

**PIYUSH MAHAJAN & ASSOCIATES**

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**PIYUSH MAHAJAN**  
B.Com., ACA

DATED : MARCH 27, 2017

TO  
MUNICIPAL CORPORATION  
PATHANKOT

Sub: Internal audit report for the period from 1<sup>st</sup> Apr 2015 to 31<sup>st</sup> March 2016.

We have conducted internal audit of Municipal Corporation Pathankot for Financial year ending as on 31.03.2016 & we are highlighting certain points in this regard in the report. The Scope of the internal audit was checking the efficiency & effectiveness of the internal controls and verification of related records. Further we have given recommendations for rectifying / strengthening the same as follows:

We believe that the given recommendations shall improve the existing controls. Further we hope that these recommendations are implemented as early as possible. We thank the management for their cooperation in conduct of this audit. Should there be any clarifications the management is free to revert to us.

Thanking you,

For Piyush Mahajan & Associates.



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**INTERNAL AUDIT REPORT FOR THE PERIOD 1<sup>st</sup> Apr 2015 to 31<sup>st</sup> March 2016.**

To  
MUNICIPAL CORPORATION  
PATHANKOT

We have audited the vouchers and records of **PIONEER AGRO EXTRACTS LIMITED**, at offices for the period **01.04.2015 to 31.03.2016**. While carrying out the internal audit we have given emphasis on introducing systems and procedures to enable the Municipal Corporation carry on the operations in a smooth way with better internal control systems. However the clerical errors which were rectified then and there during the course of our audit and other matters, which in our opinion are not material, have not been dealt with in this report. All transactions, assets and liabilities relevant to the period of review have been recorded.

The following are various areas where more emphasis is laid out for the purpose of verification :

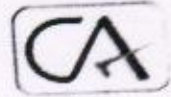
**1. Cash Collection & Bank Arrangements :**

Income received through the bank and at each cash office is adequately recorded. Cash and records of receipts are passed promptly to the treasury. All cash / bank transfers are adequately recorded and witnessed. Payments from/to bank accounts are adequately controlled. All income streams are reviewed at least quarterly. Bank account reconciliations are undertaken regularly. The recorded transactions, assets and liabilities have been properly classified and recorded in the organization's financial records.





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## 2. Income and Debtor Arrangements :

All income and debtors relevant to the period of review have been recorded. The same have been taken into books of account as provided and verified by the management. Source documents used for tax calculations are adequate and properly authenticated. All income has been raised in accordance with established laws and regulations. Taxes raised are done in accordance with relevant statutory provisions. Outstanding debtors are periodically verified to source records to ensure the debt remains valid.

## 3. Payroll and Expense Arrangements:

All payments relevant to the period of review have been recorded. All recorded payments, and transactions to which they relate, actually occurred and were relevant to the period of review. All payments are in accordance with relevant legislation and other specific requirements. The deductions from payroll (e.g. income tax, provident fund, Gratuity) have been calculated in accordance with existing legislation.

## 4. Inventory and Fixed Assets Arrangements :

As corporation does not deal with any products, implied there from closing stock has been taken as Nil. All Fixed Assets are held securely. Fixed Assets are periodically verified to ensure they exist. **However, the no impairment or depreciation have been provided for the same.** Differences are properly investigated. Fixed Assets are periodically verified. Asset verification considers the present state and usefulness of the asset against its present value and ensures the asset's valuation is in accordance with the legislation.

For Piyush Mahajan & Associates.

