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RECEIVING SECTION
Baidyabati Municipality

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with Date
16/02/13

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INDIAN AUDIT AND ACCOUNTS DEPARTMENT
O/o PRINCIPAL ACCOUNTANT GENERAL
(GENERAL & SOCIAL SECTOR AUDIT), W.B.
LOCAL AUDIT DEPARTMENT

SS-III/A/cs Baidyabati M(2007-08)/12-13/10558
Dated 08.02.2013

To
The Chairman,
Baidyabati Municipality
P.O - Sheoraphuli
Dist - Hooghly
PIN - 712223

Subject: Audit Report on Annual Financial Statements for the year 2006-07 & 2007-08

Sir,

I am forwarding the Audit Reports and detailed comments on the AFS for the year 2006-07 & 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

Examiners of Local Accounts
West Bengal

Enclosures: As stated above

AUDIT REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF BAIDYABATI MUNICIPALITY FOR THE YEAR ENDED 31st MARCH, 2007

We have audited the Balance Sheet of the Baidyabati Municipality as at 31 March, 2007 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. The Balance Sheet has been drawn up based on the opening balance as on 01-04-2006 approved and adopted by the Board of Councilors (BOC) of the Baidyabati Municipality. As the Opening Balance Sheet has not been audited by us, we do not express any opinion thereon. Preparation of these financial statements is the responsibility of the Baidyabati 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 Baidyabati 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 Current Liabilities & Provision
A.1.1.1 Deposit Received (Sch B7) ₹ 24.34 lakh

Above included ₹(-)8,244/- being Earnest Money Deposit (Code 3401001) which arrived at as under.

Opening balance as on 01.04.06	-	₹	0.00
Deposit received during the year 06-07	-	₹	3207.00
Refunded during the year 06-07	-	₹	11451.00
Closing balance as on 31.03.07	-	₹(-)	8,244.00

The Earnest Money of ₹ 11451.00 was received prior to the year 2006-07 but no liability was shown as on 01.04.06. However, the earnest money was refunded during the year by debiting the head 'Earnest Deposit'.

This resulted in understatement of 'Deposit Received' with the corresponding understatement of 'Capital Deficit (Miscellaneous expenditure to be written off)' by ₹ 0.11 lakh.

A.1.1.2 Other liabilities (Sundry Creditors) (Sch B 9) ₹ 2466.97 lakh

a) Above included negative balance of ₹(-) 4,29,763/- under the head 'Gross salary payable' (Code 3501101)

i) Gross salary of ₹ 3,33,714/- for the month of December'2006 payable to unsanctioned staff was wrongly credited to the head 'Unpaid salary payable (code 3501103) instead of the head 'Gross salary payable'. This resulted in understatement of 'Gross salary payable' with corresponding overstatement of 'Unpaid salary payable' to the extent of ₹3.34 lakh.

ii) The impact on the Balance Sheet regarding remaining negative entries of ₹(-) 96,049/- could not be ascertained due to insufficient narration in the Journal Vouchers and non-furnishing of necessary supporting documents.

The Municipal authority stated that necessary rectification would be made in the Accounts of 2008-09 after thorough review.

