA Firms (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. Terms of reference of the assignment can be accessed on the website <http://www.uttarakhandaudit.uk.gov.in> or from PMU, UkPFMS.
7. The attention of interested Consultants is drawn to paragraphs 3.14 and 3.17 of the World Bank Procurement Regulations, July 2016 revised in November 2017 and August 2018 (“Procurement Regulations”), setting forth the World Bank’s policy on conflict interest.
8. A Consultant will be selected in accordance with the **Fixed Budget Selection (FBS )** set out in the Procurement Regulations.
9. Further information can be obtained at the address below during office hours 1000 to 1700 hours IST.
10. Expression of Interest in the prescribed format along with relevant annexures must be delivered in a document form (hard copy or electronic pdf) at the address or mail id given below (in person, by post or by e-mail) latest by 12<sup>th</sup> April 2022

**Project Director**

**Uttarakhand Public Financial Management Strengthening Project**

**91, Racecourse, Near Police Line**

Dehradun Pin 248007, Uttarakhand

Tel: +91-135-2226790(O), 2226791(O), **Mob: +91-9358119541**

E-mail- [ukpfmswb@gmail.com](mailto:ukpfmswb@gmail.com)

## EOI FORMAT

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### **Instructions**

1. Please provide the details as required in the format. Non-completion of the format may lead to rejection during evaluation.
2. The consultant can add other materials about the Organization and other relevant details as annexure.
3. Please provide all documents requested as annexure.

Name of the firm	
Registered Address	
Phone No:	
Email id:	
Name of the Contact Person for this EoI	
Phone no. of the Contact Person for this EoI	
E-mail id of the Contact person for this EoI	
Do you have a HO in the State	Yes/No. If yes, please provide the address
Do you have a branch office in the State	Yes/No. If yes, please provide the address
Date of firm's establishment	
Registration No. with ICAI	
Registration No. with CAG	
Is the firm empanelled on the CAG major list of auditors	Yes/No
Registration No. with RBI (if any)	
Number of full-time partners Fellow Associate	
Number of full-time qualified audit staff	
Number of other audit staff who are semi-qualified/unqualified	
PAN	
GST	

**Please indicate the packages to you want to apply in this EOI**

S. No.	Package	Package Name
1.		
2.		
3.		
4.		
5.		

**Financial Particulars of the CA Firms**

Financial Year	Turnover	Net worth
2020-2021 (audited)		
2019-20(audited)		
2018-2019(audited)		

**Partners Brief Profile**

Name of Partner	Age	Years of experience	Qualification	Number of years associated with the firm	Name of ULB's audited if any

**Full-Time CA and Staff Brief Profile**

Name of Staff	Age	Years of experience	Qualification	Number of years associated with the firm	Name of ULB's audited if any

**Relevant assignments – Last five years**

Project Name	ULB Name	Nature and scope of audit explained in detail	Year of Audit	Location	Status (Completed/Ongoing)

**On Rs 100 Non Judicial Stamp Paper duly Notarized**

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To  
Project Director,  
UkPFMS  
Dehradun.

**Declaration**

We hereby confirm that:

- (a) The applicant is not engaged with GoUK for any accounting, audit and PFM related assignment which conflicts with this assignment.
- (b) The Firm and its partner , Paid Assistant shall have not been Conducted Statutory audit or prepared books of accounts and Financial Statement in last four Years in any of the ULBs specified in the packages applied
- (c) The applicant is not debarred by the World Bank.
- (d) No partner of the audit firm or any qualified employee of the firm is related to any member of the Project/Directorate of Audit. Relative would mean husband, wife, brother, or sister or any lineal ascendant or descendant.
- (e) The partners/qualified staff neither face any pending disciplinary action nor is found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949

In case of any further changes which affect this declaration at a later date, we would inform the project appropriately. If any of the above are found to be false, we understand that the project can report this to the Institute of Chartered Accountants of India and/or the Firm will not be eligible to bid for any audit contracts of projects financed by the World Bank.

*(To be signed by an authorized partner of the firm, on behalf of the firm)*

**Indicative Terms of Reference for Selection of Chartered Accountant Firms for  
Financial Attest Audit of ULBs in Government of Uttarakhand**

***Background:***

1. The 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments (1992) gave Constitutional status to Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) and empowered them to function as local self-governments to provide good governance. One of the many facets of improved good governance is maintaining of the complete set of accounting records to ensure accountability and transparency in all government functions. This necessitates all ULB/RLBs to convert their existing accounting and financial management system to such methods which have wide acceptance. The Central and State Governments and other agencies have been providing large amounts of fund to ULBs to enable them to discharge their duties and functions effectively. The national reforms agenda for RLBs includes reform in their accounting practices and strengthening of financial discipline. As a part of the overall reform's completion of the audit for every financial year is treated as a good indicator of transparency and accountability at these third-tier governance institutions.
2. The Uttarakhand (UP) Municipalities Act 1916 and Uttarakhand (UP) Municipal Corporation Act 1959 is the Act governing the Municipal Corporations – Nagar Nigams (MC), Nagar Palika and Nagar Panchayats in the State. As per the Act the accounts must be prepared by the ULBs and needs to be audited every year by the auditors.
3. The Fifteenth Finance Commission (XV-FC) in its recommendation has made it mandatory for all local governments, both urban and rural, web-based availability of annual accounts for the previous year and audited accounts for the year before last is an entry-level qualification for grants.
4. The Directorate of Audit is constituted under section 3 of the Uttarakhand Audit Act, 2012 to perform audit functions in the State of Uttarakhand. The Directorate of Audit is the primary statutory auditor and is responsible for carrying out Financial Attest Audit of Urban Local Bodies (ULB) and Rural Local Bodies (RLB). GoUk has presently adopted a Co-sourced model of audit. The financial attest audit services are provided by a combination of in-house audit teams and a panel of external Chartered Accountants (CA) firms.
5. Recently the Government has updated its Uttarakhand Municipal Accounting Manual (UMAM) 2011 to make the manual comestible with current accounting practice, contemporary financial transactions, good practice and change in law.



