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INDIAN AUDIT AND ACCOUNTS DEPARTMENT
O/o PRINCIPAL ACCOUNTANT GENERAL
(GENERAL & SOCIAL SECTOR AUDIT), W.B.
LOCAL AUDIT DEPARTMENT

No. SS-III/A/cs Hooghly Chinsurah M (16-17)/19-20/3012
Dated: .10.2019

To
The Chairman,
Hooghly Chinsurah Municipality,
Mahendra Mitra Road, Pipulpati
P.O & Dist.-Hooghly
Pin-712103

S. S. Sankar Roy

F.O. 1
Mam

Sub: Audit Report on Annual Financial Statement for the year 2016-17

Sir,

I am forwarding the Audit Reports and detailed comments on the AFS for the year 2016-17 under section 87 of West Bengal Municipal Act 1993 as amended till date and annexure containing specified information as per Sub-Rule 2 of Rule 22 of West Bengal Municipal Finance and Accounting Rules 1999 as amended in January 2007. I draw your kind attention to Section 88 of the Act ibid to place the Audit Report before the Chairman-in-Council to take remedial measures and report to the Director of Local Bodies with intimation to this office.

Yours faithfully,

S. S. Sankar Roy
Examiner of Local Accounts
West Bengal

Enclosure: As stated above

8, Kiran Sankar Roy Road, G.I. Press Building 2nd Floor, Kolkata-700001

P. T. O.

iv. We further report that-

A Balance Sheet

A.1 Liabilities

A.1.1 Municipal General Fund (Sch. B-1): ₹ 621.07 lakh

As per Para 24.3 – Part 3 of the Accounting Manual for ULBs ‘In case of liabilities exceeding the assets, the balance will be shown as “Capital Deficit” under Application of Fund”.

As per the Accounting Rule, if the amount of Liability is greater than that of Asset, the deficit amount is shown as ‘Capital Deficit in the Asset side of the AFS (Sch. B-20) and in case of surplus, the surplus amount is shown as Municipal Fund under the Liability side (Sch. B-1). But when there is capital deficit in the previous year and surplus in the current year then the surplus amount is first adjusted to make good the deficit amount thereafter the remaining surplus amount if any, is shown as Municipal (General) Fund in the liability side. The amount of Deficit was transferred to Capital Deficit in order to avoid negative balance of Municipal Fund since the Municipal Fund cannot be negative. Further, Capital Deficit was required to be adjusted when Municipal fund become positive.

On scrutiny of the Annual Financial Statement, it was noticed that the surplus amount of ₹ 62106634.74 shown as Municipality Fund was not adjusted with the Capital deficit of ₹ 247368790.53.

Non accounting of the above resulted in overstatement of Municipal Fund with the corresponding overstatement of capital Deficit to the extent of ₹ 621.07 lakh.

In reply, the Municipal authority stated that Capital Deficit for the year 2015-16 was adjusted in the accounts as per the rule so the question of overstatement of Municipal Fund does not arise. But the reply is not tenable in respect of the accounting year 2016-17 since this process should continue until the deficit becomes nil or zero amount.

A.1.2 Earmarked Fund (Sch.B-2)

A.1.2.1 Provident Fund: ₹ 734.78 lakh

Above did not include ₹ 6088734.00 being the interest receivable on Provident Fund (PF) deposited in Treasury GPF account. The interest on PF was to be accounted within the year although the same amount was received in subsequent year (on 09.02.18).

This resulted in understatement of Provident Fund with corresponding understatement of Sundry Debtors (Receivables) to the extent of ₹ 60.89 lakh.

In reply, the Municipal authority admitted the above observations and assured that necessary action would be taken in the AFS 2017-18.

**AUDIT REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF HOOGHLY
CHINSURAH MUNICIPALITY FOR THE YEAR ENDED 31ST MARCH, 2017**

We have audited the Balance Sheet of the Hooghly Chinsurah Municipality as on 31st March, 2016 along with Income & Expenditure Account and Receipts & Payments Account for the year ended on that date under section 86 of the West Bengal Municipal Act, 1993 as amended till date. Preparation of these financial statements is the responsibility of the Hooghly Chinsurah Municipality Management. Our responsibility is to express an opinion on these financial statements based on our audit findings.

