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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/c s Hooghly-Chinsurah M (15-16)/18-19/4124
Dated: 02.10.2018

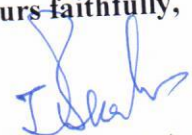
To
The Chairman,
Hooghly Chinsurah Municipality,
Mahendra Mitra Road, Pipulpati
P.O & Dist.-Hooghly
Pin-712103

Sub: Audit Report on Annual Financial Statement for the year 2015-16

Sir,

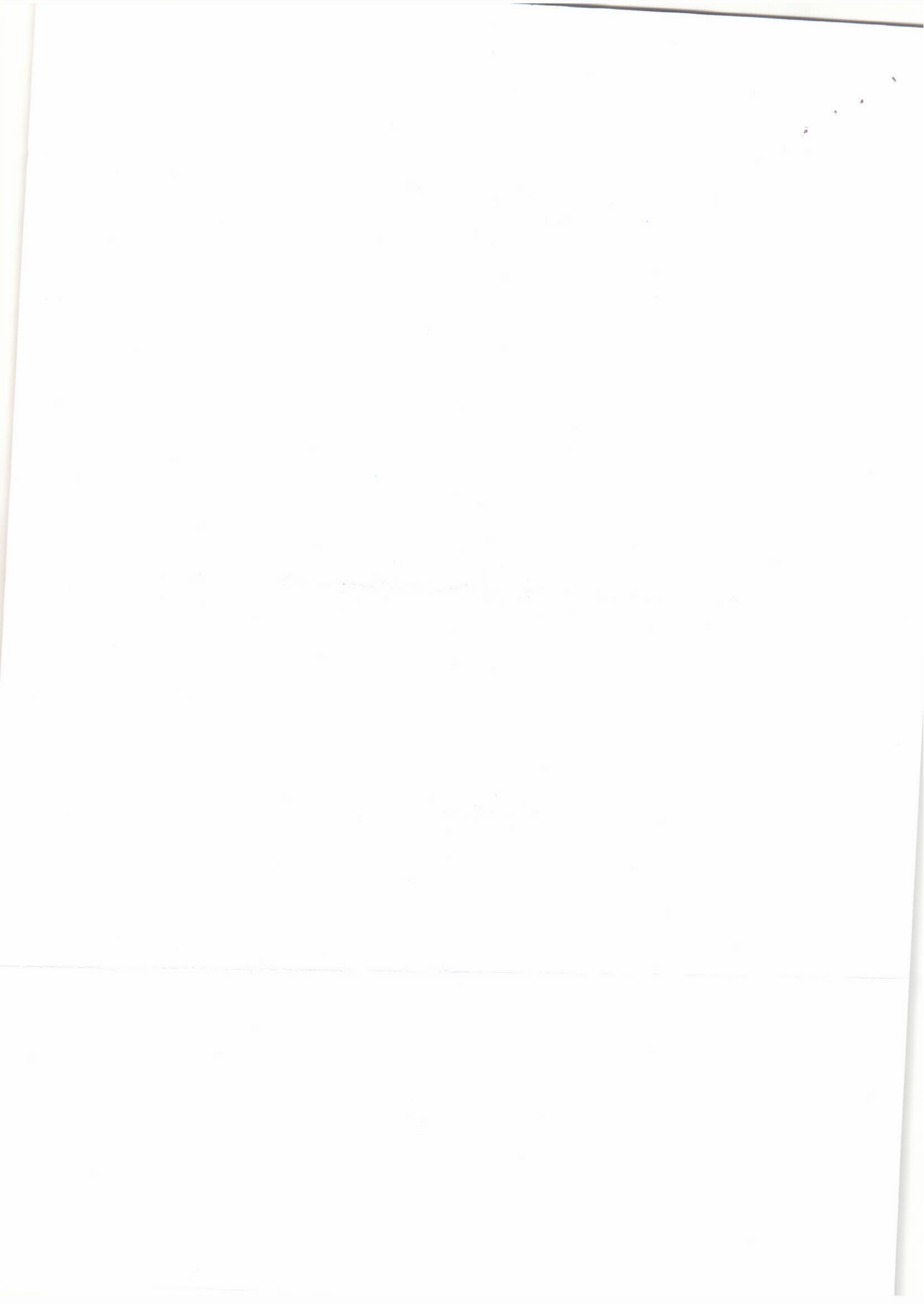
I am forwarding the Audit Reports and detailed comments on the AFS for the year 2015-16 under section 87 of West Bengal Municipal Act 1993 as amended till date and annexure containing specified information as per Sub-Rule 2 of Rule 22 of West Bengal Municipal Finance and Accounting Rules 1999 as amended in January 2007. I draw your kind attention to Section 88 of the Act ibid to place the Audit Report to the Chairman-in-Council to take remedial measures and report to the Director of Local Bodies with intimation to this office.

