

Code No.	Description of Item	Schedule No	Current Year		Previous Year	
			Amount	Amount	Amount	Amount
<u>SOURCES OF FUNDS</u>						
Reserves and Surplus						
310	MUNICIPAL (GENERAL) FUND	B-1	0.00		0.00	
311	EARMARKED FUNDS	B-2	17880366.00		15675901.00	
312	RESERVES	B-3	138286214.64		114074398.61	
				156166580.64		129750299.61
Grants, Contribution for Specific purposes						
320	GRANTS ,CONTRIBUTIONS FOR SPECIFIC PURPOSES	B-4	248149330.02		186503388.02	
				248149330.02		186503388.02
Loans						
330	SECURED LOANS	B-5	0.00		0.00	
331	UNSECURED LOANS	B-6	0.00		0.00	
				0.00		0.00
TOTAL				404315910.66		316253687.63

APPLICATION OF FUNDS

Code No.	Description of Item	Schedule No	Current Year		Previous Year	
			Amount	Amount	Amount	Amount
Fixed Assets						
Gross Block						
410	FIXED ASSETS	B-11	347583208.47		294092574.47	
Less: Accumulated Depreciation						
411	ACCUMULATED DEPRECIATION	B-11	188348925.39		157321271.11	
	Net Block		159234283.08		136771303.36	
412	CAPITAL WORK-IN-PROGRESS	B-11	0.00		0.00	
				159234283.08		136771303.36
Investments						
420	INVESTMENTS-GENERAL FUND	B-12	1172209.00		995696.00	
421	INVESTMENTS-OTHER FUND	B-13	17880366.00		15675901.00	
				19052575.00		16671597.00
Working Capital						
Current assets, loans & advances						
430	STOCK-IN-HAND	B-14	277845.60		661473.00	
431	SUNDRY DEBTORS (RECEIVABLES)	B-15	29663929.96		29545436.99	
432	ACCUM. PROVISIONS AGAINST DEBTORS (RECEIVABLES)	B-15	0.00		0.00	
440	PRE-PAID EXPENSES	B-16	0.00		0.00	

[Signature]
22-02-16
Executive Officer,
Kharagpur Municipality

[Signature]
Chairman,
Kharagpur Municipality

Code No.	Description of Item	Schedule No	Current Year		Previous Year	
			Amount	Amount	Amount	Amount
450	CASH AND BANK BALANCE	B-17	232258968.55		178743049.51	
460	LOANS, ADVANCES AND DEPOSITS	B-18	3023409.60		2892459.60	
461	ACCUM.PROVISIONS AGAINST LOANS,ADVANCES & DEPOSITS	B-18	0.00		0.00	
	Less: Current Liabilities & Provisions					
340	DEPOSITS RECEIVED	B-7	9887312.54		16376817.54	
341	DEPOSITS WORKS	B-8	3377646.00		4989327.00	
350	OTHER LIABILITIES (SUNDRY CREDITORS)	B-9	75229915.55		63596263.70	
360	PROVISIONS	B-10	0.00		0.00	
	Other Assets			176729279.62		126880010.86
470	OTHER ASSETS	B-19	0.00		0.00	
	Misc.Expenditure(to the extent not written off)			0.00		0.00
480	MISCELLANEOUS EXPENDITURE TO BE WRITTEN OFF	B-20	49299772.96		35930776.41	
				49299772.96		35930776.41
	TOTAL			404315910.66		316253687.63

Form 88 [Vide Rules 239 & 260]
Name of Urban Local Body : KHARAGPUR Municipality
INCOME AND EXPENDITURE STATEMENT FOR THE YEAR 2011-2012

Code No	Item/Head of Account	Schedule No	Previous Year Amount (Rs.)	Current Year Amount (Rs.)
1	2	3	4	5
INCOME				
110	TAX REVENUE ITEMS	I-1	13245915.00	14431880.00
120	ASSIGNED REVENUES AND COMPENSATIONS	I-2	6835000.00	5120000.00
130	RENTAL INCOME FROM MUNICIPAL PROPERTIES	I-3	609253.00	717260.00
140	FEES AND USER CHARGES	I-4	10172930.25	12585756.00
150	SALE AND HIRE CHARGES	I-5	714747.25	1467162.25
160	REVENUE GRANTS, CONTRIBUTIONS AND SUBSIDIES	I-6	85399919.86	92852904.97
170	INCOME FROM INVESTMENTS	I-7	16047.00	176764.74
171	INTEREST EARNED	I-8	1059136.13	178346.38
180	OTHER INCOME	I-9	6596500.00	7960470.00
A	Total - INCOME		124649448.49	135490544.34
EXPENDITURE				
210	ESTABLISHMENT EXPENSES	I-10	66762038.55	77182817.35
220	ADMINISTRATIVE EXPENSES	I-11	12176693.50	23766564.50
230	OPERATION AND MAINTENANCE	I-12	20134886.75	16539023.40
240	INTEREST AND FINANCE CHARGES	I-13	76963.00	26604.36
250	PROGRAMME EXPENSES	I-14	200608.00	316877.00
272	DEPRECI	I-0	26221588.14	31027654.28
280	PRIOR PERIOD	I-0	8144129.00	0.00