2. This Audit Report contains the comments of the Examiner of Local Accounts (ELA) on the accounting treatment with regard to classification, conformity with the best accounting treatment, accounting practices, accounting standards and disclosure norms, etc. Audit observation on financial transactions with regard to compliance with the Laws, Rules and Regulations (Propriety and Regularity Audit) and efficiency-cum-performance aspects, etc., are reported through Inspection Reports/Audit Reports separately.

3. We have conducted our audit in accordance with the Auditing Standards generally accepted in India. These standards require that we plan and perform audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

4. Based on our audit, we report that:

i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit subject to the observation made in subsequent paragraphs.

ii. The Balance Sheet and Income & Expenditure Account and Receipts and Payments Account dealt with by this report have been drawn up in the format prescribed under Accounting Manual for Urban Local Bodies (Part – 5 : Forms & Formats) subject to the observations made below.

iii. In our opinion, proper books of accounts and other relevant records have been maintained by the Hooghly Chinsurah Municipality as required under Accounting Manual for Urban Local Bodies (Part – 5 : Forms & Formats) in so far as it appears from our examination of such books and subject to the observations made below.

Management adhered to appropriate internal controls [Comments as per Sub-rule (2) (1) (d) of the Rule 22 of West Bengal Municipal (Finance & Accounting) Rules, 1999 (Amends) is enclosed (Annexure – 1)].

A.1.3 Other Liabilities (Sundry Creditors) (Sch.B-9): ₹ 442.31 lakh

A.1.3.1 Expenses payable: ₹ 238.94 lakh

Above did not include ₹ 5872145.00 being the unpaid bills of revenue expenditure incurred during the year 2016-17. These expenditures had been paid during 2017-18 but no provision of liability in the Accounts was created as the expenditures were pertained to 2016-17 (Payment voucher no. 12, 50 - 53, 56, 100, 119, 121 - 126, 128 - 143, 157 - 161, 168, 173, 174, 194, 225, 256, 361, 362, 365 & 368 for the year 2017-18).

Non accounting of the above resulted in understatement of Sundry Creditors (Other Liability) with the corresponding understatement of 'expenditure' and thereby understatement of 'Deficit' to the extent of ₹ 58.72 lakh.

In reply, the Municipal authority admitted the above observations and assured that necessary action would be taken in the AFS 2017-18.

A.1.3.2 Pension Payable: ₹ 57.90 lakh

Above included ₹ 5790274.00 being the Pension payable to the retired employees of Municipality as on 31.03.2017. As per Accounting Manual for ULBs (Part 2/Para 3.2.1 e), Pension is to be recognized on actual payment basis only. Therefore, no liability for pension should be provided in the Accounts.

Wrong accounting of the above resulted in overstatement of 'Other Liabilities (Sundry Creditors)' with the corresponding overstatement of expenditure and consequential overstatement of 'Deficit of Income over Expenditure' by ₹ 57.90 lakh.

In reply, the Municipal authority admitted the above observations and assured that necessary action would be taken in the AFS 2017-18.

A.2 Assets

A.2.1 Fixed Asset (B-11): ₹ 8724.87 lakh

A.2.1.1 Accumulated depreciation (B-11): (-) ₹ 5238.35 lakh

As per accounting principle depreciation shall be provided at full rates for assets, which are purchased/ constructed before October 1 of an Accounting Year. Depreciation shall be provided at half the rates for assets, which are purchased/ constructed on or after October 1 of an Accounting Year. During the scrutiny of Balance Sheet and Asset register (Soft Copy), it is revealed that accumulated depreciation provided on fixed asset is in contravention of above rule that is evident from the data mentioned in **Annexure "A"**.

Due to such erroneous calculation, the depreciation / accumulated Depreciation were shown more and thereby Fixed Assets (Net Block) were shown less by ₹ 46245.53. As the Assets were created from grants, the Grants against Fixed Asset (GAFA) were also shown less to that extent.

Wrong accounting of above resulted in understatement of Fixed Assets (Net Block) by ₹ 0.46 lakh and understatement of GAFA to that extent with corresponding overstatement of expenditure with consequential effect of overstatement of 'Deficit' to that extent.

