

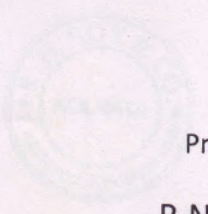


**Internal Audit Report
Of
Tufanganj Municipality
For the F.Y:- 2014-2015 & 2015-2016**

Sub: Internal Audit Report for the year 2014-15 & 2015-16

I have examined the Internal Audit of your municipality for the financial year 2014-2015 and 2015-2016 in accordance with our engagement letter.
I would like to record my heartfelt thanks to all the departments of your municipality for their cooperation in rendering the audit.
The accounts are in accordance with the best possible professional standards under the given circumstances and are reliable for the purpose of auditing and reporting of the accounts. The significant internal control deficiencies and recommendations are outlined here-with for your kind perusal.

[Signature]
MR. SURUDORI SHAKH
Partner
Member No. 201177
R.N. Roy & Co.
Chartered Accountants
17/10/2016



Prepared by:
R.N.ROY &CO
B/1 Bapuji Nagar
Saptarshi Apartment
Gr Floor.Kolkata-700092



R. N. Roy & Co.

Chartered Accountants

C/o Md.Saifuddin Shah
Saptarshi Apartment, Ground floor,
B/1, Babuji Nagar, Kolkata - 700092
Tel.:033-24145213 Mobile :9831211959
email:casshah2002@gmail.com

To
The Chairman,
Tufanganj Municipality,
Near SDO Office,
P.O. – Tufanganj,
District – Cooch Behar,
Pin - 736159,

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Sub : Internal Audit Report for the year 2014-15 & 2015-16

Dear Sir,

We have carried out the Internal Audit of your municipality for the financial year 2014-2015 and 2015-16 in terms our engagement letter.

We put on record our heartfelt thanks to all the departments of your municipality for cooperation in conducting this audit.

We assure you of the best possible professional standards under the given circumstances and available information in auditing and reporting of the municipality accounts. The complete Internal Audit Report and the Audit recommendations are enclosed herewith for your kind perusal.

Thanking you,

Yours truly,

MD SAIFUDDIN SHAH
Proprietor
Membership No.061377
Place: Kolkata
Date: 11.09.2017



Chairman
Tufanganj Municipality

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Chairman
Tufanganj Municipality

1. Scope of Audit

One of the milestones is Augmenting Double Entry Accounting System which includes appointment of Internal Auditor by the ULB. Accordingly, the State Mission Directorate and the Municipal Affairs Department, Government of West Bengal has issued a notification for implementation of the same. Our engagement is governed by the directives mentioned above. In absence of any specific scope of audit being mentioned in our engagement order, we have applied normal audit procedures as may be applicable to the ULB and given attention to the broad requirement, i.e. application of double entry accounting system by Tufanganj Municipality.

2. Audit Methodology

We have conducted the audit of the Municipality in accordance with the guidelines of the Municipal Affairs (W.B.). An audit includes examining on test basis, evidence supporting the amounts, review of Internal Controls and disclosures in the financial statement and also includes assessing the accounting principles used and significant estimates made the management, as well as evaluating the overall financial statement presentation. Following steps were adopted while performing the audit.

- Discuss with relevant personnel and develop an understanding of the processes and procedures established by the Municipality to achieve compliance with provisions of different Acts & Rules and Regulations;
- Document and evaluate whether the associated systems and procedures are appropriately designed to achieve the Municipality's objectives for the system. This includes comparisons of controls in place against those that we would expect to find;
- Determine whether the internal control system is effective and efficient through testing, where appropriate, that the controls are operating in practice, and if not establish the likely impact of the weakness in control.




Chairman
Tufanganj Municipality

3. General Organisational Information

- A) Complete name of the ULB : TUFANGANJ MUNICIPALITY
Complete Address of the ULB : Tufanganj Municipality,
Near SDO Office,
P.O. – Tufanganj,
District – Cooch Behar,
Pin – 736159
- B) No. of Wards of the ULB : 12
- C) Date of Establishment : 1983 Under Bengal Municipality Act.
- D) Population : 20,999 as per 2011 Census.
- E) Audit Period : Financial Year 2014-15 & 2015-16

The incumbency in the key administrative and executive areas of the Municipality was under:

Chairman	Sri Ananta Kumar Barma	May 2015 to 31/03/2016
Vice Chairman	Smt. Nanda Dey	May 2015 to 31/03/2016
Executive Officer	Sri Swapan Kumar Maitra	01/04/2014 to 31/03/2016

4. Comparison of Income on 2014-15 & 2015-16

A.

