

Executive Summary

1. Introduction

- The city of **Bardhaman** is the headquarters of Bardhaman district, it became a district capital during the period of British rule. **Burdwan**, an alternative name for the city, has remained in use since that period. **Burdwan Municipality** was founded on 1st May 1865. Archeological evidences suggest that this region, forming a major part of Radh Bengal, could be traced even back to 4000 BC.

The Municipality is served by the National Highway no 2 and the State Highway – Durgapur Expressway. Bardhaman railway station functions under Eastern railway of the Indian Railway. Nearest airport is Andal airport.

The Municipality is headed by the Chairman. The 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 578 officers and staffs against a sanctioned strength of 1221. Apart from this the Municipality employs 308 nos of project staffs under NUHM, NULM, MDM, SSP, UPHCS etc. and 1003 contractual or casual employees. *Annexure B.*

- **Revenue of the municipality**

Revenue from own source including bank interest (As per Budget) is Rs 19,06,88,665.82 as per accounts, which is 31.21 % of the total revenue of Rs 61,09,21,470.82

Own Source: The Municipality earned actual tax revenue (including arrear) of Rs 5, 16, 76,039.53 Lakh,

Fees and user Charges Rs. 5, 83, 43,628.00

Rental Income from Municipal properties 4, 18, 50,744.00

Interest from bank deposits Rs 1, 01, 38,812.00

Miscellaneous receipts Rs 40, 20,195.00

Revenue Grant::Receipts from revenue Grants from different sources amounted to Rs 42,02,23,805. Entertainment Tax Rs.1,81,12,880.00
Details breakup of budget and actual revenue and expenditure is given in *Annexure C*.

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 the ULBs.

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 departments on the scope of work at the beginning of the audit.
2. A comprehensive audit programmed 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

Observation 2017-18

1. The Municipality has earned a revenue of Rs. 61,09,21,470.82.00 including Rs.19,52,23,661.82 from own source. Analysis of the revenue items showed that the re-valuation of holdings under the Municipality was not done since 2006. The latest valuation done by the Valuation Board is effective from 1st April 2018. It is observed that the ULB lost the opportunity of earning property tax on enhanced valuation of the holdings for delayed revaluation of the holdings.
2. There is an undisbursed cash balance of Rs 13,623.00 with the cashier as on 31.3.2018.
3. The municipality lacks monitoring system for renewal cases of enlisted traders.
4. No stock of medicines and medical equipments are shown in the accounts.
5. Municipality did not provide liability for outstanding RA bills in full on 31/03/2018.
6. 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.

7. The software used by the assessment department do not have supervisory level password system.
8. Sending of the property bills to the rate payers do not follow any definite time cycle i.e. Quarterly/Half yearly.
9. 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.
10. There is slow recovery of arrear property taxes which is leading to high accumulated unrealized taxes and interest thereon.
11. The stale cheques must be reversed in the accounts for proper accounting of the expenses under the respective accounting heads.
12. 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. As a result the liability of the Municipality is understated in the accounts.
13. Municipality maintains one Central store and several department wise stores under the responsibility of respective head of the departments. Valuation of the stores are done on cost basis as per the last relevant bills against last supply.
14. Municipality affixes holograms on the birth and death certificates. There is no signature to authenticate the stock of holograms as per register as on 31st March 2018.

Considering the observations, we recommend introduction of risk based review of the internal controls of the Municipality including activities of the Assessment department, collection department, conservancy, vehicles and Hospital.

- Timely issue of property tax bills to the ratepayers on regular basis which in turn shall help cash flow of the Municipality. Creation of a Demand register to arrive at the due from the assesses as on any date.
- Introducing digital mode of payment for the Contractors' bills also.
- In case of issue of trade license, directives by West Bengal Pollution control Board are to be adhered to strictly.
- Pending queries of AG are to be replied on time to avoid unnecessary accumulation of queries over the years.