 22-02-16
 Executive Officer,
 Kharagpur Municipality


 Chairman,
 Kharagpur Municipality

Form 88 [Vide Rules 239 & 260]
Name of Urban Local Body : KHARAGPUR Municipality
INCOME AND EXPENDITURE STATEMENT FOR THE YEAR 2011-2012

Code No	Item/Head of Account	Schedule No	Previous Year Amount (Rs.)	Current Year Amount (Rs.)
1	2	3	4	5
B	Total - EXPENDITURE		133716906.94	148859540.89
A-B	Gross surplus/(deficit) of income over expenditure		9067458.45	13368996.55
			DEFICIT	DEFICIT


 Executive Officer,
 Kharagpur Municipality


 Chairman,
 Kharagpur Municipality



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भारतीय लेखा एवं लेखा परीक्षा विभाग
कार्यालय - प्रधान महालेखाकार (सामान्य एवं सामाजिक क्षेत्र
लेखा परीक्षा), प.वं., स्थानीय लेखा परीक्षा विभाग

INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL
(GENERAL & SOCIAL SECTOR AUDIT), W.B.
LOCAL AUDIT DEPARTMENT

No. 35-11/A/1/Kharagpur M (11-12)/16-17/2895
संख्या / No.

दिनांक / Dated : 09.11.2016 (TB)

To
The Chairman,
Kharagpur Municipality,
P.O- Kharagpur,
Dist- Paschim Medinipur
Pin-721 301

Sub: Audit Report on Annual Financial Statement for the year 2011-12

Sir,

I am forwarding the Audit Reports and detailed comments on the AFS for the year 2011-12 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

ट्रेजरी बिल्डिंग्स (प्रथम तल) 2, गवर्नमेंट प्लेस (पश्चिम), कोलकाता-700 001

Treasury Buildings (1st Floor) 2, Government Place (West) Kolkata - 700 001

Phone : (033) 2213 3015 / 2262 5563, Fax : (033) 2213-3174 / 2262-5757

F.O.
S. K. Saha
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**AUDIT REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF KHARAGPUR
MUNICIPALITY FOR THE YEAR ENDED 31ST MARCH 2012**

We have audited the Balance Sheet of the Kharagpur Municipality as at 31st March, 2012 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 Kharagpur 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.

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 Kharagpur 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 Source of Fund (Liabilities)

A.1.1 Earmarked Fund (Sch B-2)

Provident Fund : ₹ 142.97 lakh

Above Provident Fund did not include ₹1112946 being interest accrued on such fund for 2011-12. The interest was received in March, 2012.

Non-accounting of above interest resulted in understatement of 'Provident Fund' with corresponding understatement of Sundry Debtors (Receivables)' to the extent of ₹ 11.13 lakh.

Municipal authority admitted the observation and stated in their reply that the step steps will be taken to record interest on accrual basis in the particular relevant financial year.

**A.1.2 Grants, Contributions for Specific Purposes (Sch-B-8): ₹ 2481.49 lakh
JNNURM (3201007): ₹ 245.78 lakh**

Above included ₹ 416000 being the beneficiary contribution for construction of dwelling house under Integrated Housing and Slum Development Program(IHSDP) under JNNURM.

As per Accounting Manual for ULBs (part-2 para 3.4.1(e)) 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. Thus, beneficiary contribution for construction of dwelling house runder IHSDP (JNNURM) should have been shown 'Deposit Work(Sch.B-8)' instead of showing the same under Grants, Contribution for Specific Purposes(Sch.B-4).

Wrong accounting of the above resulted in overstatement of 'Grant and Contribution for specific purposes' by ₹ 4.16 lakh with corresponding understatement of Deposit Work by the same amount.

The Municipal authority admitted the comment and assured necessary rectification while preparing next accounts.

The Municipal Authority should take necessary rectification in accounts for showing all capital expenditure under Deposit Work for the assets which did not create assets with ownership right of ULB.

A.2 Assets

A.2.1 Investment other fund (Sch B-13) : ₹ 178.80 lakh

Above included ₹ 487194 being the deduction of PF subscription of March 2012 from the employees which was actually deposited in April, 2012 (02.04.12).

This resulted in overstatement of 'Investment Other Fund' with corresponding understatement of 'Cash and Bank Balance' to the extent of ₹ 4.87 lakh.

The Municipal authority admitted the comment and assured necessary rectification while preparing next accounts.

A.2.2 Cash and Bank Balance (Sch B-17): ₹ 2322.59 lakh

Above did not include ₹452451 being the value of 67 cheques (Bank of Baroda, Central Bank, UBI, PNB, Indian Overseas Bank, Allahabad Bank) issued by the Municipality which lapsed their validity prior to 31.03.2012. But, the same stale cheques were not written back to the Cash at Bank within the year 2011-12.

