

Executive Summary

1. Introduction

- **Uttarpara-Kotrung Municipality** was founded on 3rd June 1852. The Municipality is served by the Grand Trunk Road. Uttarpara railway station functions under Eastern railway of the Indian Railway. Nearest airport is Netaji Subhash Chandra Bose International Airport. Howrah station is the railway link to the rest of the India from this Municipality.
- Boundary of the the Municipality is marked by the river Ganges on the east, Raghunathpur PS on the west, Konnanagar Municipality on the North and Ballykhal on the south. There are 24 wards spread over an area of 11.71 sq kms.
- The Municipality is headed by the Chairman. Present chairman of the Municipality is Sri Dilip Yadav. Chairman is assisted by the elected Board of Councillors in carrying out the day to day affairs of the Municipality.

- **Period covered under current internal audit:**

1st April 2015 to 31st March 2016

- **Sanctioned strength and working strength – Manpower.**

During the Financial year 2015-16, the Municipality had a manpower strength of 201 officers and staffs against a sanctioned strength of 396.

- **Revenue of the municipality**

Revenue from own source on accrual basis including bank interest is Rs 9,31,36,645.00 as per accounts, which is 47.04 % of the total revenue including revenue Grants of Rs 19,79,63,549.00.

Own Source::The Municipality earned own source actual tax revenue (including arrear) of Rs 2,65,65,429.00

Fees and user ChargesRs 5,68,53,373.00

Rental income from Municipality properties Rs 21,07,059.00.

Interest from bank deposits Rs 57,69,369.00

Miscellaneous receipts Rs 18,41,416.00

Revenue Grant::Receipts from revenue Grants from different sources amounted to Rs 10,48,26,904.00



Details breakup of budget and actual revenue and expenditure is given in *Annexure A*.

2. Objective and Scope

The West Bengal Municipal Act 1993 (West Bengal Act XXII of 1993) provides for audit of the ULBs and has the power to direct the ULBs to conduct internal audit of the affairs of the ULBs. Under the Rule 10 of the West Bengal Municipal (Internal Audit) Rules 1997 vide notification no: 618/MA/C-10/3S-12/216 dated 10th day of November 2016 directed the ULBs to complete internal audit of any of the three years from 2013-14, 2014-15 and 2015-16. The Municipality appointed an internal auditor to audit the accounts of the Municipality for the year 2014-15 and assist the Municipality to ensure remedy of the defects already submitted by the Examiner of the Local Accounts.

Scope of the internal audit as given in the Municipality's Memo no 170/XII-6 dt 01/03/2017:

1. Internal audit of the accounts as per guidelines for release and utilization of grant recommended 14th Finance Commission.
2. Internal audit of the Financial Statements including Asset Register from Puro Hisab package of Municipal Affairs department, Govt of West Bengal.
3. Internal audit of all Departments of the Municipality to find out the lacuna, if any in the existing procedures and suggest improvement.
4. Assist the Municipality for preparation of Broad sheet reply of all pending audit objection raised by AG which include both transaction audit and accounts audit.
5. Checking the transactions whether they are undertaken on the basis of proper authority and followed all rules and regulation laid down by the government.
6. Checking whether Funds are utilised for the purposes for which they are provided and in accordance with the guidelines provided by the Government.
7. Checking of running bills.



3. Methodology

Methodology adopted for conduct of internal audit:

1. We held discussion with the senior level officers of the Finance Department and other department on the scope of work at the beginning of the audit.
2. A comprehensive audit programme was planned involving interview and observation at the department level,
3. Determining sample size used for checking records and entries, and verification of the transactions involving payment and receipt of funds of the Municipality.
4. Followed by extraction of reports from the system, sampling of the underlying/supporting documents,
5. Discussion with officials of the Municipality on the findings of the audit team. Verifying compliance with the queries of the AG and its reflection in the accounts.
6. Finalisation of the report.

4. Observation and Recommendation

1. Municipality follows AS 12 for accounting of Government Grants. However, it did not follow the provisions of AS 15 regarding Gratuity and other employee benefits.
2. Stock registers at Medical store and Printing & stationery store have not been maintained and updated. P H & Conservancy department is showing 'nil' stock. Evidence of physical verification of stock at different stores have not been observed during 2015-16.
3. Valuation of Inventory as per AS 2 has not been done by the Municipality.
4. Registers for Security deposit, Earnest Money and loans and advances are not maintained by the Municipality.
5. The Municipality may prepare ageing analysis report of the property tax dues, which shall help review of the old demand to arrive at the realistic old demand for collection.
6. A large amount of dues against electricity bills Rs 12,17,13,700.00 on account of water works at Serampore are still remaining unsettled.