In reply, the Municipal authority admitted the above observations and assured that necessary action would be taken in the AFS 2017-18.

A.2.2 Sundry Debtors (Receivables) (Sch.B-15): ₹ 55.49 lakh

A.2.2.1 Receivable on pension Relief Grant: ₹ 0.00 lakh

Above did not include ₹ 15745088.40 being the reimbursement of total requirement of Basic Pension and Dearness Relief (at the rate of 40 percent) for the year 2016-17 as claimed by the ULB during 2016-17 (Memo No. 431/AC-DP dated 29.01.2018).

As per Government Norms, Urban Local Bodies is eligible to receive for grants on ad hoc- basis towards payment of 40% of total requirement (Basic Pension + Dearness Relief) of Pension to the pensioner of ULB. The ULB is reimbursed 40% of total requirement by Government on submission of claim in the following year.

Non-accounting of the above resulted in understatement of Pension Fund with the corresponding understatement of Sundry Debtors (Receivable) to the extent of ₹ 157.45 lakh.

In reply, the Municipal authority admitted the above observations but stated that PPO of many employees was not received on time. Thus the authority could not assess Pension relief Grant receivable during the year in advance.

The reply was not tenable as the accounting of 'receivable' was to be made on the basis of 40 percent of expenditure on Pension incurred by the Municipality during the year which was available with the Municipality.

A.2.2.2 Advertisement Tax: Nil

Above head did not include the outstanding Advertisement Tax of ₹ 157949.00 for the year 2016-17 received during the year 2017-18.

This resulted in understatement of 'income' and there by overstatement of 'Deficit of Income over expenditure' with the corresponding understatement of 'Advertisement tax under Sundry Debtors (Schedule B-15)' to the extent of ₹ 1.58 lakh.

In reply, the Municipal authority admitted the above observation and noted it for future guidance.

A.2.3 Cash and Bank Balance (Sch.B-17): ₹ 3976.82 lakh

Above did not include ₹ 284766.00 being the value of 08 cheques of various banks comprising Axis Bank SB A/c No. 912010016243487, Axis Bank SB A/c No.916010003342698, Axis Bank SB A/c No.911010027683503, Bank of India SB A/c No. 12040, UBI SB A/c No. 07199 & SBI Current A/c No. 11055219370 issued by the Municipality which lost validity prior to 31.03.2017. The above stale cheques should have been written back by crediting the liability to that extent.

This resulted in understatement of Cash & Bank Balance with the corresponding understatement of Other Liability to the extent of ₹ 2.85 lakh.

In reply, the Municipal authority admitted the above observations and assured that necessary action would be taken in the AFS 2017-18.

A.2.4 Pre-paid Expenses (Schedule B-16): ₹ 0.16 lakh

In terms of Para 8.1 (101) Accounting Manual for ULBs (Part-I), Prepaid Expenses shall include Payment for expense in an Accounting Period, the benefit for which will accrue in the subsequent Accounting Period(s).

Above did not include ₹ 36911.00 as pre-paid expenses incurred in the current financial year towards insurance of vehicles (PV - 3758), the benefit coverage accrued in the subsequent accounting year. Instead, the above amount was wrongly charged as expenditure under current year.

Hence, wrong accounting of above resulted in understatement of 'Pre-paid Expenses' with the corresponding overstatement of expenditure thereby overstatement of 'Deficit of income over expenditure' to the extent of ₹ 0.37 lakh.

In reply, the Municipal authority admitted the above observations and the point is noted for future guidance.

B Income and expenditure account

B.1 Income

B.1.1 Rental Income from Municipal Properties (Sch.1-3): ₹ 144.24 lakh

Rent from Market (Code: 1301001): ₹ 3.01 lakh

As per demand & Collection Statement furnished by the Municipality total Current Demand of Market Rent during the year 2016-17 was ₹ 289734.00. But as per Annual Financial Statement, 'Rent from Market' under 'Rental Income from Municipal Properties' [Sch.1-3] was ₹ 300980.00. There was no clarification furnished by the Municipality regarding the existing discrepancy of ₹ 11246.00 (₹ 300980 - ₹ 289734).

