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INDIAN AUDIT AND ACCOUNTS DEPARTMENT

O/o PRINCIPAL ACCOUNTANT GENERAL

(GENERAL & SOCIAL SECTOR AUDIT), W.B.

LOCAL AUDIT DEPARTMENT

No. SS-III/ A/cs Bansberia M (07-08)/15-16/

Dated: .11.2015

3361(TB)

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To
The Chairman,
Bansberia Municipality,
Rudra Main Road
PO- Bansberia,
Dist- Hooghly, Pin-712502

Sub: **Audit Report on Annual Financial Statement(AFS) for the year 2007-08**

Sir,

I am forwarding the Audit Reports and detailed comments on the AFS for the year 2007-08 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

13/11/15
Examiner of Local Accounts
West Bengal

8, Kiran Sankar Roy Road, G.I. Press Building 2nd Floor, Kolkata-700001

**AUDIT REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF
BANSBERIA MUNICIPALITY FOR THE YEAR ENDED 31ST MARCH, 2008.**

We have audited the Balance Sheet of the Bansberia Municipality as at 31st March, 2008 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 Bansberia 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 not 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 not been maintained by the Bansberia 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. Liabilities

A.1.1 Earmarked Funds (Schedule No. B – 2): ₹ 147.85 lakh

Provident Fund: ₹ 137.64 lakh

Above did not include ₹ 1117344.00 being the interest accrued on General Provident Fund lying with Treasury as on 31.03.2008.

Non-accounting of the above resulted in understatement of ‘Provident Fund (Earmarked Funds)’ with the corresponding understatement of receivable to the extent of ₹ 11.17 lakh

Necessary steps may be taken to create a new Account head to account for interest receivable on ‘Investments-Other Fund (Schedule No B-13)’ so that the interest accrued on General Provident Fund balance but not received during the year may be accounted for under this head.

In reply, the Municipality stated that the matter was noted for future guidance.

B INCOME AND EXPENDITURE ACCOUNTS

B.1 Expenditure

B.1.1 Establishment Expenses (Schedule No I-10): ₹ 368.78 lakh

a. Above did not include ₹ 742386.60 (6% of the basic salary of ₹12373110.00) being the pension contribution of the Municipality for ‘Pension Fund’ of the employees. The matching Pension Fund amount should be kept separately under ‘Investment’. All basic pension payment should be made through ‘Pension Fund’.

Non-accounting of the pension contribution resulted in understatement of expenditure and there by overstatement of Surplus with the corresponding understatement of ‘Pension Fund (Earmarked Funds)’ to the extent of ₹7.42 lakh and overstatement of Cash and Bank balance with the corresponding understatement of Investment by the same amount.

