

Report on the Internal Audit

Internal Audit conducted

at

The Bongaon Municipality,

24 Parganas [North],

West Bengal

Period of Audit

01.04.2014 to 31.03.2015

Internal Auditors

Mishra & Mishra
Chartered Accountants
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Ref: MM/BM/IAR/17-18/14-15
Dated: 26.08.2017

The Chairman
Bongaon Municipality
Bongaon, 24 Parganas (North)
West Bengal.

Dear Sir,

Subject: Submission of Internal Audit Report for the financial Year 2014-2015

Enclosed please find 2(Two) copies of Internal Audit Report drawn in the matter of Municipality for the Financial Year 2014-2015.

The Report as above has been drawn in terms of the Scope of Audit as communicated to us.

We trust you will find the same in order.

Thanking you
Yours faithfully

For Mishra & Mishra
Chartered Accountants
Firm Regn. No.-312113E

A.k. Mishra

CA Ashwini Kumar Mishra
Proprietor
Membership No. 050632



Enclosure-As stated above.

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Serial No. 1
Part-1A-Para-a

The Municipality in retrospect

The Bongaon Municipality was founded on 27th January, 1954 under the then Bengal Municipal Act.

The population within the geographical jurisdiction of the Municipality as per 2011 Census data shows

1, 10, 668 persons spread over in 22 Municipal wards over a total Area of 14.274 sq. KM.

The Municipality works with defined public welfare objectives such as

1. Supply of Water for public and private usage both for drinking as well as domestic uses.
2. Construction of New and maintenance of existing Sewers and drainages including Solid Waste management within the Municipal Area.
3. Construction, Installation, maintenance, repairs and utility enhancement in respect of public roads, ways, streets, bridges, culverts, passenger traffic and public libraries.

4. Controlling the construction of unauthorized building and other structures in the jurisdiction of the Municipality.
5. Carrying out periodical Survey of lands and buildings in the Municipal Area and prepare the Survey Maps thereon.
6. Implementing operational control of building and other Rules in force, uses and adherence to Regulations in this regard.
7. Implementation of various public welfare programmes and Schemes including those relating to employment and Health awareness.
8. Attaining its own mobilization of resources for augmenting Revenue earning by collecting Taxes, Rents, Fees, Charges, Cess and Penalties wherever applicable.

Serial No. 1

Part-1A-Para-b

The Functional Hierarchy

The Key responsibilities in the Municipality in the administrative and executive domain is shared by the following persons during the financial year 2014-2015:

Sl.no.	Designation	Names	Period of presence
1	Chairman	Smt. Jyotsna Addhya	01.04.2014-31.03.2015
2	Vice- Chairman	Smt. Krishna Roy	01.04.2014-31.03.2015
3	Executive Officer	Sri. Swapan Kumar Bhattacharya	01.04.2014-18.03.2015
4	Finance Officer	Sri. Prosenjit Biswas	01.04.2014 -31.03.2015

Serial No. 1
Part-1A-Para-c

The System of Accounting

The Municipality adopted Double Entry Accrual based Accounting System for recording of its transactions since 2007-08 in accordance with the Municipal Affairs Department's Notification No. 12/MA/0/C-4/1A-B/2005 dated 05.01.2007.

In compliance to the order of the Govt. of West Bengal, the Municipality successfully complied with the said Order and drawn the Financials for the accounting years ended 31.03.2008 and 31.03.2009 under Double Entry Accrual based Accounting System.

The financials for the year ended 31.03.2008 by the ELA.

Serial No. 1
Part-1A-Para-d

The Necessity for conducting the Internal Audit

The amendment to Rule 24(1) of the West Bengal Municipal (Finance and Accounting) Rules, 1999 prescribed for conducting of Internal Audit in Municipalities in the State.

The Bongaon Municipality decided to implement the prescribed provision for Internal Audit of the transactions of the Municipality for the financial year ended 31.03.2015.

Serial No. 1
Part-1A-Para-e

The Internal Auditors

In compliance with the due process of selection, M/s Mishra & Mishra, Chartered Accountants having their office at 1/1C, Goa Bagan Street, 1st Floor, Kolkata-700006 was appointed as Internal Auditors for the financial Year 2014-2015

Serial No. 1
Part-1A-Para-f

The Scope of the Internal Audit

Scope of Work for Internal Audit as intimated to the Internal Auditors were

1. Review of Cash and Bank Transactions along with recording of the same in computerized System.
2. Review of the System of Property Tax Collection, raising demand and age wise analysis of property tax dues.
3. Review of collection, timely deposit and recording of different user charges and revenue.
4. Review of Store Accounting System.
5. Review of operation of different programmes such as National Urban Health Mission, National Urban Livelihood Mission and Mid- day meal.