Wrong accounting of the above resulted in overstatement of Sundry Debtors (Receivables) with the corresponding overstatement of 'Rental Income from Municipal Properties' and there by understatement of 'Deficit' to the extent of ₹ 0.11 lakh.

In reply, the Municipal authority admitted the above observation and the point is noted for future guidance.

B.1.2 Fees and User Charges (Sch. I-4)

Road Damage Recovery (code 1407004): ₹ 19.84 lakh

Above did not include the income from Road damage recovery charges of ₹ 396717.00 received by the Municipality (vide Receipts Vr. No 9318 dated 12.04.16) which was wrongly credited to 'Security Deposit' during the year 2016-17.

This resulted in understatement of 'income' and thereby overstatement of 'Deficit of income over expenditure' with the corresponding overstatement of 'Security Deposit' to the extent of ₹ 3.97 lakh.

In reply, the Municipal authority admitted the above observation and noted it for future guidance.

B.1.3 Revenue, Grant and subsidies (I-6): ₹ 2808.83 lakh

The Municipality had to pay ad-hoc bonus to its employees. As per Government order, 20 per cent of ad-hoc bonus payment is to be reimbursed by the State Government on submission of claim. Therefore, the Municipality accrued assured income of 20 % of bonus as soon as such payments were made.

Above income head did not include ₹ 37235.00 being the receivable bonus grant at 20% of the ad-hoc bonus paid by the Municipality during the year 2016-17. The Municipality received the grant vide G.O. no. 517(Sanction)/ MA /N/C-2/ 1G-16 /2016 dated 15.01.18.

Non-accounting of the above assured income resulted in understatement of 'Income' as well as overstatement of 'Deficit' with the corresponding understatement of 'Sundry Debtors (Receivables) to the extent of ₹ 0.37 lakh.

In reply, the Municipal authority admitted the above observation and the point is noted for future guidance.

B.1.4 Interest earned (Sch. I-8)

Bank Interest (code 1711001): ₹ 5.46 lakh

Above included ₹ 226698.00 (Heritage: ₹ 34131.00, Pension & Gratuity: ₹ 171410.00, Benevolent Fund: ₹ 6471.00 and Health Fund: ₹ 14686.00) being the Interest earned on various unutilized Government Grants deposited in various banks.

As per Accounting Manual for ULBs (Part – 2 / Para 3.3.3 f) income on investments made from Special Fund and Grants under specific Scheme should be recognized and credited to Grants under Specific Scheme respectively, whenever accrued.

This resulted in overstatement of income and there by understatement of 'Deficit' with corresponding understatement of Grants, Contribution for Specific Purposes to the extent of ₹ 2.27 lakh.

In reply, the Municipal authority stated that the Pension & Gratuity and Health Fund Account are Own Fund A/c of the Municipality; hence the question of charging bank interest against Grants does not arise. The reply is not tenable to audit as per Accounting Manual for ULBs (Part – 2 / Para 3.3.3 f) income on investments made from Special Fund and Grants under specific Scheme should be recognized and credited to Grants under Specific Scheme respectively, whenever accrued.

B.2 Expenditure

B.2.1 Pension contribution: NIL (Sch. I-10)

Above did not include ₹ 2606181.48 (6% of total basic salary of ₹ 43436358.00) as Pension contribution to the Pension fund. As per Govt. order, 6 percent of the basic pay was to be contributed to this fund. All basic pension payment should be made through 'Pension Fund'. The matching pension fund amount should be kept separately under Investment.

This resulted in understatement of 'Expenditure' and there by understatement of 'Deficit of Income over expenditure' with the corresponding understatement of 'Pension fund (Earmarked fund)' to the extent of ₹ 26.06 lakh.

In reply, the Municipality stated that due to insufficient fund it was not possible to contribute 6% of basic salary to the pension fund. However, the Municipality should strive for contributing the same as per Govt. order.

C Receipts & Payments Accounts

No comments.

D General Comments

D.1 Poor Internalization of the Reformed Accounting Procedure

The proper implementation of double entry accounting system required close coordination amongst all the departments. But during scrutiny of accounts there noticed a lack of co-ordination between the accounts department and other departments of the Municipality which indicates poor internalization of the reformed accounting system.

