

Executive Summary

1. Introduction

- **Uttarpara-Kotrung Municipality** was founded on 3rd June 1852. The Municipality is served by the Grand Trunk Road. Uttarpara railway station functions under Eastern railway of the Indian Railway. Nearest airport is Netaji Subhash Chandra Bose International Airport. Howrah station is the railway link to the rest of the India from this Municipality.
- Boundary of the the Municipality is marked by the river Ganges on the east, Raghunathpur PS on the west, Konnanagar Municipality on the North and Ballykhal on the south. There are 24 wards spread over an area of 11.71 sq kms.

The Municipality is headed by the Chairman. Present chairman of the Municipality is Sri Dilip Yadav. Chairman is assisted by the elected Board of Councillors in carrying out the day to day affairs of the Municipality.

Annexure A

- **Period covered under current internal audit:**

1st April 2017 to 31st March 2018

- **Sanctioned strength and working strength – Manpower.**

During the Financial year 2017-18, the Municipality had a manpower strength of 186 officers and staffs against a sanctioned strength of 338. Contractual staffs were 158 in 2017-18.

- **Revenue of the municipality**

On the basis of provisional accounts of the Municipality, Revenue from own source on accrual basis including bank interest is Rs 13,51,54,613.75 (15,00,14,241.00) as per accounts, which is 38.75% of the total revenue of Rs 22,06,73,743.00 (27,06,02,447.00) including revenue Grants of Rs 8,55,19,130.00 (12,05,88,206.70).

Own Source::The Municipality earned own source actual tax revenue (including arrear) of Rs 2,83,32,014.75 (2,69,04,364.00), Fees and user Charges Rs 9,01,08,799.00 (10,70,31,221.00), Rental income from Municipality properties Rs 39,37,367.00 (40,99,722.00). Interest from bank deposits Rs 11,28,085.00 (11,27,278.00).



Revenue Grant::Receipts from revenue Grants from different sources amounted to Rs 8,55,19,129.57 (12,05,88,206.70). (previous year in brackets). Details breakup of budget and actual revenue and expenditure is given in *Annexure A*.

2. Objective and Scope

The West Bengal Municipal Act 1993(West Bengal Act XXII of 1993) provides for audit of the ULBs and has the power to direct the ULBs to conduct internal audit of the affairs of the ULBs. Under the Rule 10 of the West Bengal Municipal (Internal Audit) Rules 1997 vide notification no: 618/MA/C-10/3S-12/216 dated 10th day of November 2016 directed the ULBs to complete internal audit of any of the three years from 2013-14,2014-15 and 2015-16. The Municipality appointed an internal auditor to audit the accounts of the Municipality for the year 2014-15 and assist the Municipality to ensure remedy of the defects already submitted by the Examiner of the Local Accounts.

Scope of the internal audit as given in the Municipality's Memo no 170/XII -6 dt 01/03/2017:

1. Internal audit of the accounts as per guidelines for release and utilization of grant recommended 14th Finance Commission.
2. Internal audit of the Financial Statements including Asset Register from Puro Hisab package of Municipal Affairs department, Govt of West Bengal.
3. Internal audit of all Departments of the Municipality to find out the lacuna, if any in the existing procedures and suggest improvement.
4. Assist the Municipality for preparation of Broad sheet reply of all pending audit objection raised by AG which include both transaction audit and accounts audit.
5. Checking the transactions whether they are undertaken on the basis of proper authority and followed all rules and regulation laid down by the government.
6. Checking whether Funds are utilised for the purposes for which they are provided and in accordance with the guidelines provided by the Government.
7. Checking of running bills.



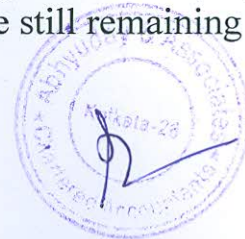
3. Methodology

Methodology adopted for conduct of internal audit:

1. We held discussion with the senior level officers of the Finance Department and other department on the scope of work at the beginning of the audit.
2. A comprehensive audit programme was planned involving interview and observation at the department level,
3. Determining sample size used for checking records and entries, and verification of the transactions involving payment and receipt of funds of the Municipality.
4. Followed by extraction of reports from the system, sampling of the underlying/supporting documents,
5. Discussion with officials of the Municipality on the findings of the audit team. Verifying compliance with the queries of the AG and its reflection in the accounts.
6. Finalisation of the report.

4. Observation and Recommendation

1. The Municipality is losing on property tax income due to delay in revaluation of the holdings of the Municipality.
2. There is slow recovery of rental income from the markets and others resulting in high accumulation of unpaid rents.
3. There is no system in place for sending demand notice for license fees to the enlisted traders.
3. Municipality follows AS 12 for accounting of Government Grants. However, it did not follow the provisions of AS 15 regarding Gratuity and other employee benefits.
4. Stock registers at Medical store and Printing & stationery store have not been maintained and updated. Evidence of physical verification of stock at different stores have not been observed during 2017-18.
5. Valuation of Inventory as per AS 2 has not been done by the Municipality.
6. Register for Security deposit, Earnest Money and loans and advances are not maintained by the Municipality.
5. The Municipality does not prepare ageing analysis report of the property tax dues, which shall help review of the old demand to arrive at the realistic arrear demand for collection.
6. A large amount of dues against electricity bills Rs 12,17,13,700.00 on account of water works at Serampore are still remaining unsettled.