Serial No. 2
Part-1B-Para-a

Audit Approach

In the conduct of Internal Audit at the Bongaon Municipality, the approach of audit was on Test review of transaction recording as well as the System of recording in use.

We have applied Test verifications in the various areas of operations at the Municipality.

The Test Samples were selected at Random considering
the size,
the quantum and
the amount involved.

Serial No. 2
Part-1B-Para-b

Areas selected for test verification

The various transaction areas selected for test verification are

A. Under the Income Heads

1. Rent from Markets
2. Septic Tank Clearance Charges
3. Development Fund

B. Under the Expenditure Heads

1. Basic Salary
2. Printing
3. Electricity Expenses
4. Central Stores
5. Wages
6. Telephone Expenses
7. Petrol & Diesel

C. Under the head Other Liabilities/Sundry Creditors

1. Suppliers Account
2. Contractors Account
3. Expenses Payable
4. House Building Advance

D. Under the head Fixed Assets

1. Tables
2. Office Buildings
3. Drain-Open
4. Construction of Park & Gardens
5. Road & Pavements-Others
6. Municipal Halls, Shops, Town Halls
7. Roads & Pavements-Black topped
8. Roads & Pavements-concrete
9. Air conditioners
10. Statues

11. Roads & Bridges
12. Generating System
13. Communication Equipment
14. Computers
15. Refrigerators

E. Under the head Sundry Debtors/Receivables

1. Property Tax Receivable on Residential Buildings (Current Year)
2. Property Tax Receivable on Residential Buildings (Arrears)
3. Property Tax Receivable on Commercial Buildings (Current Year)
4. Property Tax Receivable on Commercial Buildings (Arrears)
5. Property Tax Receivable on State Govt. Buildings (Current Year)
6. Property Tax Receivable on Sate Govt. Buildings (Arrears)
7. Service Charge in lieu of Property Tax of Central Govt. Buildings (Current year)
8. Service Charge in lieu of Property Tax of Central Govt. Buildings (Arrears)
9. Property Tax Receivable on sick and Closed Industries(Arrears)
10. Service Charges Receivable on Property Tax (Current Year)

11. Service Charges Receivable on Property Tax (Arrears)
12. Advertisement Tax-Land Hoardings (Current Year)
13. Advertisement Tax-Land Hoardings (Previous Year)
14. Advertisement Tax-Bus Shelter (Current Year)
15. Receivables for Rental Income

F. Under the head Stock/ Storage Material

1. Central Store
2. Engineering Store
3. Medical Store
4. Sanitary and Conservancy Store
5. Water Supply Store
6. Electricity Store

Serial No. 2

Part-1B-Para-c

Observation on test verification

A. Observation on verification under the various Income heads selected on test basis suggests the following:

The Municipality is maintaining different account heads with different codes for Income earned on work or service requisitioned by the public such as

Septic tank Clearance Charges

In one instance a wrong entry was found to have been made under the head Development Fees for Rs. 5000/- on 17.10.2015 which has been since rectified and transferred to Development Fees A/c.

B. Observation on verification under the various Expenditure heads selected on test basis suggests the following:

1. In case of expenses incurred for supplies/ services by outside agencies, Indents in the nature of Purchase orders are issued in Form No. 66.

2. In case of payments involving supplies for various site work undertaken by the municipality, Abstract Cost Sheets prepared are the basis of payments and not invariably Bills of the Suppliers.

3. In case of payment of wages, wage Bills/Sheets are prepared on the basis of departments/ wards and the payment is made according to those wage sheets.

4. In the case of payments for Petrol & Diesel expenses, the same is paid on the Consumption memos issued from time to time attached and augmented in a sheet of paper for convenience.