Sl. No.	Property Tax	2014-15	2015-16
1	Tax on residential property (Arrear)	8,34,824.00	8,21,020.00
2	Property Tax Receivable on Residential (Current)	14,27,380.00	16,22,965.00
	Total	22,62,204.00	24,43,985.00




Chairman
Tufanganj Municipality

b

Sl. No.	Non-Tax Revenue (levied and collected by Municipal Body) Fees & Fines	2014-15	2015-16
1	Trade License (including Arrear)	2,87,430.00	3,33,445.00
2	Mutation Fees	46,555.00	57,448.00
3	Building Sanction Fees	3,44,605.00	2,82,940.00
4	Hoarding Charge	34,520.00	60,490.00
5	Tolls and Parking Fees	7,88,425.00	9,18,145.00
6	Birth and Death Certificate Fees	7,395.00	7,986.00
	Total	15,08,930.00	16,60,454.00

c

Sl. No.	Non-Tax Revenue (levied and collected by Municipal Body) Users Charges	2014-15	2015-16
1	House Rent	2,53,010.00	4,16,905.00
2	Market Rent	70,800.00	1,24,210.00
3	Auditorium Rent	4,400.00	9,600.00
4	Temporary Shed Rent	24,930.00	39,451.00
5	Marriage Hall Rent	8,44,650.00	9,96,200.00
6	Roller Hire Charge	8,400.00	42,124.00
7	Other Hire Charge	2,670.00	7,907.00
8	Ambulance Hire Charges	1,75,034.00	86,129.00
	Total	13,83,984.00	17,22,526.00




 Chairman
 Tufanganj Municipality

d

Sl. No.	Other Non-Tax Revenue (levied and collected by Municipal Body)	2014-15	2015-16
1	Sale of Tender Form	95,350.00	1,17,350.00
2	Interest on Rates & Taxes	74,265.00	97,113.00
	Total	1,69,615.00	2,14,467.00

e.

Sl. No.	Other Revenue Income	2014-15	2015-16
1	Salami from Market	21,55,000.00	4,85,000.00
	Total	21,55,000.00	4,85,000.00

f.

Sl. No.	State Assigned Revenue	2014-15	2015-16
1	Entertainment Tax	6,95,000.00	7,20,000.00
2	Motor Vehicle Tax	-	3,71,849.00
3	Trade Tax	1,08,485.00	-
4	Others	4,30,000.00	-
	Total	8,46,485.00	10,91,849.00




 Chairman
 Tufanganj Municipality

g.

Sl. No.	State Finance Commission Grants	2014-15	2015-16
1	SFC	10,38,000.00	37,86,500.00
	Total	10,38,000.00	37,86,500.00

h.

Sl. No.	Other State Government Transfers	2014-15	2015-16
1	Salary / DA/ Others	1,44,35,488.00	1,53,80,437.00
2	Pension Relief	4,32,172.00	4,00,315.00
3	Others Grants	13,41,064.00	26,05,837.00
4	PHE Water Supply	30,38,000.00	9,08,000.00
5	SSP	8,37,000.00	10,53,000.00
6	Latrine Survey	-	25,704.00
7	NS AP	71,16,812.00	73,97,099.00
	Total	2,41,62,536.00	2,77,70,392.00

i.

Sl. No.	Central Finance Commission (CFC) Grant	2014-15	2015-16
1	14 th Finance Commission	-	31,09,000.00
	Total	-	31,09,000.00




 Chairman
 Tufanganj Municipality

j.

Sl. No.	Other Central Government Transfers	2014-15	2015-16
1	MPLADS Fund	9,90,000.00	-
2	Miscellaneous Grant	-	7,17,939.00
	Total	9,90,000.00	7,17,939.00

k.