6. To address the above statutory requirements the Directorate of Audit and the Government of Uttarakhand intends to complete the audit of ULBs on a project mode and ensure there is no backlog of audits for these entities. Directorate of Audit wishes to appoint CA firms who will conduct this audit on their behalf and issue the audit report under their direction and supervision. Now the Government of Uttarakhand (GoUk) intends to appoint Chartered Accountant firms to conduct Financial Attest Audit of specified ULBs for financial year indicated .

***Objective of the Financial Attest Audit assignment***

7. The objective of this audit assignment is to carry out a financial attest audit of the selected local bodies and to express an independent opinion on the true and fair view of the Financial Statements<sup>1</sup> prepared by the ULBs. The purpose of Financial Attest Audit is to ascertain whether financial statements prepared by the ULBs are free from material misstatements and depicts a true and fair view of the State of the affairs and their financial position and therefore, assure the credibility to such financial statements.

8. The auditor is expected to issue a financial attest audit report for each ULB, and a Management Letter where the auditor deems it necessary. The format of the audit report to be issued is provided in the Annexure 2. The audited financial statements must be annexed with the report.

9. The auditor is also expected to issue a XV-FC scheme audit report in the format provided in Annexure 4.

***Detailed Scope of Work:***

10. The financial attest audit will be carried out in accordance with **Uttarakhand Financial Attest Audit Manual** and will include such tests and controls as the auditor considers necessary under the circumstances. The audit would be done through Online Audit Management system (OAMS). The system would be used for field data collection, analysis, issuance of draft and final audit reports, filing of working papers and compliance by the auditees. The Financial Attest audit of the ULBs is now to be conducted with the use of OAMS and the Scheme Audit of XV Finance Commission on Audit Online. The detailed audit programme/checklist would be discussed by the with successful audit firms. Training on OAMS will be provided by the, and any technical support during the assignment will be provided by the DoA.

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<sup>1</sup> Refer Annexure 3- For RLB accounting.

11. The list of auditee units to be audited is annexed herewith. The auditor will agree on the audit schedule and the audit team / party that will perform the audit of these audit units. The audit party will be given access to the newly developed Online Audit Management System (OAMS) and Audit Online. A two-day training session will be organized by audit directorate for the audit party to explain the features of OAMS & Audit online which shall preferably be attended by all members of audit party of the firm and at least by the Engagement Partner. The Audit party conducting the audit will issue Half Memo Margin to the Auditee through OAMS which will be discussed during the Exit Meeting and recorded in OAMS. The response will be provided by auditee through OAMS. All the Audit Working papers collected during audit (including audit evidence) will be uploaded on the OAMS by audit parties.
12. In conducting financial audit, special attention should be given to the following (but not limited to).
- a. The accounts of the ULBs have prepared in accordance with the consistently applied accounting standards/ Rules and give true and fair view of the financial position for the financial year ending on March 31 and receipts and payments for the year ended on that date.
  - b. Verify whether accounts of ULBs are properly prepared and complete in all respects and presented with adequate disclosures and are in compliance with the applicable laws, rules, and regulation.
  - c. All funds spent and received by ULBs have been used in accordance with the condition laid down.
  - d. All expenditure including works and procurement of goods and services have necessary supporting documentation and have been incurred in accordance with the Government rules
  - e. Physical verification of inventory and fixed assets would have been by the auditor as deemed necessary.
  - f. All own sources of revenue have been levied and collected and disclosed in the financial statements

***Audit Report***

13. The Financial Attest audit report will be generated from OAMS. The financial attest report would include the following:
- a) Independent Auditors' Report with expression of opinion on the financial statement of ULBs s

- b) Management Letter, where applicable
14. The Draft Audit report must be generated from OAMS and provided to the Audit Directorate within two weeks from the date of exit meeting with the auditee. Once the audit of the entire Package is completed, the auditor will make a presentation to the Directorate on the key findings of the audit report and how the audit was conducted, and any challenges faced during the audit.
  15. The audit report will be reviewed by the Nodal officer and TRC for any corrections/suggestions will be discussed and finalized with the CA firm
  16. The Chartered Accountant firm shall submit the signed final Independent Auditor's Report to Directorate of Audit. The final report will be reviewed by TRC before forwarding to the concerned audit unit.
  17. The audit report shall be issued in the letter head of the CA Firm and with a proper UDIN No. Also, the audit report should have the copy of the Financial Statements which has been audited and based on which the opinion has been made by the auditors.