5. Acknowledgement

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

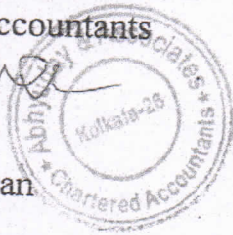
for Abhyuday & Associates

Chartered Accountants

Partner

Place: Burdwan

Date: 28/02/2019



Code No.	Description of Item	Schedule No	Current Year		Previous Year	
			Amount	Amount	Amount	Amount
SOURCES OF FUNDS						
Reserves and Surplus						
310	MUNICIPAL (GENERAL) FUND	B-1	556937814.64		515686273.98	
311	EARMARKED FUNDS	B-2	176270414.00		174144199.00	
312	RESERVES	B-3	625441034.94		498758992.94	
				1358649263.58		1188589465.92
Grants, Contribution for Specific purposes						
320	GRANTS ,CONTRIBUTIONS FOR SPECIFIC PURPOSES	B-4	999985309.57		706842137.27	
				999985309.57		706842137.27
Loans						
330	SECURED LOANS	B-5	0.00		0.00	
331	UNSECURED LOANS	B-6	0.00		0.00	
				0.00		0.00
TOTAL				2358634573.15		1895431603.19
APPLICATION OF FUNDS						
Fixed Assets						
Gross Block						
410	FIXED ASSETS	B-11	1354163863.43		1133130505.43	
Less: Accumulated Depreciation						
411	ACCUMULATED DEPRECIATION	B-11	615696259.07		526179304.51	
	Net Block		738467604.36		606951200.92	
412	CAPITAL WORK-IN-PROGRESS	B-11	133499322.00		30679123.00	
				871966926.36		637630323.92
Investments						
420	INVESTMENTS-GENERAL FUND	B-12	123348029.00		105163521.00	
421	INVESTMENTS-OTHER FUND	B-13	171362822.00		166162448.00	
				294710851.00		271325969.00
Working Capital						
Current assets, loans & advances						
430	STOCK-IN-HAND	B-14	228472704.00		192069376.00	
431	SUNDRY DEBTORS (RECEIVABLES)	B-15	350891526.09		266483080.62	
432	ACCUM. PROVISIONS AGAINST DEBTORS (RECEIVABLES)	B-15	13664.00		0.00	
440	PRE-PAID EXPENSES	B-16	77566.00		0.00	
450	CASH AND BANK BALANCE	B-17	708979536.10		588405659.27	
460	LOANS, ADVANCES AND DEPOSITS	B-18	11071283.10		13496747.10	
461	ACCUM.PROVISIONS AGAINST LOANS,ADVANCES & DEPOSITS	B-18	0.00		0.00	
Less: Current Liabilities & Provisions						
340	DEPOSITS RECEIVED	B-7	53641835.36		29108440.36	
341	DEPOSITS WORKS	B-8	20001936.21		20132147.21	
350	OTHER LIABILITIES (SUNDRY CREDITORS)	B-9	33905711.93		24738965.15	
360	PROVISIONS	B-10	0.00		0.00	



Accounts & Finance
Coordinator
Burdwan Municipality

Finance Officer
Burdwan Municipality

Administrator
Burdwan Municipality

Code No.	Description of Item	Schedule No	Current Year		Previous Year	
			Amount	Amount	Amount	Amount
	Other Assets			1191956795.79		986475310.27
470	OTHER ASSETS	B-19	0.00		0.00	
	Misc.Expenditure(to the extent not written off)			0.00		0.00
480	MISCELLANEOUS EXPENDITURE TO BE WRITTEN OFF	B-20	0.00		0.00	
				0.00		0.00
TOTAL				2358634573.15		1895431603.19

16/3/19
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Burdwan Municipality

16/3/19
Finance Officer
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16/3/19
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RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD 01-Apr-2017 to 31-Mar-2018