Yours faithfully,


Examiner of Local Accounts
West Bengal

Enclosure: As stated above

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



**AUDIT REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF HOOGHLY
CHINSURAH MUNICIPALITY FOR THE YEAR ENDED 31st MARCH, 2016**

We have audited the Balance Sheet of the Hooghly Chinsurah Municipality as at 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)].

iv. We further report that-

A. Balance Sheet

A.1 Liabilities

A.1.1 Earmarked Fund (Sch.-B-2)

A.1.1.1 Provident Fund: ₹ 634.11 lakh

Above did not include ₹ 11653064.00 being the interest payable or 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 25.01.2017).

This resulted in understatement of Provident Fund with corresponding understatement of Sundry Debtors (Receivables) to the extent of ₹ 116.53 lakh.

In reply, the Municipal authority admitted the above observations and assured that necessary action would be taken in the AFS 2016-17.

A.1.1.2 Above did not include ₹ 14084.15 being shortfall of interest due to delayed deposit of PF in treasury during 2015-16. The shortfall of guaranteed interest amounting to ₹ 14084.15 should be charged as expenditure.

Non-consideration of above shortfall of interest resulted in understatement of Provident Fund with corresponding understatement of expenditure with consequential understatement of 'Deficit' by ₹ 0.14 lakh.

In reply, the Municipal authority admitted the above observations and assured that necessary action would be taken in the AFS 2016-17.

A.1.2 Grants, Contributions for Specific Purpose (Sch. B-4): ₹ 4175.13 lakh

Water Logging / Road Repair (code 3202010): ₹ (-) 2.45 lakh

As per para 3.4.1 (d) of the Accounting Manual for Urban Local Bodies, the Grants received towards capital expenditure shall be treated as a liability till such time that the fixed asset is constructed or acquired. On construction/ acquisition of a fixed asset out of the grants so received, the extent of liability corresponding to the value of the asset so constructed/ acquired shall stand reduced and the amount shall be treated as a capital receipt and shall be transferred from the respective Specific Grant Account to the Grant Against Fixed Asset Account.

Above negative balance of (-) ₹ 245472.00 under Water Logging/ Road repairing Grant was occurred due to excess reduction of grants than available balance by transferring the amount from 'Grants, Contribution for Specific Purposes' to the Grants Against Fixed Asset (GAFA) (code 3121201).

Wrong accounting of the above resulted in understatement of Grants, Contribution for specific purpose by ₹ 2.45 lakh with corresponding overstatement of Grants Against Fixed Asset (GAFA) to the same extent.

In reply, the Municipal authority admitted the above observations and assured that necessary action would be taken in the AFS 2016-17.

A.1.3 Other Liabilities (Sundry Creditors) (Sch. B-9): ₹ 379.74 lakh

A.1.3.1 Gratuity Payable: Nil

Above did not include ₹ 6352499.00 being the Gratuity payable as on 31.03.2016 to twenty one retired employees as available from Gratuity Register of the Municipality.

As per para 3.2.1(c) of the Accounting Manual for ULBs (Part-2), the gratuity shall be calculated upon retirement of the employees and it will be due then.

Non-accounting of the above resulted in understatement of 'Other liabilities' with corresponding understatement of 'Expenditure' and thereby understatement of 'Deficit' to the extent of ₹ 63.52 lakh.

In reply the Municipality admitted the comment and stated that necessary rectification has already been made in the next accounts.

A.1.3.2 Net Salary Payable (Code: 3501102): ₹ 42.87 lakh

Above Net Salary Payable of ₹ 4286926.00 was shown in accounts against the net salary payable of ₹ 5047036.00 as on 31.03.2016 as per salary register. Thus the liability towards net salary was shown less by ₹ 760110.00.

This resulted in understatement of 'Net Salary Payable' under 'Other liabilities (Sundry Creditors)' (Sch. B-9) with the corresponding understatement of 'Salary Expenses' and understatement of 'Deficit' to the extent of ₹ 7.60 lakh.

In reply the Municipality admitted the comment and stated that necessary rectification has already been made in the next accounts.

