

Code No.	Description of Item	Schedule No	Current Year Amount	Previous Year Amount
<b>SOURCES OF FUNDS</b>				
<b>Reserves and Surplus</b>				
310	MUNICIPAL (GENERAL) FUND	B-1	0.00	0.00
311	EARMARKED FUNDS	B-2	18916263.00	0.00
312	RESERVES	B-3	62185504.24	0.00
			81101767.24	0.00
<b>Grants,Contribution for Specific purposes</b>				
320	GRANTS ,CONTRIBUTIONS FOR SPECIFIC PURPOSES	B-4	113506526.77	0.00
			113506526.77	0.00
<b>Loans</b>				
330	SECURED LOANS	B-5	0.00	0.00
331	UNSECURED LOANS	B-6	0.00	0.00
			0.00	0.00
<b>TOTAL</b>			<b>194608294.01</b>	<b>0.00</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
<b>Gross Block</b>				
410	FIXED ASSETS	B-11	173027720.87	0.00
<b>Less: Accumulated Depreciation</b>				
411	ACCUMULATED DEPRECIATION	B-11	92013648.19	0.00
	<b>Net Block</b>		81014072.68	
412	CAPITAL WORK-IN-PROGRESS	B-11	0.00	0.00
			81014072.68	0.00

Code No.	Description of Item	Schedule No	Current Year Amount	Previous Year Amount
Investments				
420	INVESTMENTS-GENERAL FUND	B-12	6052878.00	0.00
421	INVESTMENTS-OTHER FUND	B-13	12230029.00	0.00
			18282907.00	0.00
Working Capital				
Current assets, loans & advances				
430	STOCK-IN-HAND	B-14	122174.74	0.00
431	SUNDRY DEBTORS (RECEIVABLES)	B-15	23628506.85	0.00
432	ACCUM. PROVISIONS AGAINST DEBTORS (RECEIVABLES)	B-15	0.00	0.00
440	PRE-PAID EXPENSES	B-16	0.00	0.00
450	CASH AND BANK BALANCE	B-17	110271372.64	0.00
460	LOANS, ADVANCES AND DEPOSITS	B-18	4633651.60	0.00
461	ACCUM.PROVISIONS AGAINST LOANS,ADVANCES & DEPOSITS	B-18	0.00	0.00
Less: Current Liabilities & Provisions				
340	DEPOSITS RECEIVED	B-7	3877565.54	0.00
341	DEPOSITS WORKS	B-8	1093297.00	0.00
350	OTHER LIABILITIES (SUNDRY CREDITORS)	B-9	50552298.15	0.00
360	PROVISIONS	B-10	0.00	0.00
			83132545.14	0.00
Other Assets				
470	OTHER ASSETS	B-19	0.00	0.00
			0.00	0.00
Misc.Expenditure(to the extent not written off)				
480	MISCELLANEOUS EXPENDITURE TO BE WRITTEN OFF	B-20	12178769.19	0.00
			12178769.19	0.00

Code No.	Description of Item	Schedule No	Current Year		Previous Year	
			Amount	Amount	Amount	Amount
TOTAL				194608294.01		0.00

  
Chairman,  
Kharagpur Municipality

Form 1 [Vide Rule 239 of 260]  
Name of Urban Local Body : KHARAGPUR Municipality  
**INCOME AND EXPENDITURE STATEMENT FOR THE YEAR 2007-2008**

Code No	Item/Head of Account	Schedule No	Previous Year Amount (Rs.)	Current Year Amount (Rs.)
1	2	3	4	5
<b>INCOME</b>				
110	TAX REVENUE ITEMS	I-1	0.00	12133283.27
120	ASSIGNED REVENUES AND COMPENSATIONS	I-2	0.00	8041000.00
130	RENTAL INCOME FROM MUNICIPAL PROPERTIES	I-3	0.00	2052814.00
140	FEES AND USER CHARGES	I-4	0.00	8245254.80
150	SALE AND HIRE CHARGES	I-5	0.00	392990.15
160	REVENUE GRANTS, CONTRIBUTIONS AND SUBSIDIES	I-6	0.00	47445276.20
170	INCOME FROM INVESTMENTS	I-7	0.00	1219.30
171	INTEREST EARNED	I-8	0.00	1233679.76
180	OTHER INCOME	I-9	0.00	39613.00
A	Total - INCOME		0.00	79585130.48
<b>EXPENDITURE</b>				
210	ESTABLISHMENT EXPENSES	I-10	0.00	36989717.31
220	ADMINISTRATIVE EXPENSES	I-11	0.00	3353496.00
230	OPERATION AND MAINTENANCE	I-12	0.00	25871726.40
240	INTEREST AND FINANCE CHARGES	I-13	0.00	35743.50
250	PROGRAMME EXPENSES	I-14	0.00	147963.00
270	PROVISIONS AND WRITE OFFS	I-16	0.00	0.00
272	DEPRECI	I-0	0.00	15792780.58
B	Total - EXPENDITURE		0.00	82191426.79
A-B	Gross surplus/(deficit) of income over expenditure		0.00	2606296.31
				DEFICIT