***Audit Engagement:***

18. The appointed CA firm shall be provided an engagement letter with detailed scope of audit and reporting requirement and roles and responsibilities.
19. **Period of Audit:** The period under the present **RFP** would be the financial attest audit of ULBs as per list annexed with the number of yeas audit to be conducted ,
20. **Duration of the Contract:** 06 Months (expected from May 2022 to November 2022)
21. **List of key positions, whose CV and experience would be evaluated**

Overall State ULBs are divided into seven packages. Each package is to have 3 key experts – One audit partner and two audit experts. Each package should have different Key experts. In case the proposed key expert(s) are same in more than one package the key expert(s) CV shall be awarded zero in all the packages . The key staff will be supported by adequate number of qualified and semi-qualified staff which will be proposed by the firm in its approach and methodology. Only CVs of the key staff will be evaluated. Ability to speak, write and read in Hindi would be essential for all staff:

Sr	Designation and Nos	Description of services to be provided	Experience/ Qualification
1.	Audit Partner (1 Nos)	Overall coordination, & planning, and team leadership, reporting,	<ul style="list-style-type: none"> <li>• He/she should have at least 10 years of overall post qualification experience</li> <li>• <u>Has</u> conducted financial attest audit, <u>of</u></li> </ul>

		liaison with client Responsibility to lead the audit teams in the field, planning and execution of the audits, discussions with head of office at State and report writing and finalization	<p>at least <u>3 ULBs</u> out of which one Municipality shall be either Nagar Nigam or Nagar Palika</p> <ul style="list-style-type: none"> <li>• He has conducted Internal Audit / Financial Audit as a team leader and led the team</li> <li>• Experience of audit in Uttarakhand would be an added advantage.</li> <li>•</li> </ul>
2.	Audit Managers – 2	Overall support to the team; audit planning and coordination; prepare draft reports etc.	<ul style="list-style-type: none"> <li>• Qualified CA with five years of audit post qualification experience in statutory audit/ financial attest audit</li> <li>• Having conducted Certification Audit /Financial Audit in at least one PSU/ Local Bodies/ Autonomous Bodies</li> <li>• He/ She should have conducted of audit of at least one ULB</li> </ul>

22. For Packaging and related details please refer to annexure 1.

**Annexure 1: Packaging**

23. The details of the Packages are provided below

<b>Package Name</b>	<b>Number of audit entities</b>	<b>Audit partner</b>	<b>Audit manager 1</b>	<b>Audit manager 2</b>
<i>Package 2- Urban Local Bodies : Haridwar and Pauri</i>	14	1	1	1

**As per the Fixed Budget Selection the total budget is Rs Eight Lac Sixty Thousand Only excluding Local Indirect Taxes. The** Proposals that exceed the budget shall be rejected in case it exceeds the Estimated Budgeted Value

**Package 2 Haridwar and Pauri - . The total amount of Package 2 is Rs Eight Lac Sixty Thousand excluding GST (INR 8,60,000 Excluding GST)**

	Name of ULB	No of year of Financial Attest Audit	Year of Financial Attest Audit
1	Nagar Nigam Haridwar	2	2018-19, 2019-20
2	Nagar Nigam Rorkee	2	2018-19, 2019-20,
3	Nagar Palika Shivalik Nagar	2	2018-19, 2019-20,
4	Nagar Palika Laksar	2	2018-19, 2019-20,
5	Nagar Panchayat Jabhrera	1	2018-19,
6	Nagar Panchayat Baghwanpur	1	2018-19,
7	Nagar Panchyat Landhura	2	2018-19, 2019-20
8	Nagar Panchyat Piran Kaliyar	1	2018-19
9	Nagar Panchayat Swarg Ashram Jonk	1	2018-19,
10	Nagar Panchyat Satpuli	1	2018-19,
11	Nagar Nigam Kotdwar	2	2018-19, 2019-20
12	Nagar Palika Duggda	3	2018-19, 2019-20, 2020-21
13	Nagar Palika Pauri	1	2018-19
14	Nagar Palika Srinagar	1	2018-19
		<b>22</b>	

## **Annexure 2: Format of Independent Auditors Report – ULBs**

### **Annexure 2: Format of Independent Auditors Report – Rural Local Bodies**

#### **Instructions for auditors**

1. The audit report is to be issued on the letter head of the firm
2. Each page of the report should be signed and stamped
3. Each report should be for one financial year. If 3 years are audited then 3 separate reports are to be submitted.
4. UDIN has to be generated for each report.
5. In case a combined UDIN has already been generated earlier then same number can be used across the reports.
6. Income and Expenditure, Balance Sheet, Cash Flow Statement and Notes to Accounts should accompany the audit report.
7. The auditor should specifically report on the adequacy or otherwise of maintenance of books and records by the ULB. Uttarakhand Municipal Accounting Manual 2011 has mandated that the following records should be maintained by the ULB
  - i. Receipt and Payment Account.
  - ii. Income and Expenditure Account
  - iii. Balance Sheet
  - iv. Cash Flow Statement
  - v. Trial Balance
  - vi. Cash book
  - vii. Payment, Receipt, Counter Vouchers.
  - viii. Bank Reconciliation Statement
  - ix. Register of Immovable Property
  - x. Register of Movable Property
  - xi. Inventory Register
  - xii. Demand and Collection Register for Property Tax , Rental Properties
  - xiii. Ledgers
  - xiv. Any other books as per UMAM
8. The List of Observations provided in OAMS/Audit Online format will be a report separate from the Independent Auditor's Report in the form of a Management Letter.