A.2 Asset

A.2.1 Stock-in-Hand (Sch.B-14): ₹ 20.92 lakh

A.2.1.1 Sanitary & Conservancy Store (code 4301010): ₹ 2.33 lakh

Auto Store (4301003): ₹ 5.44 lakh

The stock in Hand of 'Sanitary & Conservancy' of ₹ 232802.00 and 'Auto Store' of ₹ 543793.00 was shown in accounts against the balance of ₹ 266065.87 and ₹ 549106.13 respectively as on 31.03.2016 as per stock register. Thus the stock balance of 'Sanitary & Conservancy' was shown less by ₹ 33263.87 (266065.87 – 232802.00) and 'Auto Store' was

shown less by ₹ 5313.13 (549106.13 – 543793.00). The Stock in Hand in aggregate was undervalued by ₹ 38577.00 (33263.87 + 5313.13) due to showing excess expenditure (consumption) under 'Operation and Maintenance (sch.I-12).

This resulted in understatement of 'Stock-in-hand' by ₹ 0.39 lakh with the corresponding overstatement of 'Expenditure' as well as overstatement of 'Deficit' to that extent.

In reply the Municipality admitted the comment and stated that necessary rectification would be made in the next accounts.

A.2.1.2 Stationary Store (Code: 4301006): ₹ 1.92 lakh

Above ₹ 192095.00 being the closing stock value in respect of Stationary Store was shown in accounts. As per Accounting Principles Part-2 para 3.3.2 e, Inventories of consumable supplies such as stationery, fuel shall be charged to revenue at the time of purchase and hence should not be booked under Stock-in-hand.

Wrong accounting of the above resulted in overstatement of Stock-In-Hand with corresponding understatement expenditure with consequential understatement of Deficit to the extent of ₹ 1.92 Lakh.

The Municipality admitted the facts and figures and stated that necessary rectification would be made in next accounts.

A.2.2 Sundry Debtors (Receivables) (Sch. B-15)

A.2.2.1 Grants Receivable (code 4315001): Nil

As per Government order 40% of total requirement (Basic pension + Dearness Relief) for pension of the Municipality are reimbursed by the State Government on submission of claim in subsequent year.

Above did not include ₹ 7099954.00 being the reimbursement of total requirement of Basic Pension and Dearness Relief receivable till 31.03.2016 from the State Government. The above reimbursement was received by the ULB in subsequent years.

Non-accounting of the above resulted in understatement of Sundry Debtors (Receivable) with corresponding understatement of Pension Fund to the extent of ₹ 71.00 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 Contributions (code 4315003): ₹ 27.18 lakh

Above receivable of 'Contributions' of ₹ 2717857.00 being interest receivable for the year 2014-15 was shown in accounts with corresponding inclusion in Provident Fund (code 3117101) through journal (JV no.486 dated 31.03.2016).

Above amount was already received in Treasury within 31.03.2016. Hence the above amount was to be included in Treasury GPF (code 4218005) under Investments- other Fund (sch.B-13) instead of showing the same under Sundry Debtors (Receivable).

Wrong accounting of above resulted in overstatement of 'Contributions' with corresponding understatement of 'Treasury GPF' by ₹ 27.18 lakh.

The Municipality admitted the facts and figures and stated that necessary rectification would be made in next accounts.

A.2.3 Cash and Bank Balance (Sch.B-17): ₹ 3709.50 lakh

Above did not include ₹ 1522833.00 being the value of 68 Cheques of various banks comprising SBI Current A/c No.11055219370, Axis Bank SB A/c No.912010048372009, Axis Bank SB A/c No.912010016072751, Axis Bank SB A/c No.912010016243487, Axis Bank Current A/c No.546010200000019 & UBI Current A/c No. 0154050021042 issued by municipality which lost their validity prior to 31.03.2016. 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 ₹ 15.23 lakh.

In reply, the Municipal authority admitted the above observations and assured that necessary action would be taken in the AFS 2016-17.

B Income and expenditure account

B.1 Income

B.1.1 Revenue, Grant and subsidies (I-6): ₹ 2156.77 lakh

As per Government order, 20% of ad-hoc bonus payment is to be reimbursed by the Government on submission of claim in the following year. Therefore, income will be accrued as soon as ad-hoc bonus payment is made.

Above income head did not include ₹ 75456.00 being the receivable bonus grant at 20% of the ad-hoc bonus paid by the Municipality during the year 2015-16. The Municipality received the grant vide G.O. no. 493(Sanction)/ MA /N/C-2/ 1G-16 /2016 dated 28.03.17.