  
**Chairman,**  
**Kharagpur Municipality**



Phone : 2337-8896 / 4272 / 4710

FAX : (033) 2334-0028

E-mail : examlawb@cal3.vsnl.net.in

भारतीय लेखा तथा लेखा परीक्षा विभाग

महालेखाकार (प्रा. नि. एवं स्थानीय निकाय लेखा परीक्षा),

पश्चिम बंगाल

स्थानीय लेखा परीक्षा विभाग

INDIAN AUDIT AND ACCOUNTS DEPARTMENT

ACCOUNTANT GENERAL

(RECEIPT WORKS & LOCAL BODIES AUDIT), W.B.

LOCAL AUDIT DEPARTMENT

LB-II/74(101)/Accts(07-08)/11-12/8676

संख्या/No. .... 11-11-2011

दिनांक/Dated .....

To  
The Chairman,  
Kharagpur Municipality  
P.O: Kharagpur.  
Dist: Paschim Medinipur,  
PIN-721301


**Subject: Audit Report on the financial statements of Kharagpur Municipality  
for the year ended 31<sup>st</sup> March 2008**

Sir,

I am forwarding the Audit Report and detailed comments on the AFS for the year 2007-08 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.

Enclosures: As above

Yours faithfully,

  
Examiner of Local Accounts  
West Bengal

*Aect.  
To put up with  
11-2-14/11/11*

**AUDIT REPORT ON THE ACCOUNTS OF KHARAGPUR MUNICIPALITY FOR THE  
YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

1. We have audited the Balance Sheet of Kharagpur Municipality as at 31<sup>st</sup> March, 2008 along with the Income & Expenditure Account and Receipt & Payment Account for the year ended 31<sup>st</sup> March, 2008 under section 86 of the West Bengal Municipal Act, 1993.
2. Preparation of financial statements is the responsibility of the Kharagpur Municipal Management. Our responsibility is to express our opinion on those financial statements based on our audit findings.
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 reflecting overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
4. Based on our audit findings, 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.
  - (ii) In our opinion, proper books of accounts and other relevant records have been maintained in so far as it appears from our examination of such books.
  - (iii) We further report that the net impact of the audit comments given in Annexure-I is understatement of Assets by ₹5.16 lakh, understatement of Liabilities by ₹16.59 lakh, overstatement of income by ₹4.42 lakh and understatement of expenditure by ₹7.01 lakh.
5. Subject to our observations given in **Annexure-I**, we report that the Balance Sheet and Income & Expenditure Account dealt with by this report is in agreement with the books of accounts.
6. In our opinion and to the best of our information and according to the explanations given to us the Balance Sheet and the Income and Expenditure Statement read with Notes to the Balance

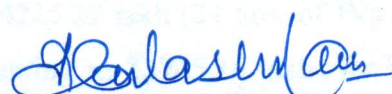
Sheet and the Significant Accounting Policies give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of Balance Sheet, the state of affairs of the Kharagpur Municipality as at 31<sup>st</sup> March, 2008.
- (b) In the case of Income & Expenditure Statement, the deficit of the Municipality for the year ended on that date.