C. Observation on verification under the various heads of other liabilities/ Sundry Creditors selected as Test samples are as follows:

1. Opening Balances are not verifiable with certainty.
2. Transactions are sometimes found recorded on the basis of Abstract Cost Sheets without specific references to Bills.
3. Cross Verification of provision and payments in the case of Expenses Payable could not be made in the Test samples selected for verification.
4. In the following instances entries were found made twice as detected which have been since rectified on citation after detection:

Date	Amount In Rupees	Remarks
16.07.2015	10,45,387	Construction of Office Building
26.08.2015	81,016	Road Constructed at Ward No.11
26.08.2015	4,87,033	Water Tube sinking

D. Observation on verification under the various heads of Fixed Assets selected on test sampling is as follows:

1. E tender invitations inserted in Newspapers for acquisition of Fixed Assets.
2. Comparative Statements of Quotations shortlisted therefrom are prepared with Circular Memo Numbers.
3. Indents with detailed specifications issued in approved cases of suppliers.
4. Following items of Fixed Assets appearing in the Provisional Trial Balance Submitted to us at the time of verification could not be checked/ verified by us following missing Code Numbers on Vouchers and missing Head of Accounts on Vouchers:
 - a. School Buildings-Account Code-4102002
 - b. Van Rickshaw-Account Code-4105012
 - c. Electrical Crematorium-Account Code-4104023
 - d. Almirah- Account Code-4116009
 - e. Buildings-Account Code-4121001
 - f. Deep Tube Well-Account Code-4103202
 - g. Water pipelines-Account Code-4103201
 - h. Plant & Machinery- Account Code-4104019
 - i. Vacant lands- Account Code-4101005 and
 - j. Water Reservoir

E. Observation on verification under the various heads of Sundry Debtors/ receivable selected on test sampling is as follows:

1. We have verified the various Stock/Store accounts but the system of recoding found to be incapable to help in determination of age wise receivables with certainty.
2. We also observed that provision for receivables has not been made in the books and records of the Municipality.
3. In the facts the nature of amount received cannot be ascertained to be either pertaining to Current Year or for earlier periods.

F. Observation on verification under the various heads of Stock/ Storage material selected on test sampling is as follows:

1. The Municipality maintains 6 different varieties of Stores such as
 - a. Central Store
 - b. Engineering Store
 - c. Medical Store
 - d. Sanitary and Conservancy Store
 - e. Water Supply Store
 - f. Electricity Store

2. The Municipality is not maintaining any Valued Stock/Stores Register for none of the Stock/ Store items as shown above thereby leaving the following issues unanswered:

- a. The quantum of consumption in both quantity and value cannot be determined.
- b. The amount and quantity of Closing Stock cannot be determined.
- c. The Stores are provided with quantitative challans to be recorded.
- d. The accounts Department uses Abstract of Cost Statements from the Bills submitted and accounts for it without reference to Quantity.
- e. Cross verification of Quantity consumed and respective valuation on the basis of departments or sites is not facilitated by the accounts maintained.

Serial No. 3
Part-1CA-Para-aCash & Bank Transactions

1. Cash Book is separately maintained for Collection of various Incomes and Expenditure of smaller amounts in general.
2. There were about 34 (Thirty four) Bank Accounts maintained by the municipality at the end of the Financial Year 2014-15.
3. Bank Reconciliations are prepared for 07(Seven) out of these 34(Thirty Four) accounts by the Municipality. In the remaining 27 accounts, BRS was not required since the balance as per books and that as per bank Statements tallied.
4. A comparative Chart is prepared account wise to provide complete information on bank accounts maintained by the municipality.

Sl. No	Name of Bank/ Treasury	Account No	Scheme	Balance as per Book	Balance as per Bank Statement	Bank Reconciliation Made
01	Treasury	8448	Plan/Non-Plan	17556854.00	30630683.00	Yes.
02	Treasury	8336	Providend Fund	1700000.00	1700000.00	Balance Tallied. BRS Not required.
03	U.B.I.	0125050005268536 8	Municipal Fund	49304.31	49304.31	Balance Tallied. BRS Not required.
04	U.B.I.	0125010252191	Mass Literacy	16788.05	16788.05	Balance Tallied. BRS Not required.
05	U.B.I.	235954	N.R.Y.	10061.30	10061.30	Balance Tallied. BRS Not required.
06	U.B.I.	0125010304638	Security Water Supply	925707.00	925707.00	Balance Tallied. BRS

