

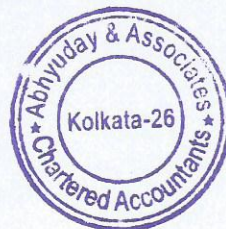


KHARDAH MUNICIPALITY



Internal Audit Report

2016-17



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 sqkms. The Municipality has grown since then and at present there are 22 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 2016 to 31st March 2017

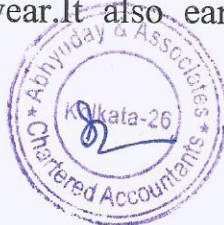
- **Sanctioned strength and working strength – Manpower.**

During the Financial year 2016-17, the Municipality had a manpower strength of 170 officers and staffs against a sanctioned strength of 388.

- **Revenue of the municipality**

Revenue from own source including bank interest is Rs 9,50,91,332.00 as per accounts, which is 34 % of the total revenue of Rs 27,42,29,185.00

Own Source:: The Municipality earned tax revenue (including arrear) of Rs 1,22,14,954.00, Rent etc Rs 29,29,142.00, Fees and user Charges Rs 6,77,47,068.00, Sale and Hire charges Rs 14,78,960.00, Other income Rs 11,67,715.00 in the current fiscal year. It also earned interest of Rs 95,53,493.00 from bank deposits.



*Revenue Grant::*Receipts from revenue Grants from different sources amounted to Rs 17,91,37,853.00

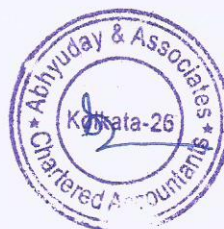
Details breakup of budgeted revenue and expenditure of 2016-17 is given in *Annexure A*.

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 Rule10 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, 2015-16 and assist the Municipality to ensure remedy of the defects already submitted by the Examiner of the Local Accounts. Further, vide letter no 295(55)/MA/AMRUT/R-1/2015 dt 04/04/2018, Mission Director, AMRUT directed to undertake internal audit of the ULBs for the year 2016-17.

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.

To cover the activities of the Municipality we visited and verified records of the various departments as given below:

1. General administration and Establishment.
2. Accounts.
3. Public Works Department.
4. Building.
5. Assessment.
6. Public Health including Hospital
7. Collection.
8. License.
9. Water Supply.
10. Vehicles.
11. Stores
12. Electrical.
13. Birth & Death Registration.
14. Education cell
15. NULM cell.
16. Law cell

4. Observation and Recommendation

1. 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.
2. Data base of the holdings of the assessment department needs to be reconciled with the registers kept as per the Rules.



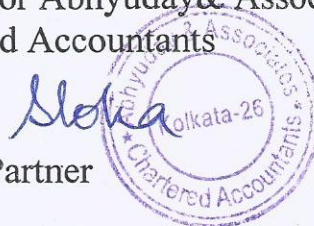
3. Sending of the Property tax bills to the rate payers do not follow any definite time cycle on regular basis.
4. Collection of taxes and fines are mostly done in cash. It is better to switch over to digital mode to reduce the collection cost and time.
5. There is slow recovery of arrear property taxes which is leading to high accumulated unrealized taxes and interest thereon.
6. The Municipality may explore the possibility of making all kinds of payment through bank in online mode.
7. The Municipality has not maintained any demand register of water tax .
8. The Municipality has not maintained any register including hologram use in certificate in License department .
9. The Municipality has not maintained any Fixed Deposit register .To maintained and regularize the system.
- 10.

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: 18/04/2018

Audit observations by Local Examiner of Accounts:

The activities and the financial statements of the Municipality have been audited by the AG upto 2016-17 in January 2017. AG has issued the following queries for reply by the ULB. Important accounting queries are:

Audit observation by AG:

1. Review of Outstanding Para