**Format for Unmodified Opinion**  
**Independent Auditor's Report**

To,  
Governing Body of ULB/ Head of the ULB,

Full address

**Opinion:**

We have audited the accompanying Annual Financial Statements of the ***{insert name of the ULB}***, which comprise of the Balance Sheet as on -----31<sup>st</sup> March 20 ----- , Income and Expenditure , Cash Flow Statement for the year ended 31 March 20....., and the Notes to Financial Statements, including a summary of Significant Accounting Policies.

In our opinion, the accompanying Annual Financial Statements give a true and fair view, in all material respects, of the Income and Expenditure and the cash flows of the ***{insert name of the ULB }*** for the year ended 31 March 20....., in accordance with Uttarakhand Municipal Accounting Manual 2011 , and in accordance with the provisions of the UP Municipal Corporation Act 1959 /Up Municipality Act 1916

**Basis for Unmodified Opinion**

We conducted our audit in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India as well as Standards laid down in Uttarakhand Financial Attest Audit Manual 2021. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of .....***{insert name of the ULB}*** in accordance with our Code of Ethics together with ethical requirements that are relevant to our audit of the Financial Statements in India and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matters**

*{The auditor should describe the matters on which they wish to draw emphasis in addition to that provided below}*

We draw attention to the following key points:

Our opinion is not modified in respect of this matter.

### **Responsibilities of Management of {insert name of the ULB for the Financial Statements**

Management of {insert name of the ULB} is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Uttarakhand Municipal Accounting Manual 2011 is responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the UP Municipal Corporation Act/ Up Municipality Act 1916 (as amended from time to time) for safeguarding of the assets of the {insert name of the ULB} and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. The Management of {insert name of the ULB} is responsible for overseeing the financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India as well as Standards laid down in Uttarakhand Financial Attest Audit Manual 2021. will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Also refer to the Appendix to this Report.



## **Report on Legal, Regulatory and Other Requirements**

Further to the above, in our opinion, the \_\_\_\_\_ Municipal Corporation /Nagar Palika ./ Nagar Panchayat has maintained proper books and records in accordance with the UMAM 2011

(or)

Further to the above, in our opinion, the \_\_\_\_\_ ULB has maintained proper books and records in accordance with the UMAM 2011 **except for.....**

(or)

Further to the above, in our opinion, the \_\_\_\_\_ ULB has not maintained proper books and records in accordance with the UMAM 2011

*Additional matters to be included as required*

For XYZ & Co Chartered Accountants

(Firm's Registration No.)

### **Signature of the auditor**

(Name of the Member Signing the Audit Report)

(Designation)

(Membership No. XXXXX)

**Date:**

**Place:**

**UDIN:**

### **Enclosures :**

- 1. Appendix to Independent Auditor's Report**
- 2. Income and Expenditure Account**
- 3. Balance Sheet with Schedule**
- 4. Cash Flow Statement**
- 5. Notes to Accounts**

## **Appendix to Independent Auditor's Report**

As part of an audit in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India as well as Standards laid down in Uttarakhand Financial Attest Audit Manual 2021. We exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud and error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosure made by the management.
- Evaluate the overall presentation, structure, and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves true and fair view.

We communicate to Management of ..... {**insert name of ULB** regarding, among other matters, the planned scope and timing of the audit and significant audit }findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to Management of .....{**insert name of ULB**}/**Directorate of Audit** a statement we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

### **Instructions for auditors**

1. The audit report is to be issued on the letter head of the firm
2. Each page of the report should be signed and stamped
3. Each report should be for one financial year. If 3 years are audited then 3 separate reports are to be submitted.
4. UDIN has to be generated for each report.
5. In case a combined UDIN has already been generated earlier then same number can be used across the reports.
6. Income and Expenditure , Balance Sheet, Cash Flow Statement and Notes to Accounts should accompany the audit report.
7. The auditor should specifically report on the adequacy or otherwise of maintenance of books and records by the ULB . Uttarakhand Municipal Accounting Manual 2011 has mandated that the following records should be maintained by the ULB
  - i. Receipt and Payment Account.
  - ii. Income and Expenditure Account
  - iii. Balance Sheet
  - iv. Cash Flow Statement
  - v. Trial Balance
  - vi. Cash book
  - vii. Payment, Receipt , Counter Vouchers.
  - viii. Bank Reconciliation Statement
  - ix. Register of Immovable Property
  - x. Register of Movable Property
  - xi. Inventory Register
  - xii. Demand and Collection Register for Property Tax , Rental Properties
  - xiii. Ledgers
  - xiv. Any other books as per UMAM
8. The List of Observations provided in OAMS/Audit Online format will be a report separate from the Independent Auditor's Report in the form of a Management Letter.