Sl. No.	State Capital Account Grant	2014-15	2015-16
1	BMS	41,51,710.00	1,75,53,000.00
2	Dev. Grant	-	1,13,45,000.00
3	SINKING tube well Grant	13,00,000.00	5,00,000.00
4	WBUPE	32,02,075.00	15,88,000.00
5	Housing for Urban Poor	27,48,000.00	54,96,000.00
6	ILCS	3,000.00	9,000.00
	Total	11404785.00	36491000.00

L.,

Sl. No.	Central Capital Account Grant	2014-15	2015-16
1	PMAY House for All	-	2,65,30,000.00
2	SJSRY	32,40,072.00	-
	Total	32,40,072.00	15,27,99,052.00




Chairman
Tufanganj Municipality

5.. Comparison of Expenses on 2014-15 & 2015-16

Sl. No.	Details	2014-15	2015-16
1	Administrative Expenses, Establishment and Salaries	1,75,45,015.00	2,05,58,272.00
2	Operation and Maintenance (O & M)	13,95,700.00	24,36,964.00
3	Loan Repayment (Interest Payments)	0.00	0.00
4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)		1,77,569.00
5	All developmental works under Central/State specific schemes	24,55,768.00	49,87,581.00
6	Loan Repayments	130017.00	0.00
7	Other Capital Expenditure	2,55,60,494.00	2,86,17,929.00
	Total	4,70,86,994.00	5,67,78,315.00

6.. General Provident Fund as on 31.03.2016 (as furnished by the Municipality)

(A) Balance as per abstract of Ledger :

Year	Opening Balance (Rs.)	Subscription & Recoveries (Rs.)	Interest (Rs.)	Total (Rs.)	Advance / Withdrawal (Rs.)	Closing Balance (Rs.)
2015-16	71,63,170.00	5,85,276.00	-	77,48,446.00	0.00	77,48,446.00




Chairman
Tufanganj Municipality

7. Less collection of Building plan Sanction fee:

As per rule 24 of the WB Municipal (Building) Rules, 2007, the Board of Councilors shall levy a fee for sanction of building plan at such rates, specified as following on the basis of the sanctioned total covered area in all floors: However, maximum fee not exceeding 5 times the minimum specified fees payable determined by the Board of Councilors at a meeting (i) for buildings work up to 30 sq. mt. of total covered area in all floors .Rs.250.0 (ir) for every additional 10 sq.mt.of covered area or part thereof beyond the frst 30 sq. mt.....Rs.50.00. It was also revealed that the above rate had been revised as per BOC resolution dated 23.11.2012. As per the revised rate, for first 30 sq. meters of building works, the fee charged by municipality was Rs.500.00 and even after revision, for next slab of additional 10 sq. meters instead of Rs.75 as per rule, the amount chargeable was Rs.7.50 per sq. meters. A sample check of 166 nos. of Residential Building plans above 140 sq.mt. area sanctioned during May 2011 to March 2014 had been conducted during audit and it was revealed that the Municipality sustained a loss of Rs. 127344.00 (Annexure - C) for nonreflecting the said rule provisions. The amount of loss would be more if all the buildings plans irrespective of residential and commercial / industrial had been covered. In addition to above, from the previous Inspection Report for the year 2009-11, it was revealed that the municipality sustained a loss of Rs.1,48,040.00 for non-effecting the above rule provision.




Chairman
Tufanganj Municipality

8. Non-collection of labor cess. As per G.O. No. 639(126)ININOIC-4128-2106 dated 24tr December 2007 issued by Department of Municipal Affairs, Government of West Bengal, every Local Bodr. along with the application for sanction of building plans should collect cess @ 1 % of the cost of construction (if the total cost of such construction is more than rupees ten lakh) and deposit the same to the respective Govt. account.




Chairman
Tufanganj Municipality

Internal Audit Report
Of
Tufanganj Municipality
for the Financial Year 2016-17

Prepared by :
R.N. ROY & CO.
B/1 Bapuji Nagar
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R. N. Roy & Co.

Chartered Accountants

C/o Md. Saifuddin Shah
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Tel.: 033-24145213 Mobile : 9831211959
email: casshah2002@gmail.com

To
The Hon'ble Chairman,
Tufanganj Municipality,
Near SDO Office,
P.O.-Tufanganj,
District – Cooch Behar,
Pin – 736159,

Sub: Internal Audit Report for the Financial Year 2016-17

Dear Sir,

We have carried out the Internal Audit of your municipality for the financial year 2016-17.