07	U.B.I.	236420	N.R.Y.	17356.00	17356.00	Not required. Balance Tallied. BRS Not required.
08	U.B.I.	0125013197680	12/13 Finance Commission	19995677.00	19995677.00	Balance Tallied. BRS Not required.
09	U.B.I.	0125013206571	I.H.S.D.P.	1091422.00	3306170.00	Yes.
10	Allahabad Bank	20577410488	Thift& credit	5042625.40	5042625.40	Balance Tallied. BRS Not required.
11	Allahabad Bank	50387	Municipal Fund	0.00	0.00	Balance Tallied. BRS Not required.
12	Allahabad Bank	20577396369	S.J.S.R.Y.	1531275.23	1531275.23	Balance Tallied. BRS Not required.
13	Allahabad Bank	3759	N.R.Y.	8365.66	8365.66	Balance Tallied. BRS Not required.
14	Allahabad Bank	20577431259	H.H.W. Programme	758939.07	904479.07	Yes.
15	B.G.V.B	5373050000022	Municipal Fund	5901.00	5901.00	Balance Tallied. BRS Not required.
16	B.G.V.B.	5373050000023	M.P. Lad	56131.00	56131.00	Balance Tallied. BRS Not required.
17	S.B.I.	11064020884	Municipal Fund	3312773.09	4326282.09	Yes
18	S.B.I.	11064026365	K.U.S.P.	20427.00	20427.00	Balance Tallied. BRS Not required.
19	Uco Bank	19930210000038	Mid Day Meal	64550.50	64550.50	Balance Tallied. BRS Not required.
20	Uco Bank	19930110005576	S.J.S.R.Y. Loan A/c	114229.00	114229.00	Balance Tallied. BRS Not required.
21	Axis Bank Ltd	724010100003346	Municipal Fund	2737286.00	2737286.00	Balance Tallied. BRS Not required.
22	U.B.I.	0125010271357	N.S.A.P.	12015479.50	13495479.50	Yes
23	W.B. Co- op. Bank	29346083694	N.S.A.P.	184762.00	184762.00	Balance Tallied. BRS Not required.
24	B.G.V.B.	5373010005552	N.S.A.P.	5446.00	5446.00	Balance Tallied. BRS Not required.
25	S.B.I.	31629363494	Development	11055029.50	11377040.50	Yes

			Fund			
26	U.B.I.	0125013327166	Salary A/c	3598340.00	452460.00	Yes
27	Uco Bank	19930110064023	Mid-Day Meal	63908.00	63908.00	Balance Tallied. BRS Not required.
28	B.G.V.B.	5373010009706	BEUP+MP Lad	99973.00	99973.00	Balance Tallied. BRS Not required.
29	HDFC Bank Ltd	06381400000080	Municipal Fund	2237.42	2237.42	Balance Tallied. BRS Not required.
30	HDFC Bank Ltd	06381450000296	Municipal Fund	1688052.00	1688052.00	Balance Tallied. BRS Not required.
31	Bank of Baroda	40620100000983	Development Fund	1809261.00	1809261.00	Balance Tallied. BRS Not required.
32	ICICI Bank Ltd	161201000532	Municipal Fund	3360.00	3360.00	Balance Tallied. BRS Not required.
33	ICICI Bank Ltd.	161205001120	Mid-Day Meal	4256.30	4256.30	Balance Tallied. BRS Not required.
34	IDBI Bank	1467104000028477	Mid-Day Meal	6660001.00	6660001.00	Balance Tallied. BRS Not required.

Serial No. 3
Part-1CA-Para-bBank Reconciliation Statements

Following are the 07(Seven) Bank Reconciliation Statements obtained from the Municipality Officials. These Reconciliations are system generated.

SL NO.	BANK NAME	A/C NUMBER	DATE	CHAQUE NO.	UNENCASHED Receipt	TOTAL	UNCASH PAYMENT AMOUNT	TOTAL	WHICH DATE CASH ON
1	Treasury	8448	28.03.15	20928	0.00		149657.00		13.04.15
			28.03.15	20930	0.00		619672.00		13.04.15
			28.03.15	20931	0.00		12675.00		13.04.15
			28.03.15	20929	0.00		288743.00		13.04.15
			23.03.15	20920	0.00		259014.00		28.04.15
			23.03.15	20921	0.00		367431.00		28.04.15
			06.03.15	20379	0.00		16925.00		22.04.15
			23.03.15	20922	0.00		260821.00		21.04.15
			31.03.15	20942	0.00		1219742.00		10.04.15
			23.03.15	20923	0.00		173897.00		09.04.15
			23.03.15	20904	0.00		471326.00		02.04.15
			06.03.15	20375	0.00		380504.00		04.04.15
			23.03.15	20906	0.00		40154.00		04.04.15
			06.03.15	20376	0.00		22649.00		09.04.15
			28.03.15	20926	0.00		1027408.00		02.04.15
			28.03.15	20927	0.00		3145880.00		04.04.15
			19.03.15	20393	0.00		174805.00		17.04.15
			02.03.15	20371	0.00		46926.00		09.04.15
			19.03.15	20395	0.00		22845.00		09.04.15
			02.03.15	20367	0.00		271514.00		06.04.15
			19.03.15	20392	0.00		43826.00		04.04.15
			06.03.15	20381	0.00		37383.00		04.04.15