**Format for Qualified Opinion**

**Independent Auditor's Report**

To,

**Governing Body of ULB / Head of the ULB**

**Full address**

**Qualified Opinion:**

We have audited the accompanying Annual Financial Statements of the ***{insert name of the ULB }***, which comprise of the Balance Sheet as on ---- March 20 ,Income and Expenditure Account , Cash Flow Statement for the year ended 31 March 20....., and the Notes to Financial Statements, including a summary of Significant Accounting Policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying Annual Financial Statements give a true and fair view, in all material respects, of the Income and expenditures and cash flows of the ***{insert name of ULB }*** for the year ended 31 March 20....., in accordance with UMAM 2011 and in accordance with the provisions of the UP Municipal Corporation Act 1959/ UP Municipalities Act 1916

**Basis for Qualified Opinion**

***{The auditor should describe the matters due to which the audit opinion is qualified}***

We conducted our audit in accordance with the the Standards of Auditing issued by the Institute of Chartered Accountants of India as well as Standards laid down in Uttarakhand Financial Attest Audit Manual 2021.. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of .....***{insert name of the ULB}*** in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in India and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## **Emphasis of Matter**

**To be reported wherever applicable.** *{The auditor should describe the matters on which they wish to draw emphasis}*

We draw attention to.....

However, we have not qualified our opinion in respect of this matter.

## **Responsibilities of Management of {insert name of the ULB} for the Financial Statements**

Management of *{insert name of the ULB}* is responsible for the preparation of Financial Statements that give a true and fair view in accordance UMAM 2011 This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the UP Municipal Corporation Act 1959/ UP Municipality Act 1916 for or safeguarding of the assets of the *{insert name of the ULB}* and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. The Management of *{insert name of the ULB}* is responsible for overseeing the financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance the Standards of Auditing issued by the Institute of Chartered Accountants of India as well as Standards laid down in Uttarakhand Financial Attest Audit Manual 2021.will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the

economic decisions of users taken on the basis of these financial statements. Also refer to the Appendix to this Report.

### **Report on Legal, Regulatory and Other Requirements**

Further to the above, in our opinion, the \_\_\_\_\_ ULB has maintained proper books and records in accordance with UMAM2011

(or)

Further to the above, in our opinion, the \_\_\_\_\_ ULB has maintained proper books and records in accordance with the UMAM 2011 except for.....

(or)

Further to the above, in our opinion, the \_\_\_\_\_ ULB has not maintained proper books and records in accordance with the UMAM 2011

*Additional matters to be included as required*

For XYZ & Co Chartered Accountants

(Firm's Registration No.)

### **Signature of the auditor**

(Name of the Member Signing the Audit Report)

(Designation)

(Membership No. XXXXX)

**Date:**

**Place:**

**UDIN:**

**Enclosures :**

- 1. Appendix to Independent Auditor's Report**
- 2. Income and Expenditure**
- 3. Balance Sheet with Schedules**
- 4. Cash Flow Statement**
- 5. Notes to Accounts**

**Appendix to Independent Auditor's Report**

As part of an audit in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India as well as Standards laid down in Uttarakhand Financial Attest Audit Manual 2021., we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud and error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosure made by the management.
- Evaluate the overall presentation, structure, and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves true and fair view.

We communicate to Management of ..... **{insert name of the ulb}** regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to Management of ..... **{insert name of the ULB}/ Directorate of Audit** a statement we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Instructions for auditors

1. The audit report is to be issued on the letter head of the firm
2. Each page of the report should be signed and stamped
3. Each report should be for one financial year. If 3 years are audited then 3 separate reports are to be submitted.
4. UDIN has to be generated for each report.
5. In case a combined UDIN has already been generated earlier then same number can be used across the reports.
6. Income and Expenditure , Balance Sheet, Cash Flow Statement and Notes to Accounts should accompany the audit report.
7. The auditor should specifically report on the adequacy or otherwise of maintenance of books and records by the ULB . Uttarakhand Municipal Accounting Manual 2011 has mandated that the following records should be maintained by the ULB
  - I. Receipt and Payment Account.
  - II. Income and Expenditure Account
  - III. Balance Sheet
  - IV. \Cash Flow Statement
  - V. Trial Balance
  - VI. Cash book
  - VII. Payment, Receipt , Counter Vouchers.
  - VIII. Bank Reconciliation Statement
  - IX. Register of Immovable Property
  - X. Register of Movable Property
  - XI. Inventory Register
  - XII. Demand and Collection Register for Property Tax , Rental Properties
  - XIII. Ledgers
  - XIV. Any other books as per UMAM
8. The List of Observations provided in OAMS/Audit Online format will be a report separate from the Independent Auditor's Report in the form of a Management Letter.



**Format of Adverse Opinion**  
**Independent Auditor's Report**

To,

**Governing Body of ULB/ Head of the ULB**

**Full address**

**Adverse Opinion:**

We have audited the accompanying Annual Financial Statements of the ***{insert name of the ULB}***, which comprise of the Balance Sheet as On ----- March 20 and Income and Expenditure Account and Cash Flow for the year ended 31 March 20..., *and the Notes to Financial Statements, including a summary of Significant Accounting Policies.*

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion* section of our report, the accompanying Annual Financial Statements do not give a true and fair view of the Income and Expenditure and cash flow of the ***{insert name of the ULB }*** for the year ended 31 March 20....., in accordance with UMAM 2011 , and in accordance with the provisions of the UP Municipal Corporation Act 1959 and UP Municipalities act 1916

**Basis for Adverse Opinion**

*The auditor should describe the matters due to which the audit opinion is adverse}*

We conducted our audit in accordance with the the Standards of Auditing issued by the Institute of Chartered Accountants of India as well as Standards laid down in Uttarakhand Financial Attest Audit Manual 2021. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of ***{insert name of the ULB}*** in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in India and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for adverse opinion.