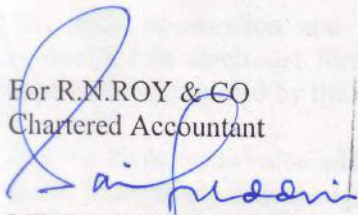
We put on record our heartfelt thanks to all the departments of your municipality for cooperation in conducting this audit.

We assure you of the best possible professional standards under the given circumstances and available information in auditing and reporting of the municipality accounts. The complete Internal Audit Report and the Audit recommendations are enclosed herewith for your kind perusal.

Thanking you,

Yours truly,

For R.N.ROY & CO
Chartered Accountant


MD SAIFUDDIN SHAH
Proprietor
Place: Kolkata
Date: 25.09.2018




Chairman
Tufanganj Municipality

INTERNAL AUDIT REPORT OF MUNICIPAL ACCOUNTS OF
TUFANGANJ MUNICIPALITY FOR THE FINANCIAL YEAR 2016-17
RELATED TO AUGMENTING OF DOUBLE ENTRY SYSTEM

1. Scope of Audit

One of the milestones is Augmenting Double Entry Accounting System which includes appointment of Internal Auditor by the ULB. Accordingly, the State Mission Directorate and the Municipal Affairs Department, Government of West Bengal has issued a notification for implementation of the same. Our engagement is governed by the directives mentioned above. In absence of any specific scope of audit being mentioned in our engagement order, we have applied normal audit procedures as may be applicable to the ULB and given attention to the broad requirement, i.e. application of double entry accounting system by Tufanganj Municipality.

2. Audit Methodology

We have followed the Generally Accepted Accounting Principles as applicable for benchmarking and followed the applicable Auditing Standards while conducting the audit.

We have visited the functional departments and assessed the linkages of departmental activities to accounting and possible financial impacts thereof.

We have studied the accounting system from both ends of the transactions, i.e. Input-output and also applied analytical tools to the Annual Financial Statements for a limited review.

The audit observation and findings are based on the books of accounts, registers, documents maintained in electronic form or manual records as presented before us and the information and explanations provided by the municipality.

We also have made value added recommendations to the concerned departments during our course of audit. Some of the salient suggestions have been included in the report as well.




Chairman
Tufanganj Municipality

3. General Organizational Information

- A) Complete name of the ULB : TUFANGANJ MUNICIPALITY
B) Complete Address of the ULB : P.O. – Tufanganj, District – Cooch Behar,
Pin –736159,
C) No. of Wards of the ULB : 12
D) Date of Establishment : 1983 under Bengal Municipality Act.
E) Population : 20,999as per 2011 Census.
F) Audit Period : Financial Year 2016-17

The incumbency in the key Administrative and executive areas of the **Tufanganj Municipality** during **2016-17** was as under :

Post Held	Name	Period
Chairman	Sri Ananta Kumar Barma	01.04.2016 to 31.03.2017
Vice-Chairman	Smt. Nanda Dey	01.04.2016 to 31.03.2017
Executive Officer	Charu Chandra Barman	01.04.2016 to 31.03.2017




Chairman
Tufanganj Municipality

4. As Is System

Tufanganj Municipality uses an accounting software namely **PUROHISAB**, prepared by Change Management Unit, Govt. of West Bengal. The software follows double entry accounting system. The salient features are:

- Significant Accounting policies followed by Tufanganj Municipality :
 - (a) **Fixed Assets:** Fixed Assets have been valued at historical Costing basis, as and when records were available. All fixed assets are carried at cost less accumulated depreciation. All assets which have fully depreciated shall carry a book value of at least Re.1/- Assets created out of grant fund are accounted as per AS-12 of Institute Chartered Accountants of India.
 - (b) **Depreciation** has been provided on straight line basis by the useful life time as prescribed in the State Accounting Manual.
 - (c) **Capital-Works-in-Progress:** As stated in the State Accounting Manual, Assets under erection/installation on existing projects and capital expenditures on new projects (including advances for capital works and stores) have been shown under the caption "Capital Works in Progress".
 - (d) **Investments:** Investment has been recognized at cost. Interest on investments have been recognized as and when due.
 - (e) **Stock:** The stock lying at the yearend has been valued at cost in accordance with the First-in-First-out (FIFO) method.
 - (f) **Basis of Accounting:** Revenue income like Property Tax, Water Fees, Market Rent and other rental incomes from Municipal property have been accounted for on accrual basis. All other revenue incomes are accounted for on the cash basis as per State Manual/
 - (g) **Grants:** Revenue grants have been recognized as incomes on actual basis. Capital Grant are treated as Liabilities till such time that the fixed assets have been constructed or acquired. For grant accounting AS-12 of Institute of Chartered Accountants of India has been followed.