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 ₹ 0.75 lakh.

In reply, the Municipal authority stated that Ad-hoc Bonus is accounted as and when received from Government. But the reply is not tenable to audit in the light of the Government order mentioned above.

B.1.2 Interest earned (Sch. I-8)

Bank Interest (code 1711001): ₹ 162.61 lakh

Above included ₹15727892.00 (BSUP: ₹ 13427780, Midday Meal: ₹ 488398, NULM: ₹ 243443, 14th/13th FC: ₹ 815734, MPLAD: ₹ 215784, NUHM: ₹ 467681, Rajib Awas Yojona: ₹ 6196 and House for All: ₹ 35439) 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 ₹ 157.28 lakh.

The municipality admitted the facts and figures and stated that necessary rectification would be made in next accounts.

B.2 Expenditure

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

Above did not include ₹ 2686431.18 (6 percent of total basic salary ₹ 44773853.00) 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 ₹ 26.86 lakh .

In reply, the Municipality stated that the Municipality did not create Pension Fund and not afford pension contribution due to insufficient fund.

The reply is not tenable as the Municipality was to create the Pension Fund and contribute therein following Government Order in this regard.

C Receipts & Payment Accounts

No comments.

D General Comments

D.1 Poor Internalization of the Reformed Accounting Procedure

The reformed accounting in double entry system required close coordination amongst all the departments.

During scrutiny of the Annual Accounts of Hooghly Chinsurah Municipality for the year 2015-16 it was observed that there was no proper coordination with Accounts wing in providing appropriate data, reconciling figures generated by the respective department. This was indicative of poor internalization of the reformed accounting system.

D.2 Grants, Contribution for Specific purpose (Sch. B-4): ₹ 4175.13 lakh

Above included ₹ 10299727.92 being the unutilized amount of 'Housing For All (code 3201022)' (₹ 8568562.00) and 'Scheme of Housing for the Urban Poor (code 3202012)' (₹ 1731165.92) As the said grant was received for creating assets belonging to the beneficiaries and the Municipality was only the implementing agency of the projects, it was to be shown under Deposit work (Sch. B-8).

In reply, the Municipality stated the said grants were accounted as prescribed in the 'Chart of Accounts' provided by the CMU.

The reply is not tenable because the Accounting Manual for ULBs (part-II para 3.4.1(e)) stipulates that the capital grants received as nodal agency or as implementing agency for an intended purpose which does not result in creation of assets with ownership rights of the ULB shall be shown under Deposit Works.

D. 3. Tax Revenue (Sch. I-1)

Advertisement Tax – Land Hoarding (code 1101101) ₹ 5.67 lakh

Above 'Advertisement Tax – Land Hoarding' of ₹ 566988.00 was shown in accounts.

As per para 3.1.1 (c) of Accounting Manual for ULB (Part 2), revenue in respect of Advertisement tax shall be accrued either based on Demand or based on the contract. The premium amount or the lump sum amount received shall be recognized over the period of agreement.

There was nothing on record that the Municipality created any demand for such purpose or entered into agreement with the Agency. No register was maintained in this regard. In absence of record, it could not be confirmed whether the above income on Advertisement was shown following prescribed accounting principle laid down in Accounting Manual. The matter needs proper verification and necessary rectification.

The municipality admitted the facts and figures and stated that necessary rectification would be made in next accounts.

D.4 Fixed Asset (Net Block) (Sch.B-11) ₹ 3162.87 lakh

Stock-in Hand (Sch. B-14): ₹ 20.92 lakh

The Municipality did not furnish any statement of Closing Stock in Form 147 as required under rule. Besides, 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.

The municipality admitted the facts and figures and stated that necessary rectification would be made in next accounts.

D.5 Deficiencies/Shortcomings in the accounting software package 'Purohisaab'

D.5.1 The Accounting Software package 'Purohisaab' had no locking arrangement as far as the accounting period is concerned (i.e. any voucher could be entered at a later date after the closing of a particular accounting year on real time basis thereby leaving the system insecure.

D.5.2 In absence of any password policy in respect of the accounting software package 'Purohisaab', any password could be created using only numeric/alphabet characters that too of desired length rendering the password strength weak. In an IT environment, password being an integral part of logical access control, must be maintained as per standard password policy and should preferably be alphanumeric as well as containing special character. Besides above, there was no restriction on the unauthorized log-in attempts i.e., unlimited/ unrestricted number of unauthorized log-in attempts could be made to enter the accounting software package 'Purohisaab', rendering the security of entire system vulnerable.