Code No	Head of Account	Current Period Amount	Corresponding Previous Period Amount	Code No	Head of Account	Current Period Amount	Corresponding Previous Period Amount
RECEIPTS				PAYMENTS			
	Opening Balances#	588405659.27	608298022.93				
	Cash Balances including Imprest Balances with Bank/ Treasury(including balances in designated bank accounts)						
110	TAX REVENUE ITEMS	20185365.28	17883174.51	110	TAX REVENUE ITEMS	0.00	14491.00
130	RENTAL INCOME FROM MUNICIPAL PROPERTIES	45418636.00	53469580.00	130	RENTAL INCOME FROM MUNICIPAL PROPERTIES	166860.00	136066.00
140	FEEES AND USER CHARGES	56593884.56	37710542.20	140	FEEES AND USER CHARGES	1141252.00	1103.40
150	SALE AND HIRE CHARGES	2245174.00	2942135.00	150	SALE AND HIRE CHARGES	0.00	13181.00
160	REVENUE GRANTS, CONTRIBUTIONS AND SUBSIDIES	0.00	0.50	180	OTHER INCOME	8855.63	562581.45
180	OTHER INCOME	5519696.57	7416408.76	210	ESTABLISHMENT EXPENSES	161150623.00	120843200.00
311	EARMARKED FUNDS	14855000.00	0.00	220	ADMINISTRATIVE EXPENSES	4597770.00	3180849.00
320	GRANTS ,CONTRIBUTIONS FOR SPECIFIC PURPOSES	992791215.00	684149821.00	230	OPERATION AND MAINTENANCE	72176089.42	65174058.15
340	DEPOSITS RECEIVED	35827679.00	30969006.00	270	PROVISIONS AND WRITE OFFS	8300.00	0.00
341	DEPOSITS WORKS	3265922.00	4772771.00	311	EARMARKED FUNDS	11023415.00	480205.00
350	OTHER LIABILITIES (SUNDRY CREDITORS)	15639892.14	12801255.16	320	GRANTS ,CONTRIBUTIONS FOR SPECIFIC PURPOSES	270720639.70	174833714.00
430	STOCK-IN-HAND	985984.00	6859540.00	340	DEPOSITS RECEIVED	11000602.00	19147436.50
431	SUNDRY DEBTORS (RECEIVABLES)	38556752.45	41075534.96	341	DEPOSITS WORKS	472102.00	877995.00
450	CASH AND BANK BALANCE	203037556.66	38127415.00	350	OTHER LIABILITIES (SUNDRY CREDITORS)	200624346.95	194219663.94
460	LOANS, ADVANCES AND DEPOSITS	4032685.00	3885321.00	410	FIXED ASSETS	211946092.00	95376047.00
				411	ACCUMULATED DEPRECIATION	0.00	12188508.00
				412	CAPITAL WORK-IN-PROGRESS	95866530.00	14084436.00
				430	STOCK-IN-HAND	36814425.00	189916465.00
				431	SUNDRY DEBTORS (RECEIVABLES)	182124.00	267706.00
				432	ACCUM. PROVISIONS AGAINST DEBTORS (RECEIVABLES)	13664.00	0.00
				450	CASH AND BANK BALANCE	227655975.13	53089023.31
				460	LOANS, ADVANCES AND DEPOSITS	12811900.00	17548139.00
					Closing Balances#	708979536.10	588405659.27
					Cash Balances including Imprest Balances with Bank/ Treasury(including balances in designated bank accounts)		
GRAND TOTAL		2027361101.93	1550360528.02	GRAND TOTAL		2027361101.93	1550360528.02

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
18/3/19
Administrator
Burdwan Municipality



Form 88 [Vide Rules 239 & 260]
Name of Urban Local Body : BURDWAN Municipality
INCOME AND EXPENDITURE STATEMENT FOR THE YEAR 2017-2018

Code No	Item/Head of Account	Schedule No	Previous Year Amount (Rs.)	Current Year Amount (Rs.)
1	2	3	4	5
INCOME				
11001	PROPERTY TAX	I-1	63669436.55	63509796.00
11011	ADVERTISEMENT TAX	I-1	3247941.00	2579482.20
11051	OCTROI AND TOLL	I-1	1977402.00	2160816.00
11080	OTHER TAXES	I-1	10499593.00	12582472.00
11090	TAX REMISSIONS AND REFUNDS	I-1	1516435.00	2393149.00
12010	TAXES AND DUTIES COLLECTED BY OTHERS	I-2	14387086.00	14391017.00
13010	RENT FROM CIVIC AMENITIES	I-3	18123415.63	17939534.50
13030	RENT FROM GUEST HOUSES	I-3	4578600.00	4687819.50
13040	RENT FROM LEASE OF LANDS	I-3	30533000.00	22500000.00
13090	RENT REMISSION AND REFUNDS	I-3	235302.00	124422.00
14010	EMPANELMENT AND REGISTRATION CHARGES	I-4	1695277.00	2443424.00
14012	FEES FOR GRANT OF PERMIT	I-4	102370.00	82300.00
14014	DEVELOPMENT CHARGES	I-4	2034231.00	17568347.00
14020	PENALTIES AND FINES	I-4	679016.00	10877569.00
14040	OTHER FEES	I-4	21785910.80	19308180.56
14050	USER CHARGES	I-4	3390500.00	4698615.00
14060	ENTRY FEES	I-4	88670.00	0.00
14070	SERVICE/ADMINISTRATIVE CHARGES	I-4	5252752.00	463397.00
14080	OTHER CHARGES	I-4	12000.00	12000.00
14090	FEES REMISSION AND REFUND	I-4	-1100.00	271800.00
15010	SALE OF PRODUCTS	I-5	0.00	117625.00
15011	SALE OF FORMS AND PUBLICATIONS	I-5	2525474.00	2117353.00
15040	HIRE CHARGES FOR VEHICLES	I-5	367661.00	70321.00
15041	HIRE CHARGES ON EQUIPMENTS	I-5	49000.00	57500.00
16010	REVENUE GRANT	I-6	242518398.50	302715171.00
16040	CONTRIBUTION TOWARDS ASSETS	I-6	68626155.00	80997179.00
17010	INTEREST	I-7	0.00	7656897.00
17110	INTEREST FROM BANK ACCOUNTS	I-8	7963232.00	3271669.00
17120	INTEREST ON LOANS AND ADVANCES TO EMPLOYEES	I-8	1562286.00	886985.00
18010	DEPOSITS FORFEITED	I-9	552658.00	186619.00
18030	PROFIT ON DISPOSAL OF FIXED ASSETS	I-9	1751063.00	968501.00
18080	MISCELLANEOUS INCOME	I-9	4563406.31	3874226.90
A	Total - INCOME		514287171.79	601514187.66
EXPENDITURE				
21010	SALARIES, WAGES AND BONUS	I-10	238009914.80	258255605.50
21020	BENEFITS AND ALLOWANCES	I-10	2229788.00	4072080.00
21030	PENSION	I-10	100660857.00	121807653.00
21040	OTHER TERMINAL AND RETIREMENT BENEFITS	I-10	149437.00	0.00
22010	RENT, RATES AND TAXES	I-11	0.00	20550.00
22011	OFFICE-MAINTENANCE	I-11	-258327.00	3502367.05
22012	COMMUNICATION EXPENSES	I-11	197139.00	215269.00
22021	PRINTING AND STATIONARY	I-11	803958.00	888901.00
22030	TRAVELING AND CONVEYANCE	I-11	56535.00	77042.00
22040	INSURANCE	I-11	180622.00	120968.00
22051	LEGAL EXPENSES	I-11	478501.00	1071816.00
22060	ADVERTISEMENT AND PUBLICITY	I-11	518156.00	948063.00
22080	OTHERS	I-11	754008.00	1133145.00
23010	POWER AND FUEL	I-12	44832554.65	48490790.42