- We recommend, introduction of risk based review of the internal controls of the Municipality including activities of the Assessment, collection department and Hospital.
- The Hospital may be treated as a cost center to facilitate proper cost booking of various departments of the Hospital.
- Age analysis of the property tax dues are necessary to settle the old issues as well as better monitoring of the collection of property tax.
- Timely issue of property tax bills to the ratepayers on regular basis which in turn shall help cash flow of the Municipality.
- Introducing digital mode of payment for the Contractors' bills also.

5. Acknowledgement

We take this opportunity to convey our sincere thanks to the Chairman and his Officers and staffs for extending necessary cooperation and help to us for completing the internal audit assignment within the targeted timeline.

for Abhyuday & Associates

Chartered Accountants

Partner

Place: Uttarpara

Date: 11/03/2019

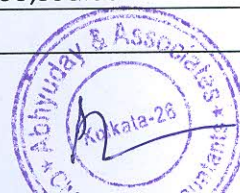


UTTARPARA-KOTRUNG MUNICIPALITY

Provisional Receipts & payment account for the year ended 31st March 2018

Receipts	Amount
Particulars	
opening cash balance	36,78,71,494.00
TAX REVENUE	2,83,32,014.75
ASSIGNED REVENUES AND COMPENSATIONS	95,41,152.00
RENTAL INCOME FROM MUNICIPAL PROPERTIES	39,37,367.00
FEES AND USER CHARGES	9,01,08,799.00
SALE AND HIRE CHARGES	19,62,196.00
REVENUE GRANTS, CONTRIBUTIONS AND SUBSIDIES	8,55,19,129.57
INTEREST EARNED	11,28,085.00
OTHER INCOME	1,45,000.00
PROVIDENT FUND	42,72,131.00
GRANT RECEIVED	46,85,42,440.00
EARNEST MONEY DEPOSIT	2,70,338.00
SECURITY DEPOSIT	1,23,80,037.24
CAUTION MONEY DEPOSIT	2,01,698.00
LIABILITY PAYMENT	2,40,92,573.00
ADVANCED RECOVERED	19,86,026.00
Total	1,10,02,90,480.56

Payment	Amount
ESTABLISHMENT EXPENSES	10,34,26,521.00
ADMINISTRATIVE EXPENSES	1,15,66,980.00
OPERATION AND MAINTENANCE	6,37,78,921.00
INTEREST AND FINANCE CHARGES	3,729.38
PROGRAMME EXPENSES	1,98,83,964.52
GRANT UTILISATION	25,68,45,260.57
INCREASE FIXED ASSETS	20,84,54,638.00
INCREASE WORK IN PROGRESS	4,14,36,053.14
TRESURY GENERAL PROVIDEND FUND	44,93,593.00
MEDICAL STORE	



	8,51,629.95
INCREASE SUNDRY DEBTOR	95,41,571.00
Closing cash & Bank Balance	38,00,07,619.00
Total	1,10,02,90,480.56

Break up of revenue and expenditure of the Municipality during 2017-18.

Item / Head of Account	2016-17	2017-18
INCOME	Rs	Rs
TAX REVENUE	2,69,04,364.00	2,83,32,015.00
RENTAL INCOME FROM MUNICIPAL PROPERTIES	40,99,722.00	39,37,367.00
ASSIGNED REVENUE AND COMPENSATION	72,85,767.00	95,41,152.00
FEES AND USER CHARGES	10,70,31,221.00	9,01,08,799.00
SALE AND HIRE CHARGES	13,62,172.00	19,62,196.00
REVENUE GRANTS, CONTRIBUTIONS AND SUBSIDIES	12,05,88,206.00	8,55,19,129.00
INCOME FROM INVESTMENT	21,78,364.00	
INTEREST EARNED	11,27,278.00	11,28,085.00
OTHER INCOME	25,352.00	1,45,000.00
Total- INCOME	27,06,02,448.00	22,06,73,743.00
EXPENDITURE		
ESTABLISHMENT EXPENSES	11,28,91,685.00	10,34,26,521.00
ADMINISTRATIVE EXPENSES	78,61,499.00	1,15,66,980.00
OPERATION AND MAINTENANCE	7,38,65,320.00	6,37,78,921.00
INTEREST AND FINANCE CHARGES	20,778.00	3,729.00
Programe Expenses	1,51,42,509.00	1,98,83,964.00
DEPRECIATION	4,38,25,036.00	00
Total- EXPENDITURE	25,36,06,827.00	19,86,63,643.00