-We recommend, introduction of risk based review of the internal controls of the Municipality including activities of the Assessment, collection department and Hospital.

-Timely issue of property tax bills to the ratepayers on regular basis which in turn shall help cash flow of the Municipality.

-Introducing digital mode of payment for the Contractors' bills also.



5. Acknowledgement

We take this opportunity to convey our sincere thanks to the Chairman and his Officers and staffs for extending necessary cooperation and help to us for completing the internal audit assignment within the targeted timeline.

for Abhyuday & Associates
Chartered Accountants

Sloha

Partner



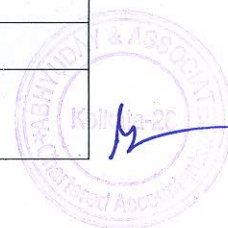
Place: Uttarpara

Date: 28/07/2017



Municipality at a Glance:

Name of the ULB	UTTARPARA KOUTRUNG MUNICIPALITY
Established in	1852, 3 rd June
Sub division	
District	Hoogly
Area	11.71 sq/km
Nearest State highway	Grand Tank Road
Nearest National Highway	Durgapur State Highway
Nearest Airport	Howrah Railway Station Netaji Subhas Chandra Airport
Total Population	159413
Male Population	81457
Female Population	77956
Total Literacy%	90.65%
Male Literacy%	92.63%
Female Literacy%	88.25%
No of Wards	24
No of holdings	42095
No of rate payers	42095
Metalled Roads	85.691 km
Concrete Road	60.254 Km
Brick pavement Road	50.239 Km
Mud Road	24.468 Km
No of college	2 no
No of school	High/Higher secondary-22, primary-40
Hospital	2 no
Rail way station	2
No of Icds	100
Self-Help group	198
Drainage system	Pucca 182.07 km /Under ground 4.91 km
Overhead Water Tank	06 nos
Under ground Resurver	03 nos



Water Treatment Plant	Running -1, Under construction -1
Guest House	01
Marriage hall	01
Market	02
Community hall	01
Ferry ghat	01
Burning Ghat	01



Audit observations by Examiner of Local Accounts:

The activities and the financial statements of the Municipality have been audited (Transaction) by the AG for 2014-15 & 2015-16. The Inspection report has not been received by the Municipality till the date of this report. Queries of Inspection report of 2012-13 & 2013-14, have since been replied by the Municipality.

However, the query (letter no SS-III/A/Uttarpara-Kotrung/12-14/5152 dt 27/02/15) in Para 1 Part IIA in respect of non deposition of Rs 9.23 lakh of property tax, collected in cash, is still pending.

AUDIT OBSERVATION -2015-16

The Municipality consists of the following departments, namely,

1. Accounts and Establishent.
2. Cash Department.
3. General Administration.
4. Public Works and Building Plan Department.
5. Assessment.
6. Collection.
7. Public Health including Hospital.
8. License.
9. Water Works.
10. Stores
11. Electrical.
12. Midday Meal Cell.
13. Birth & Death Registration
14. NSAP cell
15. NULM cell
16. Law Department.
17. IT department

Department wise audit observations are given below:

1 Accounts and Establishment:

Budget

Fund Accounting

Expenditure Accounting

Income accounting

Bank Reconciliation

Payments Cash and cheques/drafts



Salary Disbursement
Maintenance of Service Files
Attendance & Leave Management
Payroll
Pensions & Retirement Benefits

The accounts department is responsible for compilation of budget of the Municipality, Budget for 2015-16 is enclosed for ready reference in *Annexure A*. The ULB follows double entry system under accrual method. The accounts are maintained with the help of an accounting package 'Puro Hisab'. The collection is mainly done through cash, cheque and RTGS/NEFT mode, there is no online payment/receipt system developed yet. Payment of salary is made through bank transfer. Wages are paid in cash.

Annual account of the Municipality has been prepared and passed by the BOC upto 2014-15. Examiner of Local Accounts ie AG has completed transaction audit upto 2015-16 and Annual accounts upto 2013-14.

