

# M/S. HIMADRI PRADHAN & CO.

Ref. No. ....

Date.....

To  
The Chairman  
Gobardanga Municipality  
Gobardanga, North 24 Parganas  
PIN-743252

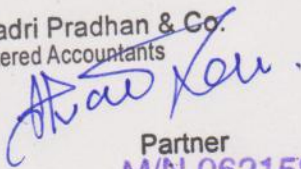
## **Internal Audit Report of Gobardanga Municipality for the year ended 31.03.2017**

We have conducted the Internal Audit of **GOBARDANGA MUNICIPALITY** for the year ended **31.03.2017** along with the details checking of all the accounts maintained by the Municipality under "PURO HISAB" accounting system. The preparation of the accounts is the responsibility of the municipality. Our duty is to make an opinion on that.

We have obtained all the information along with the checking of all bills and vouchers as maintained by the municipality which is necessary for the purpose of making an opinion on the operation of the municipality. We report that the account shows a "true and correct" view.

The internal controls are good enough as compared to the size and nature of the organization. The detail observations of the internal audit report are form part of our main report.

M/s. Himadri Pradhan & Co.  
Chartered Accountants



Partner  
M/N 062158



## M/S. HIMADRI PRADHAN & CO.

Chartered Accountants

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**INTERNAL AUDIT REPORT**  
**OF**  
**GOBARDANGA MUNICIPALITY**  
(For the period ended 31/03/2017.)



## **PROJECT BACKGROUND**

The Central and State Government as also other agencies have been provided the ULBs large sum of money to enable them to effectively discharge their duties and functions. The national reforms agenda for the urban sector includes reforms municipal accounting practices and strengthening of financial discipline.

To improve municipal accounting practices and strengthening of the financial discipline in the urban local bodies, it is vital to introduce a system of pre-audit of the ULBs books of accounts by internal auditor. Our firm of Chartered Accountants have been appointed as internal auditor of Gobardanga Municipality for the period from 01/04/2016 to 31/03/2017

## **PURPOSE OF INTERNAL AUDIT**

- To improve the state of check of accounts in ULB.
- To facilitate quick and accurate finalization of annual report at the end of the financial year.
- To ensure transparency in local governance.
- To help the Government to track proper and use of grant related to all the funds given
- To ensure correctness and compliance of all the rules and regulations followed in all the day to day activities.
- To ensure non-diversion of fund in its ultimate end use.

A) As per terms of appointment, we have carried out the internal audit for the period from 01/04/2016 to 31/03/2017 and submit here with the report in line with the scope of work assigned to us. During the course of audit the focus was given to the following area.

- Physical verification of cash.
- Verification of vouchers of cash, bank and journal.
- Verification of Grant Register to examine the grants received and their utilization.
- Verification of Demand and Collection Book of Property Tax.
- Variance analysis for the financial year 2016-2017 and compare with the actual expenditure.
- Verification of Statutory deductions and filing of returns of TDS, Sales Tax, Service Tax, Labor Cess, Royalty and Professional Tax etc.
- Bank Reconciliation Statement.
- Ledger Scrutiny of major heads of accounts.

### **Property and other taxes:**

Observation:

Holding tax constitutes the major source of income of the Municipal Revenue. During the course of audit of Gobardanga Municipality, we have examined the demand and collection book of property tax register and reconcile the same with the books of accounts of the Municipality.





There are 17 Number of wards in which tax collectors are engaged for collection of tax. We have made a test basis of checking of DCB of Municipality. During our audit we came to know that after 2003-2004 no assessment has ever been made in respect of property taxes.

**Recommendation:**

The Municipality must take step to improve the collection efficiency and should try to collect all the arrear taxes as early as possible. Revenue in respect of property tax and other taxes shall be recognized in the period in which it becomes due and demand is ascertainable. In case of new or changes in assessment, it can be accrued in the month in which the demand is served.

Property tax receivable from Railway Department to the tune of Rs 15.69 Lacs remains uncollected. Municipality has taken due care in this respect but unable to collect this amount so far.

**Rental Income from Shop:**

To Increase the revenue income of the Municipality it is recommended by us to properly utilise the municipal properties, though the municipality has tried to start this by giving the properties on rent basis

**Review of Grant Received:**

We have examined the various grant received by the Municipality and their utilization. Details of the grants received in various heads and its utilization is given in **Annexure – 4**.