Major account head wise comparison between Revenue and Expenditure

	Rs	% of exp.
Total revenue including bank interest	22,06,73,743.00	90.03%
Total expenditure	19,86,63,643.00	
Establishment expenses	8,88,71,663.00	40.27
Administrative Expenses	88,80,630.00	4.02
Electricity Expenses	1,42,75,054.00	6.47
Health service	1,75,32,990.00	7.95
Other operation and maintenance	6,91,03,306.00	31.31
Total	19,86,63,643.00	90.03
Total	19,86,63,643.00	90.03

Fund accounting of the Municipality:

The Municipality as per accounting records, received grants under the following heads during 2017-18:

Municipality fund as on 31.3.2017 Rs 8,92,96,654.00

Municipality fund as on 31.3.2018 Rs 11,13,06,753.00 (provisional)

Bank Reconciliation :

The Municipality has running bank accounts in 26 banks and the reconciliation statements as on 31st March 2018 were not completed till date.

Statutory compliances:

TDS from Employee of Rs 5348.00 as on 31.3.2018.

Tds from Contractor of Rs. 832141.00

Works Contract tax payable: Rs 682130.00 was payable as on 31.3.18.

Professional tax: Rs 1,03,990.00 on 31.3.2018.

Gratuity :Provided on cash basis.

Leave encashment: Under discretionary power of Chairman.

Other liabilities as per schedule 9 of the balance Sheet.

--We are enclosing the Provisional Receipt & Payments, Income & expenditure for the period 2017-18 and the Provisional Balance sheet as on 31st March 2018 in Annexure B.



ACCOUNT HEAD WISE BUDGET ESTIMATES-2018-19

Name of ULB : UTTARPARA-KOTRUNG MUNICIPALITY

Form 1(D) (Vide Rule 27)

Major Account Head	Code	Actual for the previous year 2016-17	Revised Budget Estimates 2017-18
1	2	3	5
REVENUE RECEIPTS			
TAX REVENUE	110	2,69,04,364.00	1,99,30,000.00
ASSIGNED REVENUES AND COMPENSATIONS	120	72,85,767.00	75,00,000.00
RENTAL INCOME FROM MUNICIPAL PROPERTIES	130	40,99,722.00	50,25,000.00
FEES AND USER CHARGES	140	10,70,31,221.00	8,89,54,000.00
SALE AND HIRE CHARGES	150	13,62,172.00	16,91,000.00
REVENUE GRANTS, CONTRIBUTIONS AND SUBSIDIES	160	12,05,88,206.70	11,20,00,000.00
INTEREST EARNED	171	33,05,642.00	11,00,000.00
OTHER INCOME	180	25,352.00	2,05,000.00
Total		27,06,02,446.70	23,64,05,000.00
REVENUE EXPENDITURE			
ESTABLISHMENT EXPENSES	210	11,28,91,684.00	10,57,26,000.00
ADMINISTRATIVE EXPENSES	220	78,61,499.00	1,29,78,011.00
OPERATION AND MAINTENANCE	230	7,38,65,320.00	6,77,09,001.00
INTEREST AND FINANCE CHARGES	240	20,777.00	70,000.00
PROGRAMME EXPENSES	250	1,49,85,535.00	1,67,82,000.00
REVENUE GRANTS, CONTRIBUTIONS AND SUBSIDIES	260	1,56,974.00	1,05,000.00
Depreciation		4,38,25,036.00	
Total		25,36,06,825.00	20,33,70,012.00
REVENUS Surplus(Deficit)		1,69,95,621.70	3,30,34,988.00



CAPITAL RECEIPTS			
EARMARKED FUNDS	311	1,68,02,634.00	2,02,26,000.00
RESERVES	312	-	2,02,26,000.00
GRANTS, CONTRIBUTIONS FOR SPECIFIC PURPOSES	320	26,21,66,884.00	44,15,01,001.00
DEPOSITS RECEIVED	340	1,80,39,517.00	1,75,60,000.00
DEPOSITS WORKS	341	62,34,882.00	65,00,000.00
OTHER LIABILITIES (SUNDERY CREDITORS)	350	95,50,861.00	1,12,60,000.00
Total		31,27,94,778.00	51,72,73,001.00
CAPITAL EXPENDITURE			-
FIXED ASSETS	410	23,18,21,315.00	38,79,75,006.00
CAPITAL WORK-IN-PROGRESS	412	1,34,19,345.00	-
INVESTMENTS- OTHER FUND	421	-	2,00,00,000.00
STOCK-IN-HAND	430	5,28,952.00	6,00,000.00
SUNDRY DEBTORS (Receivables)	431	7,53,49,357.00	7,30,75,000.00
PRE-PAID EXPENSES	440	-	50,000.00
CASH AND BANK BALANCE	450	32,92,89,900.73	31,79,25,000.00
LOANS, ADVANCES AND DEPOSITS	460	16,66,442.00	3,76,000.00
Total		65,20,75,311.73	48,20,76,006.00
CAPITAL Surplus(Deficit)		33,92,80,533.73	42,61,96,995.00
Total Surplus(Deficit)		35,62,76,155.43	45,92,31,983.00