2. Cash Department

Collection of Daily revenue
Deposit Cash in Bank

The cash and cheques are regularly deposited in the bank. The average time difference between collection by the ULB directly or through agent and deposit in the bank is 24/48 hours.

Office cash is kept in the office chest under the responsibility of Cashier only.

3. General Administration

The department under the OS of the Municipality makes Arrangement of BOC, MCIC and other administrative meetings Issue of Notices, Circulars, MOMs Employee Appointment including project appointment.

Barababu of the Municipality is responsible for arranging BOC, MCIC and special meetings. Municipality held 12 nos of BOC meetings and 06 nos of CIC meetings and no special meeting held during 2015-2016.

4. PWD (Engineering) and Building Plan Department.

Approval of Site Plan
Approval of Building Plan
Construction Work
Maintenance Work

Time taken for final approval of the Building plans by the ULB varies with in 60 days and site plan within 15 days. Municipality maintains Docket register and Despatch register for recording applications and approval of the building plans



respectively. MCIC is the final approving authority for the sanctioned building plans of the Municipality. The Municipality received 388 nos of applications for building plan and 217 nos of application of site plan. It approved 356 building plans and around 217 site plans during 2015-16.as per the registers maintained by the department. Pending files as on 31/03/2016 are 32 nos building plan and 12 nos site plan .

5. Assessment

Demand Bill

New Holding Assessment

Interim Assessment

Mutation

Amalgamation/separation

Issue of Certificates

Corrections & Rectifications

The details of assesses are maintained with the help of a software procured by the Municipality. The mutation process is handled by the Assessment department and final approval is given by the BOC. Issue of Mutation certification is done quarterly from the date of application alongwith mutation fees. The department maintains a manual register in Form 4 as per Municipal Rules.

Valuation of the holdings is done by the West Bengal Valuation Board. Last publication of the valuation by the Board for the Uttarpara Municipality was on 01.04.2012. Municipality has already issued request for general assessment to the West Bengal Valuation Board,

6. Collection

Collection of Property Tax

Collection of Water Tax - nil

Demand and collection Register and Daily collection challan are maintained in Form 12 and Form 13 respectively as per Municipality Rules.

The department is responsible for collection of both arrear and current property tax based on demand initiated by the Assessment department.

Issue of the demand bill for property tax does not follow any process to cover all rate payers hence all rate payers were never covered in 2015-16.

The collection of the property tax is done at the dedicated Municipality counters as well as through agents of the Municipality. Commission of the agents during 2015-16 was 7% and 3% commission paid to the contractual staff engaged for this purpose.Rs 684873.00 was paid towards commission for collection of property tax during 2015-16. Rebate @ 5% given to the rate payers paying tax in time. interest@10% is charged for late payment. Interest on property tax receivable was Rs 11,15,150.00 during 2015-16.



There are 4 person for indoor collection and 9 person for out door collection. Outstanding of property tax as on 31.3.16 is Rs 7,61,07,584.00. Out of this Rs 6,34,50,810.00 is due to arrear demand. The outstanding amount has to be reviewed to project a realizable outstanding position of the Municipality.

Details given in the balance sheet schedule 15.

The collection details are given in the income Schedules II.

1	2	3	4	5
Category of assessee	Current demand of property tax	Arrear demand of property tax	Collection of current demand	Collection of arrear demand
General includes all holdings including govt holdings. (Gross)	2,63,22,834.00	6,77,54,135.00	1,36,66,060.00	43,03,324.00
			Col 4/2	Col 5/3
% of collection			51%	6.35%

7. Public Health including Hospital.

Cleaning of Septic Tanks

Garbage Collection

Maintenance of Drainage & Sewerage

Prevention of Epidemics

Hospital & Dispensary Services

Free Medicines

Maternity & Child Care Services

Monitoring of Health Administrative Units & IPP Centers.

The Municipality maintains a Hospital named Mahamaya Sishu O Matrimangal Kendra. It has 57 beds for indoor treatment. Out of this 26 beds dedicated to maternity, 10 beds for ICCU, 04 HDU 09 SDU. All collections at the Hospital are deposited with the Municipality and accounting of the collection is done online as per accounting policy of the Municipality.

Collections 2015-16: Registration fees, and Indoor charges collected Rs 76,14,794.00.