This resulted in understatement of 'Cash and Bank Balance' with corresponding understatement of 'Other liability' (Sundry Creditors) to the extent of ₹. 4.52 lakh.

The Municipal authority admitted the comment and assured necessary rectification while preparing next accounts.

B. Income & Expenditure Statement

B.1 Income

B.1.1 Revenue, Grant and subsidies (Sch.I-6): ₹ 928.53 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 did not include ₹176380 being the receivable bonus grant at 20% of the ad-hoc bonus (₹ 881900) paid by the Municipality during the year 2011-12

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 ₹1.76 lakh.

In reply, the municipality agreed with the above and stated that henceforth steps will be taken to record income on accrual basis in the relevant financial year.

B.2 Expenditure

B.2.1 Establishment Expenditure (Sch.I-10): ₹ 771.83 lakh

Above did not include ₹2197522.79 being the pension contribution of the Municipality pertaining 2011-12 for 'Pension Fund' of the employees at the rate of 6% of the basic salary of ₹36625379.85 following Government order in this regard. The matching Pension Fund amount should be kept separately under 'Investment'. All pension payment should be made through 'Pension Fund'.

This resulted in understatement of 'Expenditure' and thereby understatement of 'Deficit' with corresponding understatement of 'Pension Fund (Earmarked fund) to the extent of ₹ 21.98 lakh. Simultaneously, Cash and Bank Balance overstated with corresponding understatement of Investment-Other Fund by the same extent.

In reply, the Municipality admitted the comment and assured for rectification while preparing next accounts.

C RECEIPT AND PAYMENT ACCOUNTS

No comments.

D. General Observations

D.1 The Municipality did not create Pension Fund till 31.03.2012 by way of Municipal contribution at the rate 6 percent of Basic Salary of the employees. The necessary steps should have been taken to contribute to such fund.

D.2 The age-wise analysis of Property Tax receivable was not maintained as per accounting principle laid in Accounting Manual for ULB. Hence the periodicity of receivable could not be ascertained.

D.3 Journal Vouchers

As per 'Purohisab' accounting software package, 917 nos. of Journal Vouchers were passed while preparation of Annual Accounts for the year 2011-12, without any authorization of the Higher authority and justifying primary documents.

D.4 Narration in most of the voucher was insufficient. Not even that, narration was absent in few vouchers also. As a result, details and purpose of payment /journal entries could not be ascertained in audit.

D.5 Interest on fixed deposit

Interest on investments will be accounted for on accrual basis. However during the scrutiny it is noticed that interest on investment are taken in accounts on cash basis. The Municipal authority stated that the observation pointed out by Audit had been noted for future guidance.

D.6 Advance

Advance granted to suppliers and contractors for execution of various types of work orders were directly charged to concerned grant in spite of charging it to "advance to contractor".

D.7 Unpaid Bill Register

Unpaid bill register not maintained. Thus, actual total outstanding liability could not be ascertained at the close of financial year. Although no unpaid bill registers were maintained by this municipality but the entire unpaid bill as on date of balance sheet was shown expenses payable (3501003) ledger. The Municipal authority stated that the discrepancies pointed out by Audit would be taken care of in the next financial year.

D.8 Physical verification not done at regular intervals

The physical verification of assets and stock under the possession of the Municipality were not done at regular intervals. Stores Ledger not maintained. Thus opening, closing of different stocks and its utilization during the year could not be verified in audit. The Municipal authority stated in their reply that the observation pointed out by Audit had been noted for future guidance.

D.9 The grants under MPLAD/BEUP, meant for creation of Assets of ULB should have been shown under 'Other Central Govt. Grants' under Sch.B-4 and the amount disclosed in Notes to Accounts.

D.10 The Action taken Report on action taken on the previous Audit reports were not submitted to Audit.

E Effect of Audit Comments on Accounts

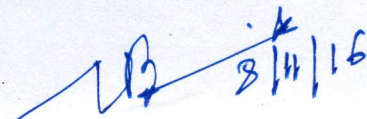
The net impact of the comments given in preceding paras is that the liabilities as on 31st March, 2012 were understated by ₹37.63 lakh, assets understated by ₹17.41 lakh and the Deficit of Income over Expenditure were understated by ₹20.22 lakh.

v) Subject to our observation in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure Account and Receipts and Payments 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 significant matters stated above and other matters mentioned in Annexure I to this Audit Report, give a true and fair view in conformity with accounting principles generally accepted

- (a) In so far as it relates to the Balance Sheet of the State of affairs of the Kharagpur Municipality as at 31st March, 2012 and
- (b) In so far as it relates to the Income and Expenditure for the year ended on that date.

Place: Kolkata
Date: .11.2016


Examiner of Local Accounts
West Bengal