

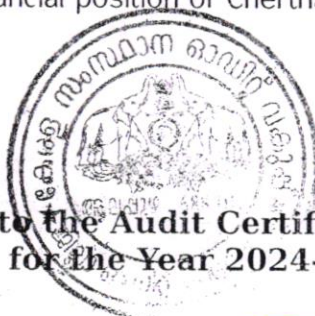
Annexure 1
Audit Certificate

- i. I have audited the attached Financial statements approved vide resolution number Prior permission of the Municipal Chairperson dated 30-11-2025 and submitted on 15-01-2026 , comprising of Receipt and Payment statement, Income and Expenditure account for the year ended on March 2025 and Balance sheet as on 31-03- 2025 , with supporting forms, of the Cherthala Municipality as per section 295(4) of Kerala Municipality act 1994, Kerala Municipality (Accounts) rules 2007, Kerala Local Fund Audit Act 1994, Kerala Local Fund Audit Rules 1996, KSAD Audit Manual chapters 4.2.1 & 11.3 and as per guidelines and compliance instructions issued by State /Central Government, Finance Commission and other funding agencies from time to time. Preparation of these accounts is the responsibility of the ULB's management. My responsibility is to express an opinion on these accounts based on my Financial Audit.
- ii. I have conducted my Financial Audit in accordance with auditing standards issued by C&AG of India and Guidelines for Financial Audit of Local Bodies issued by C&AG. These standards/guidelines require that I plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements. An audit includes examining evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation of accounts. I believe that my audit provides a reasonable basis for my opinion.
- iii. On the basis of the information and explanations that I required and have obtained, and according to the best of my information as a result of Financial Audit of the accounts and on consideration of explanations given,

Qualified opinion

I certify that, subject to my observations in the appended report and audit report, except for the matters described in the basis for qualified opinion in the appended report and subject to other observations therein, the Annual Financial Statements give a true and fair view of financial result for the year 2024-2025 and Financial position of Cherthala Municipality as on 31-03-2025

Date: 28/03/2026



Senior Deputy Director
District Office Alappuzha
Kerala State Audit Department

Audit Report appended to the Audit Certificate of Cherthala Municipality for the Year 2024-2025 .

1. Major Observations

Nil



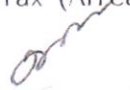

SECRETARY
CHERTHALA MUNICIPALITY

2. Other Observations

1. Supporting documents required to verify the bank reconciliation were not produced.
2. Inaccurate Bank Reconciliation for Union Bank (8147) and ICICI SBM Fund (756) account.
3. In case of Social Welfare Pensions - Discrepancy between Annual Accounts and 'Sevana' Software.
4. Fixed Deposits An Inconsistency with Annual Accounts. In addition to the previous year's balance of 1,47,64,700, a further 24,61,797 was deposited in HDFC Bank this year, totaling 17,22,26,497 as of 31.03.2025. However, in the annual accounts (Schedule P20), only 2,000,000 has been recorded as the new deposit for the year.
5. Central Finance Commission (CFC) Grant- Balance Mismatch.
 - A) CFC Basic Grant: The actual balance is 5,800,560, but the annual account shows 5,933,396 (Difference:132,836).
 - B) CFC Tied Grant: The actual balance is 4,717,429, but the annual account shows 7,481,004 (Difference:2,763,575).
6. Advances paid to various implementing agencies for deposit works during the year (for which Utilization Certificates have not been received) were omitted from Schedule B-18 (Advance to implementing agencies) of the Balance Sheet. Only the previous year's figures are included.
7. The Demand, Collection, and Balance (DCB) statements for various revenue items such as Profession Tax, Rent, and Auctions have not been prepared in the respective registers. Consequently, the accuracy of these figures in the Annual Accounts could not be verified.
8. Ayyankali Urban Employment Guarantee Scheme- The total receipts for the Ayyankali Employment Guarantee Scheme for the current year 1,65,00,000. As per the Cash Book, the entire amount of 1,65,00,000 was spent. However, Schedule I-14 of the Annual Financial Statement records the expenditure as 1,72,74,411.
9. Registers like Deposit, Advance etc. are not being maintained in a manner that substantiates the figures in the Annual Accounts.
10. Water Charges Arrears were omitted from the Annual Accounts.
11. The Demand, Collection, and Balance (DCB) figures for Property Tax in the K-Smart Software do not match with the figures in annual accounts.
12. The Annual Financial Statement of Cherthala Municipality for the 2024-25 financial year was submitted for audit on 30.11.2025 with the prior permission of the Municipal Chairperson. The approval of the Municipal Council has not been obtained for the said Annual Financial Statement.
13. The following schedules/statements as per Rule 58 of the Kerala Municipality Accounts Rules, 2007, have not been produced along with the Annual Financial Statement:
 - A) Ratios B) Notes to Accounts
14. Demand entries for income heads on an accrual basis such as Property Tax, Rent, Licenses, and Profession Tax from traders have not been recorded at the beginning of the year or on a monthly basis thereafter. The demand entries have been recorded only on beginning of the year.
15. In the 2023-24 Balance Sheet, 49,25,545/- included under the item Receivables for Property Tax



(Current) has not been transferred to the ledger 4311002 Receivables of Property Tax (Arrears) via journal entry as Property Tax (Arrears) for the 2024-25 financial year.


Senior Deputy Director




SECRETARY
CHERTHALA MUNICIPALITY