Expenditure 2015-16: Hospital contingency Rs 8,78,142.00, Hospital Honorarium Rs 54,62,954.00, Hospital expenses Rs 20,646.00, Medical stores Rs 9,77,758.00, Repairs and Maintenance to Hospital Rs 1,05,401.00

8. License

Enlistment of Trade

Issue of Trade License, user charges,,

Renewal of License

Collection of Market Rents & Advertisement Tax.



The licenses, fresh and renewals including cancellation of the same is undertaken by the department for all the enlistments within the geographical jurisdiction of the Municipality.

Collection from various licenses during 2015-16 was Rs 8,54,480.00 and Rs 2,31,935.00 against current and arrear demand respectively and collection of Penalty Rs. 2,74,900.00. Stock of certificates are kept with the departmental head. New licenses issued during 2015-16 -826 nos. Renewal -4435nos. The Municipality issued 84 no Rickshaw/ van licence during the 2015-16.

9. Water Works

New Water Connections

Maintenance of Water Pipes

Maintenance of OH water tanks & Pumps

The Municipality has an elaborate water supply system sourced from deep wells installed by it. It collects levy for supplying and maintaining the supply system. The department has laid 72 km(without makla area) of pipe line till date. It has 367 tube well and 15 abandoned sites, No of pump house 31 and no of street tap is 372. Supply of water per house 155 Litters per /day and supply of water 8houses per day. The department collected connection fees, repairing fees during 2015-16 amounted to Rs.3,36,619.00. The electricity cost of water works within the municipality area was Rs 75,69,292.00. Cost of repairing and maintenance of Water supply was Rs 23,67,900.00. The Municipality has withdrawn service charges on water supply to the households from 1.4.2014.

10. Stores

Maintenance of Municipal Vehicles

Supply of Water Tankers

Allotment of other vehicles

Issue of materials on request

Procurement of new materials

The department maintains its stock records in the manual registers (Form no 62). The Register updated based on Challan cum bill/Tax invoice submitted by the supplier of goods to the Municipality. Physical verification of the stores is not done on regular basis. The Municipality maintains Departmental stores like, Waterworks and Medical under respective department heads. Value of stores as on 31.3.2016 as per accounts Water supply Rs 3,38,378.00 and Medicine store Rs. 1,88,985.00 in the accounts.



11. Electrical

Maintenance of Street Lights and connections.

Maintenance of Water pumps.

Maintenance of electrical appliances in Municipal Property.

The Municipality installed 32 nos of CCTV on Roads, 04 nos at Kheya ghat ,33 nos in office and 32 nos in Mahamaya. Cost of maintaining of street lights & other components was Rs. 8,66,033.00. However quantity of CFL and street lights consumed in 2015-16 were not available from the Municipality records. There is no separate accounting head for recording cost of electricity of street lights.

12. Midday Meal Cell

Monitoring of Mid-Day meal program

The Municipality implemented the midday meal programme for the students upto class V covering 40nos of Primary schools with 4244 students under cooked food programme. Other educational institutes covered under this programme are Upperprimary-22 with 5549 students . The municipality for primary school total allotment Rs. 3354079 and expenditure 3264833, primary cook cum helper for honorium expenses Rs. 1420500 against allotment of Rs. 1441500 2015-16. The municipality for upper primary school total allotment Rs. 7519299 and expenditure 6635547, primary cook cum helper for honorium expenses Rs. 1278000 against allotment of Rs. 1256500 2015-16. The Municipality Management monitoring and evaluation fund (M.M.E.Fund) allotment Rs. 302387 and expenditure Rs. 274370. The Municipality claimed Rs. 88930 for transportation expenses but received rs. 88193.00

1790 quintals of foodgrains were utilised under this programme during 2015-16 against availability of 1790 quintals. Kitchen sheds built during 2015-16 were 27 for primary schools and 17 for the upper primary schools in 2015-16. The Municipality incurred Rs 1,61,23,315.00 during 2015-16. against a grant of Rs 1,72,71,624.00 received during the year. Fund remaining to be utilised is Rs 33,98,291.00

13 Birth & Death Registration – Health Department

Registration of Birth & Death

Issue of Birth Certificate

Issue of Death Certificate

Issue of Cremation Certificate

The department is responsible for recording and issuing of all birth certificates based on records available at the Hospitals, nursing homes, residences and all death certificates based on records of cemeteries within the administrative control of the Municipality. The Municipality levies fees for this service.