**Emphasis of Matter**

**To be reported wherever applicable.** {The auditor should describe the matters on which they wish to draw emphasis}

We draw attention to.....

However, we have not qualified our opinion in respect of this matter.

### **Responsibilities of Management of {insert name of the ULB} for the Financial Statements**

Management of {insert name of the ULB} is responsible for the preparation of Financial Statements that give a true and fair view in accordance UMAM 2011 This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the UP Municipal Corporation Act 1959/UP Municipalities Act 1916 (as in force and as amended from time to time for safeguarding of the assets of the {insert name of the ULB} and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. The Management of {insert name of the ULB} is responsible for overseeing the financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India as well as Standards laid down in Uttarakhand Financial Attest Audit Manual 2021.will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the

economic decisions of users taken on the basis of these financial statements. Also refer to the Appendix to this Report.

### **Report on Legal, Regulatory and Other Requirements**

Further to the above, in our opinion, the \_\_\_\_\_ ULB has maintained proper books and records in accordance with the UMAM 2011

(or)

Further to the above, in our opinion, the \_\_\_\_\_ ULB has maintained proper books and records in accordance with the UMAM 2011 except for.....

(or)

Further to the above, in our opinion, the \_\_\_\_\_ ULB has not maintained proper books and records in accordance with the UMAM 2011

*Additional matters to be included as required*

For XYZ & Co Chartered Accountants

(Firm's Registration No.)

### **Signature of the auditor**

(Name of the Member Signing the Audit Report)

(Designation)

(Membership No. XXXXX)

**Date:**

**Place:**

**UDIN:**

**Enclosures :**

- 1. Appendix to Independent Auditor's Report**
- 2. Income and Expenditure Account**
- 3. Balance Sheet with Schedule**
- 4. Cash Flow Statement**
- 5. Notes to Accounts**

## Appendix to Independent Auditor's Report

As part of an audit in accordance the Standards of Auditing issued by the Institute of Chartered Accountants of India as well as Standards laid down in Uttarakhand Financial Attest Audit Manual 2021.we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and asses the risk of material misstatement of the financial statements, whether due to fraud and error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosure made by the management.
- Evaluate the overall presentation, structure, and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves true and fair view.

We communicate to Management of ..... {insert name of ULB} regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to Management of .....{insert name of ULB}/ Directorate of **Audit** a statement we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that

may reasonable be thought to bear on our independence, and where applicable, related safeguards.

### **Instructions for auditors**

1. The audit report is to be issued on the letter head of the firm
2. Each page of the report should be signed and stamped
3. Each report should be for one financial year. If 3 years are audited then 3 separate reports are to be submitted.
4. UDIN has to be generated for each report.
5. In case a combined UDIN has already been generated earlier then same number can be used across the reports.
6. Income and Expenditure , Balance Sheet, Cash Flow Statement and Notes to Accounts should accompany the audit report.
7. The auditor should specifically report on the adequacy or otherwise of maintenance of books and records by the ULB . Uttarakhand Municipal Accounting Manual 2011 has mandated that the following records should be maintained by the ULB
  - I. Receipt and Payment Account.
  - II. Income and Expenditure Account
  - III. Balance Sheet
  - IV. Cash Flow Statement
  - V. Trial Balance
  - VI. Cash book
  - VII. Payment, Receipt , Counter Vouchers.
  - VIII. Bank Reconciliation Statement
  - IX. Register of Immovable Property
  - X. Register of Movable Property
  - XI. Inventory Register
  - XII. Demand and Collection Register for Property Tax , Rental Properties
  - XIII. Ledgers
  - XIV. Any other books as per UMAM

8. The List of Observations provided in OAMS/Audit Online format will be a report separate from the Independent Auditor's Report in the form of a Management Letter

**Format of Disclaimer Opinion**

**Independent Auditor's Report**

To,

**Governing Body of ULB/ Head of the ULB**

**Full address**

**Disclaimer of Opinion:**

We were engaged to audit the accompanying Annual Financial Statements of the *{insert name of the ULB}*, which comprise of the Balance Sheet as on 31<sup>st</sup> March 20---- and Income and Expenditure and Cash Flow Statement for the year ended 31 March 20....., and the Notes to Financial Statements, including Significant Accounting Policies .

We do not express an opinion on the accompanying Annual Financial Statements of the *{insert name of the ULB}*. Because of the significance of matter described in the Basis of Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Financial Statements.

**Basis for Disclaimer of Opinion**

{The auditor should describe the matters due to which the audit opinion is disclaimer}

**Responsibilities of Management of *{insert name of the ULB}* for the Financial Statements**

Management of *{insert name of the ULB}* is responsible for the preparation of Financial Statements that give a true and fair view in accordance with UMAM 20110 This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the UP Municipal Corporation Act 1959 / UP Municipalities Act 1916 (as in force and as amended from time to time ) for safeguarding of the assets of the *{insert name of the ULB}* and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. The Management of *{insert name of the ULB}* is responsible for overseeing the financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to a conduct audit of {insert name of the ULB) in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India as well as Standards laid down in Uttarakhand Financial Attest Audit Manual 2021.to issue and auditor's report. However, because of the matter describe in the Basis of Disclaimer section of our report, we were not able to obtain sufficient appropriate audit evidence to provide basis for an audit opinion on these financial statements.

