

14/10/2015

KHARDAH MUNICIPALITY



Internal Audit Report

2015-16

Executive Summary

1. Introduction

- The Municipality of Khardah is situated in Barrackpur sub division and was established by a Government notification on 28/03/1920. Initially the Municipality had a population of 6000 and 04 wards spread over an area of 0.95 sq kms. The Municipality has grown since then and at present there are wards with a population of 108496. 53% of the population is male and 47% is female. The literacy rate is 96.20% and 92.50% for the male and female population respectively.
- The Municipality is served by the Barrackpur Trunk Road. It has a railway station. Kolkata and Sealdah are the nearest railway stations connecting it to the rest of the country. Nearest airport is Netaji Subhash Chandra Bose Airport at Dum Dum.
- The Municipality is headed by the Chairman and the Chairman is assisted by the elected Board of Councillors in carrying out the day to day affairs of the Municipality.

Period covered under current internal audit:

1st April 2015 to 31st March 2016

Sanctioned strength and working strength – Manpower.

During the Financial year 2015-16, the Municipality had a manpower strength of 175 officers and staffs against a sanctioned strength of 388.

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.

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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 based on 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.

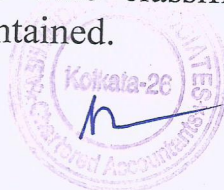
3. Methodology

Methodology adopted for conduct of internal audit:

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. A comprehensive audit programme was planned involving interview and observation at the department level, followed by extraction of reports from the system, sampling of the underlying/supporting documents, determining sample size used for checking records and entries, and verification of the transactions involving payment and receipt of funds of the Municipality.

4. Observation and Recommendation

1. Annual accounts of the Municipality has not been finalized. Hence final figure of Revenue and expenditure cannot be reported.
2. Category wise demand and collection of property tax are not maintained by the Municipality. Age wise classification of the outstanding property tax is also not maintained.



3. Data base of the holdings of the assessment department needs to be reconciled with the registers kept as per the Rules.
4. Sending of the Property tax bills to the rate payers do not follow any definite time cycle on regular basis.
5. Collection of taxes and fines are mostly done in cash. It is better to switch over to digital mode to reduce the collection cost and time.
6. There is slow recovery of arrear property taxes which is leading to high accumulated unrealized taxes and interest thereon.
7. Security deposit register to be maintained and updated.
8. The Municipality may explore the possibility of making all kinds of payment through bank in online mode.

5. Acknowledgement

We sincerely thank Chairman and his Officers and staffs for extending necessary cooperation and help to us for completing the internal audit assignment within the targeted timeline.

Place: Kolkata

for Abhyuday & Associates
Chartered Accountants


Partner



Date: 29/07/2017