In reply, the Municipal authority admitted the above observations and assured that necessary action would be taken in the AFS 2017-18.

D.2 Stock-in Hand (Sch. B-14): ₹ 21.11 lakh

The Municipality did not conduct physical verification of movable as well as immovable assets and stock at a regular interval. Thus the Municipal Authority could not ensure whether all the assets and stock as accounted were physically available or not. The theft/fraud/loss of asset, if any, could not be also ascertainable in audit.

In reply, the Municipal authority admitted the above observations and assured that necessary action would be taken in the AFS 2017-18.

D.3 Deficiencies in the accounting software package 'Purohisaab'

The accounting software package 'Purohisaab' has no locking arrangement in so far as accounting period is concerned i.e. any voucher can be entered at a later date after closing of a particular accounting year on real time basis thereby leaving the system unsecured.

In reply, the Municipal authority stated that the password can be changed by ADMN user (Finance Officer) and the database can be open using a secrete batch file only. But no password policy was maintained by the Municipality.

D.4 Sundry Creditors (Sch. B-9): ₹ 442.31 lakh

The Municipality did not furnish Unpaid Bill Register. As a result the above liabilities could not be verified in audit.

In reply, the Municipal authority admitted the above observations and the point is noted for future guidance.

D.5 Prepaid Expenses (Sch. B-16): ₹ 0.16 lakh

Above Prepaid Expense of ₹ 15964.00 on Salaries, Wages and Bonus (Account code 440-10-01) was carried forwarded without adjustment since previous years. The matter needs proper verification and necessary rectification.

In reply, the Municipal authority admitted the above observations and the point is noted for future guidance.

D.6 Sundry Debtors (Receivable) (Sch. B-15)

Property tax receivable on Commercial Buildings (Current Year): ₹ 0.77 lakh and (Arrears): ₹ 2.49 lakh

As the Municipality did not maintain list of commercial holdings, the above could not be verified in audit. The matter needs proper verification and necessary rectification.

Besides, no age-wise analysis of receivables of Property tax with Holding number was attached to accounts in compliance with the provision of para 3.1.4 (d) of the Accounting Manual for ULB (Part -2 Accounting Principles).

In reply, the Municipal authority admitted the above observations and the point is noted for future guidance.

D.7 Bank Reconciliation

The Bank Bank Reconciliation Statement as furnished by the Municipality could not be verified due to non-furnishing of documents in respect of following bank accounts.

SI No.	Bank	Cash Book Balance (₹)	Pass book Balance (₹)	Remarks
01	Axis Bank (A/c No. 72009) - Mid-day Meal	9247467.81	20717467.81	₹ 240.00 un-reconciled
02	UBI-21042 - Development	8258442.39	8421962.39	₹ 956.00 un-reconciled
03	SBI-19370 - General Fund	1980103.90	2053769.68	No supporting documents regarding ₹ 54.00 & ₹ 195.22 were furnished

In reply, the Municipal authority admitted the above observations and the point is noted for future guidance.

D.8 Establishment Expenses (Sch. I-10)

Above included ₹ 42845684.00 being the expenditure incurred towards payment of Pension during the year 2016-17. Since the Municipality operated a separated Pension Fund, the above expenditure should have been routed through Pension Fund.

In reply, the Municipal authority admitted the above observations and assured that necessary action would be taken accordingly.

D.9 Primary Documents

The Municipality did not furnish the primary documents relating to the Annual accounts for the year 2016-17 viz. Land Registers, Work register, Loan register, Register of Tools and Plants, Advance Register, Lease Register and hard copy of Grant register, Asset register etc. As a result, the figures as depicted in the annual accounts could not be verified in audit with reference to basic records.

D.10 Education Cess: (-) ₹ 4.69 Lakh

Above head shows negative balance of ₹ 4.69 lakh. This needs proper verification and due rectification.

In reply, the Municipality noted the above observation and assured that necessary action would be taken in this regard.