Administrator
 Burdwan Municipality

A

Form 88 [Vide Rules 239 & 260]
Name of Urban Local Body : BURDWAN Municipality
INCOME AND EXPENDITURE STATEMENT FOR THE YEAR 2017-2018

Code No	Item/Head of Account	Schedule No	Previous Year Amount (Rs.)	Current Year Amount (Rs.)
1	2	3	4	5
23020	BULK PURCHASES	I-12	0.00	283968.00
23030	CONSUMPTION OF STORES	I-12	18188931.50	23379701.00
23040	HIRE-CHARGES	I-12	138930.00	222401.00
23050	REPAIR AND MAINTENANCE -INFRASTRUCTURE ASSETS	I-12	443879.00	292103.00
23051	REPAIR AND MAINTENANCE -CIVIC AMENITIES	I-12	162741.00	84045.00
23052	REPAIR AND MAINTENANCE -BUILDINGS	I-12	64462.00	63328.00
23053	REPAIR AND MAINTENANCE -VEHICLES	I-12	91289.00	110206.00
23059	REPAIR AND MAINTENANCE -OTHERS	I-12	159755.00	86350.00
23080	OTHER OPERATING AND MAINTENANCE EXPENSES	I-12	3606829.00	3382898.00
24070	BANK CHARGES	I-13	14847.24	47712.47
27040	ASSETS WRITTEN OFF	I-16	0.00	0.00
27220	BUILDINGS	I-0	4445289.25	6262082.17
27230	ROADS AND BRIDGES	I-0	52403206.45	60277068.29
27231	SEWERAGE AND DRAINAGE	I-0	11754436.89	13105719.13
27232	WATERWAYS	I-0	3208827.43	3157021.86
27233	PUBLIC LIGHTING	I-0	2377.50	0.00
27240	PLANT AND MACHINERY	I-0	2921850.70	4418031.65
27250	VEHICLES	I-0	1074378.23	1006885.60
27260	OFFICE AND OTHER EQUIPMENTS	I-0	1050836.50	1245587.80
27270	FURNITURE, FIXTURES, FITTINGS & ELECTRIC APPLIANCES	I-0	45365.69	44558.06
27280	OTHER FIXED ASSETS	I-0	25.24	0.00
28030	RECOVERY OF REVENUES WRITTEN OFF	I-0	0.00	1657396.00
B	Total - EXPENDITURE		488391401.07	559731315.00
A-B	Gross surplus/(deficit) of income over expenditure		25895770.72	41782872.66
			SURPLUS	SURPLUS

18/03/19
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18/03/19
 Administrator
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