### **Report on Legal, Regulatory and Other Requirements**

Further to the above, in our opinion, the \_\_\_\_\_ ULB has maintained proper books and records in accordance with the UMAM 2011

OR

Further to the above, in our opinion, the \_\_\_\_\_ ULB has maintained proper books and records in accordance with the UMAM 2011 except for.....

(or)

Further to the above, in our opinion, the \_\_\_\_\_ ULB has not maintained proper books and records in accordance with the UMAM 2011

*Additional matters to be included as required*

For XYZ & Co Chartered Accountants  
(Firm's Registration No.)

### **Signature of the auditor**

(Name of the Member Signing the Audit Report)

(Designation)

(Membership No. XXXXX)

**Date:**

**Place:**

**UDIN:**

**Enclosures :**

- 1. Appendix to Independent Auditor's Report**
- 2. Income and Expenditure**
- 3. Balance Sheet with Schedules**
- 4. Cash Flow Statement**
- 5. Notes to Account**

**Preface**

**The notes to accounts are to be prepared by the client (ULB ) and provided to the auditor as part of the Financial Statements.**

**The auditor will attach such notes along with the audit report as it will provide additional information on the Financial Statements.**

**The indicative format is given in next page.**

**Indicative Notes to the Annual Financial Statements of \_\_\_\_\_ Panchayat:**

1. The \_\_\_\_\_ (***name of ULB***) is a Nagar Nigam/ Nagar Palika /Nagar Panchayat constituted under section xxx of UP Municipalities Act 1916/ UP Municipal Corporation Act (as in force in Uttarakhand)
2. The Financial Statements for the Financial Year 1<sup>st</sup> April \_\_\_\_\_ to 31<sup>st</sup> March \_\_\_\_\_ have been prepared on accrual Basis
3. The Financial Statements have been prepared in accordance with the UMAM 2011 and as per the UP Panchayati Raj Act, 2016 (as in force in Uttarakhand and as amended to date).
4. The accounts of the ULB has been maintained in \_\_\_\_\_ (Software /E-Tally /Manual records).
5. The Annual Financial Statements covers all known transactions of the ULB
6. The [***Name of the ULB***] has \_\_\_\_\_ bank accounts of which \_\_\_\_\_ bank accounts have been reconciled as per list below.

Bank account name	Bank account number	Nature of Bank account (Receipt/Payment/Both)	Balance as per books of account	Balance as per bank statements	BRS completed

7. Status of maintenance of the books, records and reports during the Financial Year as mandated by the UMAM:



Format	Description	Maintained during the financial year (Yes/No)	Mode of Maintenance (Software /Tally/ Manual)
AC-5	Cash Book		
AC-17	Register of Advances		
Ac-24	Grant Register		
AC-25	Balance Sheet		
Ac26	Income and Expenditure		
AC-27	Trial Balance		
Ac-28	Cash Flow Statement		
AC-29	Receipt and Payment		
FA-01	Register of Immovable Property		
FA-02	Register of Movable Property		
TA-01	Demand Register		
W00-6	Register of Works		
W00-7	Register of Projects		

8. All figures are in Indian Rupees.

## **Auditors Report on additional matters for ULBs**

### **I. Fixed Assets**

- a) Whether the ULB is maintaining Fixed Asset Register showing full, including quantitative details and situation of all Fixed Assets?
- b) Whether these Assets have been physically verified by the Management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account?
- c) Whether the title deeds of all the immovable properties (other than properties where the ULB is the lessee, and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the ULB?
- d) Whether the ULB has revalued its Fixed Assets, if so, whether the revaluation is based on the valuation
- e) Registered Valuer; specify the amount of change?

### **II. Inventories**

- a) Whether ULB has reasonable system of recording receipts issues and usage of inventories?
- b) Whether physical verification of inventory has been conducted at reasonable intervals by the Management and whether, in the opinion of the auditor, the coverage and procedure of such verification by the Management is appropriate?

### **III. Debtors**

- a) Whether the ULB has updated DCB register for all receivables due to the ULB?
- b) Whether the receivables amount as per the DCB registers and the receivables amount as per financial statements are matching or is there any variance?

### **IV. Bank Balances and Reconciliation**

- a) Whether all bank balances have been reconciled by the ULB?
- b) Whether confirmation of bank balances, have been received from all bank accounts and Fixed Deposits?

### **V. Statutory dues**

- a) Whether the ULB is regular in depositing Provident Fund dues and other employee dues deducted with the appropriate authorities and if not, the extent of arrears?
- b) Whether the ULB is regular in depositing tax deducted at source (income tax and GST) and other statutory dues, and if not, the amount not deposited?

**VI. Grants to be received**

- a) Whether any grants from government are due and if so, please provide the year wise break up?
- b) Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order?

**VII. Internal audit**

- a) Whether the ULB has an internal audit system commensurate with the size and nature of its business?