			02.03.15	20370	0.00	788354.00	04.04.15
			23.03.15	20914	0.00	1229235.00	06.04.15
			23.03.15	20910	0.00	18750.00	08.04.15
			28.03.15	20941	0.00	100273.00	13.04.15
			28.03.15	20938	0.00	177654.00	13.04.15
			28.03.15	20935	0.00	38250.00	13.04.15
			28.03.15	20934	0.00	896830.00	13.04.15
			28.03.15	20936	0.00	33523.00	20.04.15
			20.03.15	20903	0.00	88200.00	20.04.15
			28.03.15	20937	0.00	17940.00	22.04.15
			20.03.15	20400	0.00	53215.00	24.04.15
			20.03.15	20398	0.00	81700.00	02.04.15
			23.03.15	20909	0.00	104394.00	02.04.15
			23.03.15	20918	0.00	90000.00	04.04.15
			23.03.15	20908	0.00	133535.00	04.04.15
			23.03.15	20917	0.00	64000.00	04.04.15
			23.03.15	20916	0.00	72000.00	04.04.15
			23.03.15	20924	0.00	23080.00	05.05.15
			06.03.15	20377	0.00	4530.00	05.05.15
			19.03.15	20396	0.00	4569.00	05.05.15
						0.00	13073829.00
2	U.B.I.	0125013206571	10.03.15	349253	0.00	29172.00	
			02.03.15	349240	0.00	10000.00	
			19.03.15	349266	0.00	1200000.00	
			19.03.15	349267	0.00	49000.00	
			19.03.15	349268	0.00	49000.00	
			19.03.15	349269	0.00	49000.00	
			19.03.15	349270	0.00	49000.00	
			19.03.15	349271	0.00	49000.00	
			20.03.15	349274	0.00	29172.00	
			20.03.15	349275	0.00	29172.00	
			20.03.15	349276	0.00	24092.00	

			20.03.15	349279	0.00		42366.00	
			20.03.15	349281	0.00		29172.00	
			20.03.15	349282	0.00		29172.00	
			20.03.15	349283	0.00		57634.00	
			20.03.15	349284	0.00		57634.00	
			20.03.15	349285	0.00		57634.00	
			23.03.15	349287	0.00		70828.00	
			23.03.15	349288	0.00		18274.00	
			23.03.15	349289	0.00		28462.00	
			24.03.15	349290	0.00		18274.00	
			24.03.15	349291	0.00		29172.00	
			24.03.15	349292	0.00		29172.00	
			24.03.15	349293	0.00		29172.00	
			30.03.15	349298	0.00		24092.00	
			30.03.15	349299	0.00		29172.00	
			30.03.15	349300	0.00		24092.00	
			31.03.15	349301	0.00		28462.00	
			31.03.15	349302	0.00		29172.00	
			31.03.15	349303	0.00		24092.00	
			31.03.15	349304	0.00		24092.00	
						0.00		2246748.00
3	A.B.	20577431259	31.03.15	29865	0.00		145540.00	09.04.15
						0.00		145540.00
4	S.B.I.	11064020884	10.02.15	804594	0.00		5000.00	N.A.
			10.02.15	804678	0.00		389148.00	02.04.15
			10.02.15	804669	0.00		278840.00	04.04.15
			10.02.15	804667	0.00		56176.00	06.04.15
			10.02.15	804633	0.00		33222.00	06.04.15
			10.02.15	804664	0.00		19193.00	07.04.15
			10.02.15	804665	0.00		1027408.00	07.04.15
			10.02.15	804652	0.00		150000.00	07.04.15
			10.02.15	804677	0.00		71146.00	08.04.15