The Municipality maintains the records of Birth and death within the jurisdiction of the Municipality in digital format using software. Time taken for issuing Birth and death certificates is usually two days from the date of receipt of information. Municipality issued certificates against Institutional Live births and Domiciliary live births were 2799 and 31 respectively in 2015-16. Certificates pertaining to 1186 Institutional Deaths and 799 Domiciliary Deaths were issued in 2015-16.

14. NSAP Cell

National Social Assistant Programme has three components namely, IGNOAPS, IGNWPS and IGNDPS for the citizens under BPL. The Municipality has 256, 473 and 20 nos of beneficiaries under IGNOAPS, IGNWPS and IGDPDS respectively. The beneficiaries are selected based on applications supported by proper supporting documents received by the Municipality. The eligible beneficiary list as approved by the BOC is forwarded to SUDA as per their format. On approval by SUDA the Municipality releases payment to the beneficiaries at the prevalent rate. In 2015-16 25 nos applications were received and no application was forwarded to SUDA. Rate was Rs 400/-per month for age group under 80 years and Rs 1000/- per month for beneficiaries of 80 years and above. Total disbursement under IGNOAPS in 2015-16 was 18,87,000.00. For the IGNWPS rate was Rs 600/-per month and the disbursement was Rs 34,02,600.00 during 2015-16. For IGNDPS disbursement amount was Rs 1,44,000.00 during 2015-16 at the rate of Rs 600/-per month per beneficiary.

Information of the death of any beneficiary under the programme is informed to the Municipality at the discretion of the family of the beneficiary. In 2015-16-- 04 nos of deaths under IGNWPS and 09 nos of deaths under IGNOAPS were reported to the Municipality. No consistent policy is followed in this regard. Complete records of recovery of excess payment and unrecovered amount are not available in an organized manner at the Municipality level.

15. NULM Cell

Formation of SHG,
Vocational Training
Employment Facilitation to BPL
Facilitation of Bank Loans

The SJSRY programme continued upto 31st March 2014 and Govt of India has replaced the SJSRY programme with National Urban Livelihood Mission (NULM) on 1st April 2014.

The cell organized : Self Help Group formation – 198 nos.

Revolving fund permanently transfer to SHG @ Rs 10000/- : 0 SHGs.



Skill development training: completed 0 beneficiaries. Ongoing beneficiaries. Self Help Group Formation – 38 nos.
 Loan proposal for individual enterprises is ready to be placed in task Force – nos. Proposal approved by task force: cases.
 Total fund received Rs. 18,20,750.00 and payment Rs. 2,71,922.00 during the year 2015-16

16. Law Department

The Municipality engages independent lawyers for attending suits filed against the Municipality and file suits where provision of the Act needs to be defended. There is no register for recording all the cases related to the Municipality in 2015-16.

However, the concerned lawyer informed that 96 nos of cases are pending with Highcourt and 20 cases are pending in the Lower court at Serampore as on 31.3 2016. Rs 3,76,315.00 were incurred by the Municipality as legal fees during 2015-16.

17. IT Department

The IT department is responsible for overall performance of the IT infrastructure and the software running in different departments. There are three types of data bases maintained at the Municipality :

1. Uttarpara ULOB (includes all municipal software)
 2. HMIS_ERP, HMIS_PHARMA and HMIS_REPORTS (used for Hospital).
- IT department assists the Municipality in selection of hardware and software, manage data security and privacy including data integrity and recovery. The disaster recovery plan has not been translated into a working plan yet.

Break up of revenue and expenditure of the Municipality during 2015-16.

Item / Head of Account	2014-15	2015-16
INCOME	Rs	Rs
TAX REVENUE	2,56,89,672	2,65,65,429
RENTAL INCOME FROM MUNICIPAL PROPERTIES	15,57,467	21,07,059
ASSIGNED REVENUE AND COMPENSATION	00	00
FEES AND USER CHARGES	5,45,98,967	5,68,53,373
SALE AND HIRE CHARGES	8,09,351	12,05,816
REVENUE GRANTS, CONTRIBUTIONS AND SUBSIDIES	13,38,30,459	10,48,26,904
INCOME FROM INVESTMENT	47,67,611	45,02,828
INTEREST EARNED	9,12,011	12,66,541