E Effect of Audit Comments on Accounts

The net impacts of the comments given in preceding Para is that the liabilities as on 31st March 2017 were overstated by ₹ 374.70 lakh, assets overstated by ₹ 397.21 lakh and the deficit of income over expenditure for the year was understated by ₹ 22.51 lakh (Working Sheet enclosed)


v) Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure Account and receipts and Payment Account dealt with by this report are in agreement with the books of accounts.

vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts and subject to the significant matters stated above and other matters mentioned in Annexure-I to this Audit Report, **do give a true and fair view** in conformity with Accounting Principles generally accepted in India.

a) In so far as it relates to the Balance Sheet of the State of affairs of the Hooghly Chinsurah Municipality as on 31st March, 2017 and

b) In so far as it relates to the Income & Expenditure for the year ended on that date.

Place: Kolkata
Date: .10.2019


18/10/19
Examiner of Local Accounts
West Bengal

P. T. O.

Working Sheet on Net impact on Accounts of Hooghly Chinsurah Municipality for the year 2016-17

(₹ in lakh)

Ref No	Liabilities		Assets		Deficit	
	U/S	O/S	U/S	O/S	U/S	O/S
A.1.1		621.07		621.07		
A.1.2.1	60.89		60.89			
A.1.3.1	58.72				58.72	
A.1.3.2		57.90				57.90
A.2.1.1			0.46			0.46
A.2.2.1	157.45		157.45			
A.2.2.2			1.58			1.58
A.2.3	2.85		2.85			
A.2.4			0.37			0.37
B.1.1				0.11	0.11	
B.1.2		3.97				3.97
B.1.3			0.37			0.37
B.1.4	2.27				2.27	
B.2.1	26.06				26.06	
Total	308.24	682.94	223.97	621.18	87.16	64.65

Liability overstated by ₹ (682.94 – 308.24) lakh = ₹ 374.70 lakh

Asset understated by ₹ (621.18 – 223.97) lakh = ₹ 397.21 lakh

Deficit of income over expenditure overstated by ₹ (87.16 - 64.65) = ₹ 22.51 lakh

U/S – Understatement

O/S - Overstatement

P. T. O.

ANNEXURE - 1

**Audit comments on the information as asked under Sub rule of Rule 22 of the West Bengal
Municipal (Financial & Accounting) Rules, 1999 as amended in January, 2007**

Sl. No	Item of information	Audit comments
1.	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and are in all cases such as are unauthorized by law.	During test check, no such deviation was found.
2.	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by law.	No deficiency was noticed in course of test check.
3.	Whether all transaction (income, expenditure, assets and liabilities) are correctly classified and stated in sufficient details?	Audit comment given in specific cases.
4.	Whether in respect of all bills for charges on accounts of all works and other expenditure proper certificates have been furnished in support of them and that no deviation has been made from the sanctioned plans and the estimate without other sanction of the competent authority?	As per test check no deviation has been made from the sanctioned plans and the estimates.
5.	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order?	No major deficiency in this respect was noticed as per test check.
6.	Whether the special funds, if any, have been created as per the provisions of relevant statutes and whether the special funds have been utilized for the purpose for which created?	Pension Fund was not created. Provident Fund is being utilized for the purpose for which the same was created.
7.	Whether the Municipality is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets? Whether these fixed assets have been physically verified by the management at reasonable intervals? Whether any material discrepancy was noticed on such verification and if so, whether the same have been properly dealt with in the Books of accounts?	No. No physical verification of fixed assets had been done by the Management.
8.	Whether physical verification has been conducted at reasonable intervals in respect of stores?	Physical verification of stores was not done during the year.
9.	Whether the procedures of physical verification of store followed by the Municipality are reasonable and adequate, if not, the inadequacies in such procedures should be reported.	No. Physical verification of stores was not done.
10.	Whether any material discrepancies have been noticed on physical verification as compared to books of records and if so whether the same have been properly dealt with in the books of accounts?	Discrepancy could not be ascertained as physical verification of stores was not done at all.
11.	Whether the valuation of stores is in accordance with the accounting principles laid down by the State Govt. from time to time? Whether the basis of valuation of stores is same as in the preceding year. If there is any deviation in the basis of valuation, the effect of such deviation, if materials, should be reported?	Deficiencies are commented.