**Physical Verification of Cash:**

It is observed that Physical cash verification system was not in vogue. However cash collection and other receipts are regularly deposited in Bank Account of the Municipality General Fund. We recommend to introduce the Physical Cash Verification on Monthly basis.

**Payment of Statutory Dues:**

All the statutory dues are paid on timely basis but in case of labour cess we observe there is delay in payment. Hence we recommend to pay it on time.

**Bank Reconciliation Statement:**

All the bank accounts of the municipality are reconciled on monthly basis and we check that during the course of our audit

**Advances:**

Advance mainly consists of Festival Advance. Festival advance is properly adjusted which we check on test basis. Our Opinion in this regard to maintain the proper advance Register in this regard.

**Verification of Fixed Assets Register:**

Though the Municipality has maintained the Fixed Asset Register we recommend to improve that by incorporating certain information such as proper description (specifically on roads)





B) During the course of our audit we have verified income and expenditure account ( both revenue and capital) from the annual Financial Statement for the year 2016-17

During the course of our Audit we have verified the income & expenditure (both capital & expenditure) from the Annual Financial Statement for the year 2016-17

**GOBARDANGA MUNICIPALITY**

**Income & Expenditure Details for Financial Year 2016-17**

S. No.	Details	Amount in Rs Lakhs
	<b>Total Receipts (A+B)</b>	<b>4949.47</b>
<b>A</b>	<b>Revenue Receipts (1+2+3)</b>	<b>1248.59</b>
<b>1</b>	<b>Own Revenue Receipts (a+b)</b>	<b>162.20</b>
a)	Tax Revenue (levied and collected by municipal body)	31.45
i)	Property tax	31.45
ii)	Other tax (levied and collected by municipal body)	0.00
b)	Non-tax revenue (levied and collected by municipal body)	130.75
i)	Fees & fines	108.28
ii)	User Charges	0.00
iii)	Other non-tax revenue (levied and collected by municipal body)	22.47
<b>2</b>	<b>Other Revenue Receipts</b>	<b>2.21</b>
a)	Income from interest/investments	2.21
b)	Other Revenue income	0.00
<b>3</b>	<b>Transfers/Grants/Assigned Revenues</b>	<b>1084.18</b>
a)	State Assigned Revenue	20.77
b)	State Finance Commission (SFC) Grants/Devolution	82.96
c)	Octroi compensation	
d)	Other State Government Transfers	502.68
e)	Central Finance Commission (CFC) Grant	168.58
f)	Other Central Government Transfers	309.19
g)	Others	
<b>B</b>	<b>Capital Receipts</b>	<b>3700.88</b>
1	Sale of Municipal Land	0.00
2	Loans (from State Govt. or Banks etc.)	0.00
3	State Capital Account Grant (under State Schemes etc.)	384.62
4	Central Capital Account Grant (under Central Schemes etc.)	3316.26
5	Other Capital Receipts	0.00
	<b>Total Expenditure (1+2)</b>	<b>3613.21</b>
<b>1</b>	<b>Revenue Expenditure</b>	<b>712.55</b>





1.1	<b>Administrative Expenses, Establishment and Salaries</b> (All Departments-Regular and Contractual Staff)	490.02
1.2	<b>Operation and Maintenance (O&amp;M)</b>	191.26
1.3	<b>Loan repayment</b> (Interest payments)	0.00
1.4	<b>Others</b> (any other revenue expenditure which is not salaries, O&M or Interest Payment)	31.27
<b>2</b>	<b>Capital Expenditure</b>	<b>2900.66</b>
2.1	<b>All developmental works under Central/State specific schemes</b>	2899.09
2.2	<b>Loan Repayments</b> (Principal Amount)	0.00
2.3	<b>Other Capital expenditure</b>	1.57

We are extremely thankful to the management and staff members of the organization for their support and cooperation in discharging our Professional assignment.

**For M/S Himadri Pradhan & Co  
Chartered Accountants**

*Himadri Pradhan*

**(CA Himadri Pradhan)  
Partner  
ICAI M/N-062158  
FRN-325449E**



Date: 21/09/2018

Place: Maslandapur