In reply the Municipality stated that the Software 'Pourahisab' is provided by the Change Management Unit (CMU). ULB does not have any authority for its upgradation.

The Municipality should take up the matter with the CMU and necessary upgradation is required for ensuring proper function and reliability of the software.

D.6 Sundry Creditors (Sch. B-9): ₹ 379.74 lakh

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

The Municipality admitted the facts and figures and stated that necessary rectification would be made in next accounts.

D.7 Investment General Fund (Sch. B-12): ₹ 23.59 lakh

State Government Securities: ₹ 5.00 lakh

Above included contribution of ₹ 5.00 lakh towards membership of West Bengal Municipal Development Fund Trust.

The details of the above State Government securities justifying their inclusion in "Investment" were not furnished to audit.

The Municipality admitted the facts and figures and stated that necessary rectification would be made in next accounts.

D.8 Sundry Debtors (Receivable) (Sch. B-15)

Property tax receivable on commercial Building (Current Year) (code 4311003): ₹ 1.28 lakh

Property tax receivable on commercial Building (Arrears) (code 4311004): ₹ 13.95 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 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).

The municipality admitted the facts and figures and stated that necessary rectification would be made in next accounts.

D.9 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.

The municipality admitted the facts and figures and stated that necessary rectification would be made in next accounts.

D.10 Journal voucher passed without supporting primary documents

Total 499 journal vouchers involving ₹ 7935.14 lakh were passed and incorporated in the Annual Accounts for the year 2015-16 without any authorization by the controlling officer and justifying primary documents as required under Rule 18 of the West Bengal Municipal (Finance and Accounting), Rules, 1999 (amended). Thus the authenticity/reliability of passing the adjustment vouchers could not be ascertained in audit.

D.11 Primary Documents

The Municipality did not furnish the primary documents relating to the Annual accounts for the year 2015-16 viz. Land Registers, Grant register, Work register, Loan register, Register of Tools and Plants, Advance Register, Lease Register and hard copy of Asset register etc. As a result, the figures as depicted in the annual accounts could not properly be verified in audit with reference to basic records.

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

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 2016 were understated by ₹ 458.16 lakh, assets understated by ₹ 201.98 lakh and the deficit of income over expenditure for the year was understated by ₹ 256.18 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 because of the significant matters stated above **do not 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 at 31st March, 2016 and
- b). In so far as it relates to the Income & Expenditure for the year ended on that date.

Place: Kolkata
Date: .10.2018


Examiner of Local Accounts
West Bengal

Working Sheet on Net impact on Accounts of Hooghly Chinsurah Municipality for 2015-16

(₹ in Lakh)

Ref No	Liabilities		Assets		Deficit	
	U/S	O/S	U/S	O/S	U/S	O/S
A.1.1.1	116.53		116.53			
A.1.1.2	0.14				0.14	
A.1.2	2.45	2.45				
A.1.3.1	63.52				63.52	
A.1.3.2	7.60				7.60	
A.2.1.1			0.39			0.39
A.2.1.2				1.92	1.92	
A.2.2.1	71.00		71.00			
A.2.2.2			27.18	27.18		
A.2.3	15.23		15.23			
B.1.1.			0.75			0.75
B.1.2	157.28				157.28	
B.2.1	26.86				26.86	
Total	460.61	2.45	231.08	29.10	257.32	1.14