12.	Whether the parties to whom the loans or advances in the nature of loans have been given by the Municipality, are repaying the principal amounts as stipulated and are also regular in payments of the interest and if not, whether reasonable steps have been taken by the Municipality for recovery of the principal and interest?	No major deficiency in this respect loan and advances was noticed as per test check.																								
13.	Whether there exists an adequate internal control procedure for the purchase of store including components, plant and machinery, equipment and other assets?	No. Internal control system needs to be strengthened.																								
14.	Whether proper procedure are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any has been made in the accounts?	No.																								
15.	Whether the Municipality is regular in depositing Provident fund dues and Professional Tax deducted with the appropriate authorities and if not, the extent of arrears?	Yes except Provident fund deposit. Commented.																								
16.	Whether the Municipality is regular in depositing deducted at source (Income Tax and Work contract tax) and other statutory dues, and if not, the nature and cause of such delay and the amount not deposited?	Yes.																								
17.	Whether any personal expenses have been charged to revenue accounts? If so the details thereof.	Not found during test check.																								
18.	Whether the total liabilities of the Municipality can be met out of the Municipal fund when falling due?	No, as calculated below. (₹ in lakh)																								
		<table border="1"> <thead> <tr> <th>Head</th> <th>Amount</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Earmarked funds</td> <td>738.92</td> <td></td> </tr> <tr> <td>Unspent grant-</td> <td>4798.03</td> <td></td> </tr> <tr> <td>Loan</td> <td>698.73</td> <td>6235.68</td> </tr> <tr> <td>Current assets -</td> <td>3433.25</td> <td></td> </tr> <tr> <td>Current liabilities</td> <td></td> <td></td> </tr> <tr> <td>Investment</td> <td>735.71</td> <td>4168.96</td> </tr> <tr> <td>Excess of liability over cash strength</td> <td></td> <td>2066.72</td> </tr> </tbody> </table>	Head	Amount	Amount	Earmarked funds	738.92		Unspent grant-	4798.03		Loan	698.73	6235.68	Current assets -	3433.25		Current liabilities			Investment	735.71	4168.96	Excess of liability over cash strength		2066.72
Head	Amount	Amount																								
Earmarked funds	738.92																									
Unspent grant-	4798.03																									
Loan	698.73	6235.68																								
Current assets -	3433.25																									
Current liabilities																										
Investment	735.71	4168.96																								
Excess of liability over cash strength		2066.72																								

Place: Kolkata

Date: .10.2019


Examiner of Local Accounts
West Bengal

Annexure – A (AQ-10 on Depreciation)

Sl No.	Name of Asset	Total cost	Fund Utilised	Date of cons./ purchase	Estimated life as per manual	Estimated life actually taken by ULB	Year of depreciation to be taken	Depreciation as per Manual (₹)	Depreciation actually charged by ULB (₹)	Difference (₹)	
A	Building -any other building(4102007)										
1	Construction of Guardwall at Ramkrishna Lane	214393	SFC	03.10.16	20	30	1/2	5359.83	3573.22	1786.61	
2	Construction of boundary wall at MPL Office Compound.	145273	3rd SFC	26.10.16	20	30	1/2	3631.83	2421.22	1210.61	
3	Construction of boundary wall at MPL Office Compound.	118044	3rd SFC	26.10.16	20	30	1/2	2951.10	1967.40	983.70	
B	Water pipeline (4103201)										
1	Laying of DI pipe line at Kalipara	343920	SFC	4.10.16	40	10	1/2	4299.00	17196.00	-12897.00	
2	Laying of DI pipe line at Krishnapur Bazar	259882	SFC	4.10.16	40	10	1/2	3248.53	12994.10	-9745.58	
3	Laying of DI pipe line near PHEO Office	321131	SFC	4.10.16	40	10	1/2	4014.14	16056.55	-12042.41	
4	Laying of DI pipe line at Keota Primary School	247439	SFC	4.10.16	40	10	1/2	3092.99	12371.95	-9278.96	
5	SUPPLY OF G I PIPELINE	167000	Water Supply	11.01.17	40	10	1/2	2087.50	8350.00	-6262.50	
						Total		28684.90	74930.43	-46245.53	

