

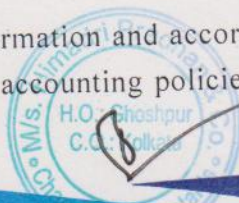
Ref. No.:.....

Date :.....

AUDITOR'S REPORT

Report on the Financial Statements of Gobardanga Municipality for the year 2014-15

1. We have audited the accompanying financial statements of **GOBARDANGA MUNICIPALITY** which comprise the Balance Sheet as at March 31, 2015 along with Income & Expenditure Account and Receipts & Payments Account for the year ended on that date.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan perform the audit to obtain reasonable assurance whether financial statements are free of material misstatements. An audit includes examining on test basis evidence supporting the amounts and disclosure in the financial statements.
3. We report the following observation/comments;
 - i) We could not find any report on Physical verification of Fixed Assets. Hence, We recommend to do the physical verification as early as possible.
 - ii) Physical verification of store items was not done regularly by the authority. We recommend to do the physical verification of store items as an urgent basis.
4. Further and subject to above we certify that the balance sheet along with Income & Expenditure Account and Receipts & Payments Account are in agreement with the books of account maintained by the municipality.
 - (A) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
 - (B) In our opinion, proper books of account have been kept by the municipality so far as appears from our examination on test basis of the books.
 - (C) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes and accounting policies thereon, give a true and fair view -



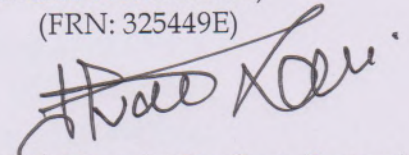
(i) in the case of the balance sheet, of the state of affairs of the municipality as at 31st March 2015 and

(ii) in the case of the income & expenditure account, of the surplus of the municipality for the year ended on that date.

Place: Maslandapur
Date: 11.09.2017



In Terms of our separate report of even date
For **M/S HIMADRI PRADHAN & CO.**
(Chartered Accountants)
(FRN: 325449E)


(CA Himadri Pradhan, Partner)
(Membership No: 062158)

M/s. Himadri Pradhan & Co.
Chartered Accountants

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INTERNAL AUDIT REPORT

OF

GOBARDANGA MUNICIPALITY

(For the period ended 31/03/2015.)

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 01/04/2014 to 31/03/2016

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.

As per terms of appointment, we have carried out the internal audit for the period from 01/04/2014 to 31/03/2015 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 2013-2014 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.

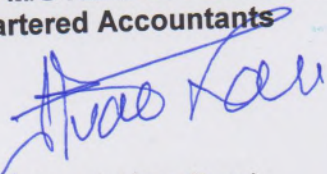


Verification of Fixed Assets Register:

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)

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**


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



Date: 11/09/2017

Place: Maslandapur

Summarised audited Income and Expenditure A/C for the period

2014-2015 of GOBARDANGA MUNICIPALITY is annexed below:

Income Details(Amounts in Rupees in Lakh)			
SL No.	Details	2014-15 (Audited Actuals)	Remarks
	Total Receipts (A+B)	909.02	
A	Revenue Receipts (1+2+3)	699.90	
1	Own Revenue Receipts(a+b)	124.76	
a)	Tax Revenue (Levied and collected by municipal body)	24.99	
i)	Property Tax	24.99	
ii)	Other Tax(Levied and collected by municipal body)	0.00	
b)	Non-tax Other Tax(Levied and collected by municipal body)	99.77	
i)	Fees& fines	74.47	
ii)	User Charges	0.00	
iii)	Other non-tax revenue(Levied and collected by municipal body)	25.30	
2	Other Revenue Receipts	0.91	
a)	Income from interest/investments	0.00	
b)	Other Revenue income	0.91	
3	Transfer/ Grants/ Assigned Revenues	574.23	
a)	State Assigned Revenue	4.65	
b)	State Finance Commission (SFC) Grants/Devolution	37.04	
c)	Octroi compensation	0.00	
d)	Other State Government Transfers	109.26	
e)	Central Finance Commission (CFC) Grant	101.99	
f)	Other Central Government Transfers	321.29	
g)	Others	0.00	
B	Capital Receipts	209.12	
1	Sale of Municipal Land	0.00	
2	Loans(From State Govt. or Banks)	0.00	
3	State Capital Account Grant (under State Schemes etc.)	209.12	
4	Central Capital Account Grant (under Central Schemes etc.)	0.00	
5	Other Capital Receipts	0.00	
Expenditure Details(Rupees in Lakh)			
SL No.	Details	2014-15 (Audited Actuals)	Remarks
	Total Expenditure (1+2)	1,108.45	
1	Revenue Expenditure	647.12	
1.1	Administrative Expenses, Establishment and Salaries (All Department - Regular and Contractual Staff)	391.94	
1.2	Operation and Maintenance (O & M)	241.54	
1.3	Loan repayment (Interest Payment)	0.00	
1.4	Others (any other revenue expenditure which is not salaries , O& M or interest Payment)	13.64	
2	Capital Expenditure	461.33	
2.1	All developmental works under central /State specific schemes	460.34	
2.2	Loan Repayments(Principal Amount)	0.00	
2.3	Other Capital expenditure	0.99	



M/s. Himadri Pradhan & Co.
Chartered Accountants

[Signature]
Partner
M/N 662158

[Signature]
13/09/17
FINANCE OFFICER
Gobardanga Municipality
North 24 Parganas

[Signature]
CHAIRMAN
GOBARDANGA MUNICIPALITY