Chairman
Tufanganj Municipality

12. Current Year Income (Revenue & Capital)

During course of our Audit we have verified the total Income (both revenue & capital) of the ULB for the Year 2016-17. The details of the same are summarized as follows (Amounts to be provided in Rupees Lakh) :

SL NO	HEAD OF INCOME	AMOUNT(In Lacs.)	Remarks
A	Revenue Receipts (1+2+3)		
1	Own source revenue(x+y)		
x	Tax Revenue		
i)	Property tax	25.89	
ii)	Other tax (levied and collected by municipal body)	00.00	
y	Non Tax Revenue		
i)	Fees & fines	21.45	
ii)	User Charges	21.75	
iii)	Other non-tax revenue (levied and collected by municipal body)	1.58	
	Total Own Source Revenue (x+y)	70.67	
2	Other Revenue Receipts		
i)	Income from interest/investments		
ii)	Other Revenue income	8.78	
	Total of Other Revenue Receipts	8.78	
3	Transfer Grant & Assigned Revenue		
i)	State Assigned Revenue	16.28	
ii)	State Finance Commission (SFC) Grants/Devolution	36.52	
iii)	Octroi compensation		
iv)	Other State Government Transfers	465.03	
v)	Central Finance Commission (CFC) Grant	97.95	
vi)	Other Central Government Transfers	00.00	
vii)	Others		
	Total Transfer Grant & Assigned Revenue	615.78	
B	Capital Receipts		
	Sale of Municipal Fixed Assets (If any)		
	Loans (from State Govt. or Banks etc.)		
	State Capital Account Grant (under State Schemes etc.)	877.34	
	Central Capital Account Grant (under Central Schemes etc.)	822.39	
	Other Capital Receipts		
	Total of Capital Receipts	1699.73	
	Total Receipts of the ULB for the year 2016-17 (A+B)	2394.96	




Chairman
Tufanganj Municipality

Current year Expenditure (Revenue & Capital)

During course of our Audit we have also verified the total Expenditure (both revenue & capital) of the ULB for the year 2016-17. The details of the same are summarized as follows:

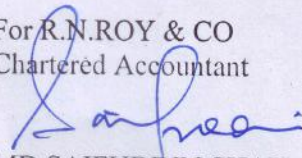
SL NO	HEAD OF INCOME	AMOUNT(In Lacs)
	Revenue Expenditure (A)	
i)	Establishment Expenditure	336.26
ii)	Operation and Maintenance	21.18
iii)	Interest on Loan paid during the year	
iv)	Any other revenue expenditure not covered under i), ii) & iii)	16.19
	Total revenue expenditure	373.63
	Capital Expenditure (B)	
i)	All developmental works under Central/State specific schemes	433.27
ii)	Loan Repayments (Principal Amount)	
iii)	Other Capital expenditure	814.50
	Total Capital Expenditure	1247.77
	Total Expenditure [A+B]	1621.40

We further report that ever since "Purohisab" accounting package came in to being and its admission in to municipal usage, it has given occasion at times to do away with the erstwhile most important "Grant Appropriation Register" which still is vital to ascertain balances of Govt. Grants under various schemes along with their utilization etc. and which still affords ways and means to keep another check on the "Purohisab" package account balances.


Scheme wise revenue expenditure and capital expenditure incurred have to be matched with Scheme wise revenue earned and capital grants received by the municipality while entries are being made in to the "Purohisab package" so as to provide an effective basis to understand the true performance of municipality operations.

Keeping in mind our findings as aforesaid, we, laid more stress on verifying and ensuring that all transactions have been accounted for and that no major anomaly or outstanding amounts exists in the Bank Reconciliation Statements of all the Banks and Treasury Accounts being operated by the municipality ensuring that the closing balances of such Bank accounts are correctly and accurately arrived at and recorded in the books.

For R.N.ROY & CO
Chartered Accountant


MD SAIFUDDIN SHAH
Proprietor
Place: Kolkata
Date: 25.09.2018




Chairman
Tufanganj Municipality