			10.02.15	804614	0.00		50000.00		09.04.15
			10.02.15	804680	0.00		284.00		10.04.2015
			10.02.15	804658	0.00		30000.00		13.04.15
			10.02.15	804683	0.00		2500		18.04.15
			31.03.15	965481	72000.00		0.00		08.04.15
			28.03.15	20926	1027408.00		0.00		08.04.15
						1099408.00		2112917.00	
5	U.B.I.	2713570	19.03.15	167721	0.00		40000.00		02.04.15
			19.03.15	167740	0.00		40000.00		02.04.15
			19.03.15	167667	0.00		40000.00		02.04.15
			19.03.15	167719	0.00		40000.00		02.04.15
			19.03.15	167744	0.00		40000.00		04.04.15
			19.03.15	167729	0.00		40000.00		04.04.15
			19.03.15	167743	0.00		40000.00		06.04.15
			19.03.15	167749	0.00		40000.00		06.04.15
			19.03.15	167723	0.00		40000.00		06.04.15
			19.03.15	167673	0.00		40000.00		06.04.15
			19.03.15	167750	0.00		40000.00		06.04.15
			19.03.15	167741	0.00		40000.00		06.04.15
			19.03.15	167748	0.00		40000.00		06.04.15
			19.03.15	167736	0.00		40000.00		06.04.15
			19.03.15	167671	0.00		40000.00		07.04.15
			19.03.15	167672	0.00		40000.00		07.04.15
			19.03.15	167727	0.00		40000.00		07.04.15
			19.03.15	167738	0.00		40000.00		07.04.15
			19.03.15	167734	0.00		40000.00		08.04.15
			19.03.15	167679	0.00		40000.00		08.04.15
			19.03.15	167722	0.00		40000.00		08.04.15
			19.03.15	167670	0.00		40000.00		08.04.15
			19.03.15	167747	0.00		40000.00		08.04.15
			19.03.15	167678	0.00		40000.00		08.04.15
			19.03.15	167739	0.00		40000.00		08.04.15
							40000.00		09.04.15

			19.03.15	167742	0.00		40000.00		09.04.15
			19.03.15	167759	0.00		40000.00		09.04.15
			19.03.15	167725	0.00		40000.00		09.04.15
			19.03.15	167735	0.00		40000.00		13.04.15
			19.03.15	167752	0.00		40000.00		13.04.15
			19.03.15	167728	0.00		40000.00		13.04.15
			19.03.15	167726	0.00		40000.00		16.04.15
			19.03.15	167715	0.00		40000.00		05.05.15
			19.03.15	167716	0.00		40000.00		12.05.16
			19.03.15	167680	0.00		40000.00		14.05.15
			19.03.15	167720	0.00		40000.00		03.06.15
			19.03.15	167718	0.00		40000.00		11.06.15
							0.00	1480000.00	
6	U.B.I.	0125013327166	28.03.15	20927	0.00		3145880.00		08.04.15
							0.00	3145880.00	
7	SBI	31629363494	30.03.15	798380	0.00		35000.00		18.05.15
			25.03.15	798372	0.00		35000.00		20.05.15
			23.03.15	798366	0.00		35000.00		23.04.15
			25.03.15	798374	0.00		91371.00		11.04.15
			20.03.15	798365	0.00		24092.00		08.04.15
			30.03.15	798378	0.00		18274.00		07.04.15
			30.03.15	798379	0.00		18274.00		07.04.15
			25.03.15	798375	0.00		35000.00		02.04.15
			26.03.15	798376	0.00		30000.00		02.04.15
							0.00	322011.00	

Serial No. 4
Part-1CB-Para-a

System of Property Tax Collection, raising of Demand and age wise analysis of property tax dues

The Municipality has a proper system of collection of Property tax and also for raising of Demand for taxes. However, the accounting system in use at the Municipality is not designed in a manner to provide

1. Year wise split to facilitate Current and Arrear status of collection of property Tax and
2. Age wise analysis of property tax dues.
3. We suggest that a master listing of dues on the basis of property owners in the Municipality should be created to cross verify the Current and Arrear Status shown by the System.
4. It would be important to carry out the exercise as stated above to comply with the Accrual concept of Accounting needed to justify maintaining Double Entry System.