Enclo: Annexure (two)

Place: Kolkata

Date 11.11.2011

  
**Examiner of Local Accounts**  
**West Bengal**

**Annexure I**  
**AUDIT COMMENTS ON THE ANNUAL FINANCIAL STATEMENT OF**  
**KHARAGPUR MUNICIPALITY FOR THE YEAR 2007-08**

The Annual Financial Statement of Kharagpur Municipality for the Year 2007-08 was checked and the following observations made:

**A. GENERAL COMMENTS**

1. There was no proper co-ordination/reconciliation of figures generated by the line departments i.e. cash, works, stores, collection departments with that of the Finance department. Thus there is poor internalisation of double entry accounting system.
2. 854 nos. of Journal Vouchers(JV) amounting to ₹4225.22 lakh (24 nos. of JVs amounting ₹480.08 lakh for rectification and 830 nos. of JVs amounting to ₹3745.14 lakhs for adjustment )were passed and incorporated in the Annual Accounts for the year 2007-08 without any authorisation by the higher officer and justifying primary documents.
4. Schedules B-1, B-2, B-3, B-4, B-8, B-11, B-13, B-15 and B-18 attached to the Balance Sheet were not conforming to the provisions of the Accounting Manual for ULB (Part -5).
5. The accounting software package 'Purohisaab', used by Kharagpur Municipality, has been prepared based on Visual basic – frontend, Microsoft Access-backend. There is no security on User role as well as backened data base. The data base is opened to all the work user who are connected through LAN. There is no locking arrangement in so far as date is concerned thereby leaving the system unsecured. Reliability of the figures at later date is not ensured.
6. The Asset register maintained by the municipality with only a list of assets added in the year 2007-08 is incomplete.
7. Sundry Debtors (Sch. B-15) includes Receivable on Property Tax of ₹202.27 lakh. and Water Tax of ₹27.92 lakh. Out of the above, receivable of ₹174.05 lakh on Property Tax and ₹1.22 lakh on Water Tax remained outstanding for more than 5 years. But no provision for such have been made by the ULB.

8. Income on Tax Revenue (Sch. I-1) of ₹121.33 lakh do not have any confirmation as the Municipality did not issue individual demand notice for taxes, charges to the rate payers during 2007-08

In reply Municipality admitted the above facts.

## **B. Balance sheet**

### **1. Fixed Asset: (Schedule : B-11) ₹1730.28 lakh**

Asset valued Rs 6.88 lakh created and put to use within 31.3.08 have not been included in the Fixed Assets as well as in other liability towards contractors bills remained unaccounted. Thus due to non inclusion of the above asset, the fixed Asset was understated by ₹6.88 lakh with corresponding understatement of liability towards contractors payable to that extent..

In reply municipality admitted the fact.

### **2. Accumulated Depreciation (Schedule B-11) ₹ 920.13 lakh**

The depreciation of assets was wrongly calculated due to wrong assessment of assets' life exhausted. Resultantly depreciation was understated by ₹1.79lakh and Fixed Asset overstated to that extent.

In reply municipality admitted the fact.

### **3. Stock in hand (B-14): ₹1.22 lakh**

The above stock-in-hand includes Electricity Store of ₹0.36 lakh and Sanitary & Conservancy store of ₹0.20 lakh aggregating ₹0.56 lakh which did not tally with the stock balance as on 31.03.08 as per stock register of ₹0.63 lakh and ₹36 lakh respectively aggregating ₹0.99 lakh. The discrepancy of ₹0.43 lakh between the accounts and those of primary record needs reconciliation. Due to non-availability of physical verification report of Stock the accuracy of above could not be verified.

In reply the municipality admitted the fact.

### **4. Cash and Bank Balances (B-17) ₹ 1102.71 lakh** **Cash in Hand: - Cash: ₹2.81 lakh**

Above Cash in hand does not include ₹7421.00 being cash collection out of property tax on 31.03.08. As a result, Cash in Hand as well as Income on Tax Revenue Items (I-1) was understated to that extent.

In reply municipality admitted the fact.

**5. Other liabilities (Sundry creditors) Schedule: B-9: ₹505.52 lakh**

**Expense payable(code 3501003): ₹ 483.03 lakh**

The above did not include expenses of ₹5.22 lakh comprising Administrative Expenses(I-11) towards Telephone (₹0.08 lakh) and Operation and Maintenance(I-12) towards Diesel Expenses(₹4.17 lakh), Hire Charges of Car (₹0.24 lakh), Hire Charges of Generator(₹0.04 lakh), Repair & Maintenance of Street light post (₹0.50 lakh) and Miscellaneous Expenses(₹0.19lakh) payable within 31.03.08. Thus the above was understated by ₹5.22 lakh with corresponding understatement of expenditure under Administrative Expenses by ₹0.08 lakh and Operation & Maintenance by ₹5.14 lakh.