**VIII. Loans Taken (Only if applicable)**

- a) Whether ULB has taken any loans? Whether ULB has defaulted in repayment of loans if yes, the period and the amount of default to be reported?
- b) Whether the ULB has taken any loans to meet the obligations of its subsidiaries/associates/ joint ventures, if so, details thereof with nature of such transactions and amount in each case?

**XI. Investments in SPVs (Only if applicable)**

- a) Whether ULB has invested in equity of any SPV? If so, what is the invested amount and the current value of such investments?

**X. Municipal Bonds (Only if applicable)**

- a) Whether the ULB has issued municipal bonds. If yes, what is the outstanding amount and when it is maturing? Is a suitable escrow/sinking fund created for repayment of bonds?
- b) Is there any default in repayment of bonds?
- c) Whether moneys raised by Bonds during the year were applied for the purposes for which those are raised, if not, it may be reported?

**XI. Related Party Transactions**

- a) Whether there are any related party transactions to be reported for the year?

**XII. Other Matters**

- a) Whether in respect of all bills for works, proper M-books and bills have been maintained and that no deviation has been made without the sanction of the competent authority?
- b) Whether the parties to whom the loans, or advances in the nature of loans, have been given by the ULB 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 ULB for recovery of the principal and interest?

- c) Whether ULB follows e-procurement and all purchases above a defined threshold is carried out using e-procurement?
- d) Whether books and records as mandated by Act/Rules/UMAM maintained?

## Format of Management Letter for ULBs

### A. Executive Summary

To

Head of Audit Unit (ULB)

In *{insert month & year}* Directorate of Audit (DoA), Government of Uttarakhand conducted a Financial Attest Audit of *{insert name of ULB}* for the period from .....to.....

The audit covered, evaluation and assessment of the Financial Statements for the financial year *{insert the financial year for financial statement are audited}* prepared by the Management for *{insert name of the ULB}* and some of the key findings are elaborated below:

### B. Good Practice Noted

*{Highlight good practices observed here}*

### C. Key Analysis, issues, and Recommendations

During the audit, we raised *{insert number}* objections of which *{insert percent or number}* were categorized serious, (If the % of Serious Objections is substantial e.g., 60% then comment on the consequences of the same).

Among the high priority issues noted in this report, the most significant ones are presented below: {NOTE: Be selective. Only the most significant among the high priority issues must be highlighted in the Executive Summary. [ Limit the number of issues to be highlighted to a maximum of 5.]

*{Issues should be summarized and not presented verbatim from the main report. To the extent possible use only one paragraph per issue.*

*{Mention any recommendation to be provided to the Management with regards to the preparation and maintenance of financial statement and records}*

Based on our audit of the financial statement for the Financial Year *{insert the financial year for financial statement are audited}*, we have provided our opinion is Section-I (Independent Auditor's Report) of this report. {this shall be suitably changed in case of Disclaimer Opinion}

## D. Audit Observations, Conclusions and Recommendations

Type of Para	
HMM No.	
HMM Type	
Para No.	
Document Reference (if any)	
Financial Amount (if Any)	
Observation:	
Documents Referred:	
Description Mentioned in HMM:	
Response from the Auditee on HMM:	
Conclusion and Recommendation:	

### Annex 3: Financial Reporting Framework for ULBs

The Uttarakhand Municipal Accounting Manual (UMAM) 2011 & 2021 will provide the basis for preparation of the financial statements for ULBs which as under. The following table provides key concepts related to Financial Reporting Framework for ULBs in preparation and presentation of the Financial Statements.

#### a. Financial Reporting Format for ULBs (in brief):

1.	Applicable Accounting Rules/ Policies/ Manual	Uttarakhand Municipal Accounting Manual (UMAM) 2011 & 2021
2.	Applicability	Nagar Nigam, Nagar Palika Parishad and Nagar Panchayat
3.	Method of Accounting to be followed	Accrual Based Double Entry Accounting System
4.	Period for which Financial Statements to be prepared	Each financial year starting from April 01 and ending on March 31 or as directed by the Government of Uttarakhand
5.	Components of Financial Statements	The Financial Statements comprised of: <ul style="list-style-type: none"><li>▶ Balance sheet</li><li>▶ Income and Expenditure Account</li><li>▶ Cash Flow Statement</li><li>▶ Notes to Accounts (including Significant Accounting Policies and Disclosures)</li></ul>
6.	Signing of the Financial Statements	The Financial Statements shall be signed by the authorized representative of ULB as per the below matrix: <ul style="list-style-type: none"><li>➤ Nagar Nigam: Commissioner</li><li>➤ Nagar Palika: Executive Officer and CAO or Sr. AO</li><li>➤ Nagar Panchayat: Executive Officer and CAO and Sr. AO</li></ul>
7.	Total No. of Auditable Units	14 units

#### Annexure 4 – format for XV FC Grant

Name of GP

Bank Account No:

Bank Account Name:

Particulars		
Opening Balance		Xxx
Add		
Receipt from GOI	Xxx	
Interest earned	Xxx	
Receipt for the year		Xxx
Less		
Expenditure for the year		XXX
Closing Balance as per cash book		XXX

Closing balance as per bank passbook

Provide BRS if there is a difference.

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