Serial No. 5
Part-1CC-Para-a

Collection, timely Deposit and recording of different user charges and revenue

It is pertinent that in the absence of split of data between current and arrear years as well as missing Master Data Sheet for the regular user of the municipal services, the concepts of timely deposit is not attainable.

We will once again request for preparation of a Master Data Sheet of the regular users with the imbedded Calendar of Due Dates and Year wise splits in cases of pending or arrears.

We will also suggest installation of a workable system whereby reminder services for arrears can be issued to defaulters.

Serial No. 6
Part-1CD-Para-a

Store Accounting System

We have observed the following pointers while making a test check of various Stock/Store items in the matter of accounting of Stores in the municipality:

1. The actual quantity received as per Challan read with the Indent issued is recorded at the Stores. One copy of the receipted Challan is issued to the supplier.
2. The Supplier then submits the Bill with the receipted Challan for obtaining payment.
3. We suggest that the valued Challan System should be introduced in place of current Challan System without Value.
4. Existing Store Ledgers without Values should be restructured into a priced Store Ledger.
5. Thus Cross verification shall be facilitated by the System itself.

Serial No. 7
Part-1CE-Para-a

Operation of different programs

In the records of the Municipality various social welfare programmes are undertaken. We have compiled the following data from the Trial Balance submitted to us. However, in the process of discussion, we have been reported that the said Trial Balance is provisional and is pending final adjustments.

In these facts, following data under various schemes should be considered provisional only and merely indicative in nature.

a. Statement of Receipts and Expenditure under the West Bengal Urban Employment Scheme as per the Appropriation Register maintained by the Bongaon Municipality for the year 2014-2015

Year	Opening Balance	Total Debits	Total	Total Credits	Closing Balance
2014-2015	8020597.00	20195000.00	28215597.00	25671364.00	2544233.00

b. Financial Outlay of the Mid-day-Meal Programme under Supervision of Bongaon Municipality during 2014-2015

Year	Opening Balance	Total Debits	Total	Total Credits	Closing Balance
2014-2015	8179728.00	11810975.00	19990703.00	8522863.00	11467840.00

c. The transactions under the National Social Assistance Programme

Year	Opening Balance	Total Debits	Total	Total Credits	Closing Balance
2014-2015	3959341.50	68651494.00	72610835.50	60365148.50	12245687.00

d. The transactions under the Jawaharlal Nehru National Urban Renewal Mission Scheme (JNNURM)

Year	Opening Balance	Total Debits	Total	Total Credits	Closing Balance
2014-2015	5357765.00	2615379.00	7973144.00	4980505.00	2992639.00

e. The transactions under the Swarna-Jayanti Sahari Rojgar Yojana(SJSRY)

Year	Opening Balance	Total Debits	Total	Total Credits	Closing Balance
2014-2015	12568217.00	3857087.00	16425304.00	16050029.00	375275.00

f. The transactions under the National Urban Livelihood Mission (NULM)

Year	Opening Balance	Total Debits	Total	Total Credits	Closing Balance
2014-2015	0.00	500000.00	500000.00	300000.00	200000.00

g. The transactions under the Scheme of Housing For Urban Poor

Year	Opening Balance	Total Debits	Total	Total Credits	Closing Balance
2014-2015	-470945.00	12565000.00	12094055.00	8299742.00	3794313.00

Serial No. 8
Part-1CF-Para-a

Internal control in accounting procedures

We have determined the following parameters to verify and comment on the internal control in use at the Municipality:

1. Access from original supporting to Final Entry on Computers

We have observed departures from the standards in this regard since different numerical sets are used on Manual Vouchers and Vouchers generated on the electronic media.

This has led to an identity crisis of final transactions set recorded on computers with that of the Original supporting on record.

2. Coding of Vouchers and Final Entries

We have observed that the Coding used on Manual Vouchers do not tally with the Voucher codes used by the machine.

Moreover, the entries are made from Abstract Cost Sheets in respect of Expenditure. In the said Abstract sheets also, the Coding Parity is not followed.

Thus cross verification, the very essence of fair recording, is not established.

3. Double Entry System of Accounting

The lack of cohesion of supporting with the arbitrary system of Coding as stated above, lack of access to documents and a System which do not directly allow the compatible data to be extracted are all indicative

of existence of a Hybrid System of recording than the Double Entry System of Accounting.

4. Flow of transaction recording vis-à-vis transparency

The Flow of transaction from origination to completion must be a transparent affair. Transparency lies in access to documentation leading to Vouchers and action being completed with the entry being traced in one single flow.