In reply municipality admitted the fact.

**C. Income & Expenditure Account**

**1 Interest Earned (Schedule:-I-8) ₹12.34 lakh**

**Bank interest: ₹12.02 lakh**


Above income towards interest includes ₹4.49 lakh earned as interest on unutilized Grant for Specific Purposes (SJSRY: ₹ 0.82 lakh, MPLAD/MLA: ₹2.12 lakh, Midday meal ₹:1.10 lakh NSAP: ₹0.45 lakh ) during 2007-08. The interest out of earmarked grant fund was wrongly shown as Income instead of including the same in the grant fund. As a result the above Income on Interest Earned was overstated by ₹4.49 lakh with corresponding understatement of liability towards Grant, Contribution for Specific Purposes to that extent.

In reply municipality admitted the fact.

#### **D. NOTES TO ACCOUNTS:**

1. The fact that salary paid by the Govt. of West Bengal through different departmental Budget to the Executive officer, Finance Officer, of the Municipality should have been disclosed in the notes to Accounts with quantification.
2. Interest on PF accrued for the year 2007-08 paid by the treasury subsequently was not disclosed.
3. One cheque (No 324582 dated 31.03.2008) valued ₹ 1.37 lakh towards collection of lease rent from Town Hall bounced back. Despite occurring the matter after close of the year, it was not disclosed in the Notes to accounts.
4. 7 cheques issued ₹ 0.61 lakh lapsed validity. The cheques should have been cancelled and liability to the extent taken in the accounts. This should have been disclosed.

In reply municipality admitted the fact.


  
**Examiner of local Accounts**  
**West Bengal**

## ANNEXURE – II

**Audit comments on the Annual Accounts of 2007-08 of Kharagpur Municipality on the information as asked under Sub Rule 2 of Rule 22 of the West Bengal Municipal (Finance & 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.	Test check indicated that Excess expenditure above the budget provision under various heads during 2007-08 was not authorized through Supplementary Budget. Financial concurrence system before expenditure was not in place.
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 deviation was noticed in test check.
3	Whether all transaction (income, expenditure, assets and liabilities) are correctly classified and stated in sufficient details?	All transactions are not correctly classified.
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?	Proper certificates for bills for charges are not submitted to audit.
5	Whether the amounts received as specify grants have been utilized for the purposes as stated in the grant sanction order?	This could not be checked as appropriation of fund with voucher, reference was not systematically maintained.
6	Whether the special funds, if any, have been utilized for the purpose for which created?	Utilization certificate is not exhibited to audit.
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?	The Municipal Authority did not conduct verification of assets during the year 2007-08.
8	Whether physical verification has been conducted by the Municipality at reasonable intervals in respect of stores?	During 2007-08, no physical verification of store was done.
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.	Adequacy could not be ascertained in the absence of physical verification.
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 can not be ascertained due to non- submission of physical verification Report.
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	Board of councillors has not spelt out any policy regarding valuation of store. In absence of sufficient records

	any deviation in the basis of valuation, the effect of such deviation, if materials, should be reported?	the method of valuation of store could not be checked.
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 deviation noticed in 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?	Usual purchase procedure and internal control system is being followed.
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 proper procedure exists for disposal of unserviceable stores. However, the unserviceable stores were auctioned annually through bid calls. No provision for loss or damage made.
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.
16	Whether the Municipality is regular in depositing tax 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 account, if so, the details thereof?	No
18	Whether the total liabilities of the Municipality can be met out of the Municipal fund when falling due?	No. Liability as accounted for:- PF & pension :- ₹110.96 lakh Unspent grants:- ₹1135.06 lakh Current liability :- ₹555.23lakh Loan : ₹0.00 lakh Total: - ₹1801.25 lakh Cash/Bank availability ₹1102.71lakh Investment: ₹182.82 Lakh Excess of liability over cash strength :- ₹515.72 lakh

  
**Examiner of Local Accounts**  
**West Bengal**