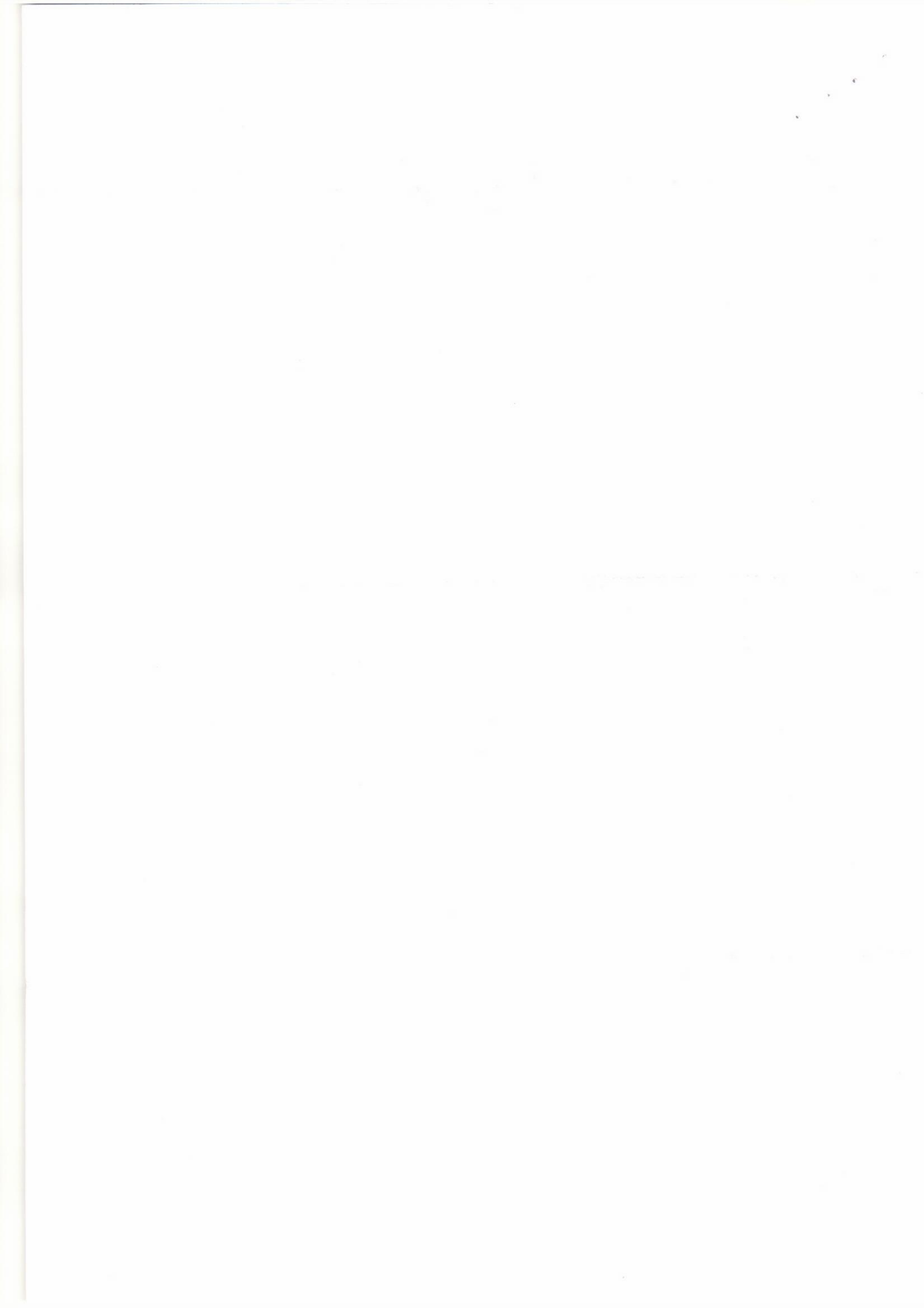
Liability understated by ₹ (460.61-2.45) lakh = ₹ 458.16 lakh

Asset understated by ₹ (231.08-29.10) lakh = ₹ 201.98 lakh

Deficit of income over expenditure understated by ₹ (257.32-1.14) = ₹ 256.18 lakh

U/S – Understatement

O/S - Overstatement




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>657.95</td> <td></td> </tr> <tr> <td>Unspent grant-</td> <td>4175.13</td> <td></td> </tr> <tr> <td>Loan</td> <td>704.79</td> <td>5537.87</td> </tr> <tr> <td>Current assets - Current liabilities</td> <td>3315.84</td> <td></td> </tr> <tr> <td>Investment</td> <td>630.52</td> <td>3946.36</td> </tr> <tr> <td>Excess of liability over cash strength</td> <td></td> <td>1591.51</td> </tr> </tbody> </table>	Head	Amount	Amount	Earmarked funds	657.95		Unspent grant-	4175.13		Loan	704.79	5537.87	Current assets - Current liabilities	3315.84		Investment	630.52	3946.36	Excess of liability over cash strength		1591.51
Head	Amount	Amount																					
Earmarked funds	657.95																						
Unspent grant-	4175.13																						
Loan	704.79	5537.87																					
Current assets - Current liabilities	3315.84																						
Investment	630.52	3946.36																					
Excess of liability over cash strength		1591.51																					

Place: Kolkata
Date: 10.2018


Examiner of Local Accounts
West Bengal