The Accounting System in Use at the Municipality has to be supplemented with various additional Excel Sheet operations to provide final data in many cases.

As such we find that the Flow of transaction with the relevant transactional transparency is not attainable in one single flow.

5. Recording of Statutory Payments, documents, challans and Year end Reconciliations of Books and relevant Returns

We have verified the following statutory payments made by the Municipality during the relevant period:

1. Deduction and respective Payment of STDS on the payment to Contractors under Vat Returns;
2. Payment of TDS on applicable transactions;
3. Payment of Building Plan Cess; and
4. Payment of Labour Cess

We have compiled the following data under different heads as above

Deduction and respective Payment of STDS on the payment to Contractors under Vat Returns

The Municipality is registered under the West Bengal Value Added Tax Act, 2003 holding STDS Enrolment No.310000038.

The Return is submitted on Monthly Basis.

Month	STDS credited In Sales Tax Payable A/c (In Rupees)	STDS paid As per ledger Code- 3502010 (In Rupees)	Return filed on
2014 April	483892.00	483892.00	17.05.2014
May	5340.00	5340.00	12.06.2014
June	354981.00	354981.00	14.07.2014
July	143596.00	143596.00	02.09.2014
August	176875.00	176875.00	16.09.2014
September	43102.00	43102.00	29.10.2014
October	12345.00	12345.00	03.12.2014
November	209200.00	209200.00	08.01.2015
December	321848.00	321848.00	15.01.2015
2015	0		
January	35797.00	35797.00	23.03.2015
February	494902.00	494902.00	06.04.2015
March	209664.00	209664.00***	16.04.2015
Total	2491542.00	2491542.00	

Note*** This amount was actually debited on the banking system on 10/04/2015

Payment of TDS on applicable transactions

We have verified the TDS from Contractors Account with the actual payment documents and we have summarized the position as follows.

We suggest that a periodical reconciliation should be prepared to avoid errors/differences on quarterly basis only

Quarter ending	Credit as per Ledger Code 3502006 (In Rupees)	Actual payment As per Ledger (In Rupees)	Difference (In Rupees)
30.06.2014	519806	504122	Excess Rs 15684
30.09.2014	198504	197664	Excess Rs 840
31.12.2014	269640	269640	Nil
31.03.2015	479646	479646	Nil
			Rs 16524

Payment of Building Plan Cess(Collection on behalf of Government
(Labour Cess)

Month	Building Plan Cess credited (In Rupees)	Building Plan Cess paid As per ledger Code-3503004 (In Rupees)	Excess/ (Short) Payment
2014			
April	79353.00	72449.00	-6904.00
May	111221.00	110111.00	-1110.00
June	141659.00	60134.00	-81525.00
July	47726.00	34472.00	-13254.00
August	214566.00	212421.00	-2145.00
September	264575.00	261929.00	-2646.00
October	118684.00	117497.00	-1187.00
November	265961.00	263301.00	-2660.00
December	198341.00	196367.00	-1974.00
2015			
January	197922.00	195943.00	-1979.00
February	191547.00	214832.00	23285.00
March	88267.00	0.00	-88267.00
Total	1919822.00	1739456.00	-180366.00

Note: Details of Payment are not verified by us due to non availability of Payment details with supporting documents.

Payment of Labour Cess

Month	Labour Cess credited (In Rupees)	Labour Cess paid As per ledger Code- 3502051 (In Rupees)	Excess/ (Short) Payment
2014			
April	133311.00	133731.00	420.00
May	3759.00	1780.00	-1979.00
June	118326.00	118326.00	0.00
July	54817.00	54397.00	-420.00
August	44055.00	44055.00	0.00
September	14367.00	14367.00	0.00
October	4114.00	4114.00	0.00
November	57378.00	57378.00	0.00
December	73327.00	73327.00	0.00
2015	0	0	0
January	11932.00	11932.00	0.00
February	164967.00	164967.00	0.00
March	51564.00	42179.00	0.00
Total	731917.00	720553.00	-1979.00

Note: Details of Payment are not verified by us due to non availability of Payment details with supporting documents.

For Mishra & Mishra
Chartered Accountants
Firm Regn. No.312113 E

A.k. Mishra



CA Ashwini Kumar Mishra
Proprietor- Membership .No.- 050632
Place: Kolkata
Date: 26th August, 2017