

CHAPTER II

ACCOUNTING PROCEDURES AND FINANCIAL MANAGEMENT

An Urban Local Body (ULB) is required to present the budget estimate before the Board of Councillors (BOC) for adoption after discussion. Within six months of the close of a year, a financial statement consisting of the Balance Sheet, Income and Expenditure Account, Receipts and Payments Account and Fund Flow Statement has to be prepared in the form and manner prescribed and presented before the Board of Councillors. The succeeding paragraphs bring out the deficiencies in the system of accounting noticed during audit of 54 ULBs.

2.1 Budget Provision

Rule 27 of the West Bengal Municipal (Finance and Accounting) Rules, 1999, states that the departmental heads of a Municipality, under the direction of the Member-in-Charge in the Chairman-in-Council, shall prepare their estimated receipts and expenditure of the following year in consultation with the Borough Committees or the Ward Committees, as the case may be, and report the same to the Chairman. The Accounts Department shall, in consideration of the departmental requirements and having regard to the probable financial resources, prepare the Draft Annual Budget Estimate for the following year which shall be finalized by the Chairman with the help of the officers.

According to Section 82 of the West Bengal Municipal Act, 1993, no deficit shall be shown in the budget estimate so prepared.

After necessary consideration by the Chairman-in-Council, the said draft Annual Budget Estimate shall be placed before the Board of Councillors at a meeting specially convened for the purpose as provided under the law.

2.1.1 Budgeting

In 23 ULBs, there were persistent savings in the budget provisions over the last three years, indicating unrealistic estimates and absence of definite work plans. The budget estimate and the expenditure of these ULBs for the years 2007–08, 2008–09 and 2009–10 are given in the following table, while the unit-wise position is detailed in **Appendices 2A, 2B and 2C**.

Year		Budget estimate	Actual expenditure	Savings (-) Excess (+)	Percentage of variation
		(₹ in crore)			
2007 – 08	Revenue	180.74	143.27	(-) 37.47	(-) 21
	Capital	275.07	134.10	(-) 140.97	(-) 51
2008 – 09	Revenue	201.91	162.90	(-) 39.01	(-) 19
	Capital	400.65	218.20	(-) 182.45	(-) 46

Year		Budget estimate	Actual expenditure	Savings (-) Excess (+)	Percentage of variation
		(₹ in crore)			
2009 – 10	Revenue	258.75	209.42	(-) 49.33	(-) 19
	Capital	555.55	259.23	(-) 296.32	(-) 53

It would be seen from the above table that there were substantial savings in the both the revenue (19 to 21 *per cent*) and the capital (46 to 53 *per cent*) heads during 2007 – 10.

Ghatal, Haldibari, Hooghly-Chinsurah, North Dum Dum, Panihati & Santipur municipalities stated that the variations between provisions and expenditure were due to shortfall in revenue collection and delay in receipt of grant from Government. Other ULBs did not furnish any reason for such variation.

As per Section 69 (2) of the West Bengal Municipal Act, 1993, no payment of any sum shall normally be made out of Municipal Fund unless such expenditure is covered by a current budget grant and a sufficient balance of such budget grant is available for the purpose.

It was seen that five ULBs had incurred excess revenue expenditure of ₹ 19.39 crore and six ULBs had incurred excess capital expenditure of ₹ 17.44 crore *vis-à-vis* the budget provisions during 2007-10 as shown in **Appendices 3A & 3B**.

The above expenditure violates the provision of Section 69 (3), *ibid*, which stipulates that whenever any sum is paid for the purposes not covered by the budget grant, the matter shall forthwith be communicated to the Chairman-in-Council who shall take such action under the provisions of the Act, as may appear to it to be feasible and expedient for covering the amount of such payments. However, no action has been taken by any ULB to regularize the expenditure by obtaining sanction of the respective Board of Councillors for the excess of expenditure over the grant.

2.2 Preparation of Annual Accounts

Out of 419 total Annual Accounts⁵ of 126 ULBs pertaining to the year upto 2009-10, 38 ULBs submitted 50 Annual Accounts⁶ till 15 December 2010.

2.3 Observations on Accounting Software

To expedite the switch over to double entry accounting system, the Government of West Bengal had developed the accounting software, PUROHISAB and distributed it to all the ULBs, except Kolkata Municipal Corporation. Test check showed that:

- The software has no locking arrangement. Any voucher can be inserted at a later date even after closing of a particular accounting year. Therefore, integrity of accounting figures is compromised.

⁵ 41 for 2006-07, 126 for 2007-08, 126 for 2008-09 and 126 for 2009-10.

⁶ Twenty-four ULBs submitted Annual Accounts for the year 2006 – 07, twenty-three ULBs for 2007–08 and three ULBs for 2008–09.

- Code wise searching for any transaction is not possible in the software.
- The users have no fire proof back up of financial data.

2.3.1 Annual Accounts of Municipalities

Fifteen Audit Reports on Annual Accounts in respect of 15 ULBs⁷ were issued during 18 December 2009 to 23 December 2010. The major audit observations common to these Annual Accounts are as follows:

1. Property Tax receivable which remained un-recovered for more than five years was not segregated and no provision was made in the accounts.
2. In 6 ULBs⁸, 2335 Journal Vouchers were passed and incorporated in Annual Accounts without any authorization of the Competent Authority and were not supported with primary papers / documents.
3. No physical verification of cash as well as stock of stores was done.
4. Figures generated by the functional departments did not tally with the finance department's figures.

2.3.2 Annual Accounts of Municipal Corporations

The Kolkata Municipal Corporation (KMC) had submitted its accounts for the year ending 31 March 2009 on 26 November 2009. There was understatement of liability of ₹ 7.85 crore, net overstatement of assets of ₹ 115.30 crore. Consequently, the Municipal Fund and Surplus of Income over Expenditure for the years were overstated to the extent of ₹ 123.15 crore.

Howrah Municipal Corporation (HMC) had submitted its accounts for the year ending 31 March 2007 on 26 November 2009. Due to non availability of primary records/registers viz. bank statement, bank reconciliation statement of 72 bank accounts, demand and collection records, advance ledgers and asset register, audit could not check the authenticity as well as correctness of figures exhibited in the accounts. The revenue deficit of ₹ 17.11 crore as on 31 March 2007 has increased to revenue deficit of ₹ 34.89 crore entailing overstatement of Municipal Fund by ₹ 17.78 crore.

The Municipal Corporations, namely, Chandernagore (since 2006-07) and other three municipal corporations viz. Asansol, Durgapur and Siliguri (since 2007-08) had not submitted the Annual Accounts till December 2010.

⁷ Bally (2007-08), Bidhannagar (2006-07), Burdwan (2007-08), Chakdaha (2007-08), Champdani (2006-07), Kalna (2007-08), Madhyamgram (2007-08), Mathabhanga (2007-08), North Dum Dum (2006-07), Pujali (2006-07), Rajarhat-Gopalpur (2006-07), Ramjibanpur (2007-08), Rishra (2006-07), Taki (2007-08) and Tarakeswar (2007-08).

⁸ Madhyamgram (357), Champdani (85), Mathabhanga (147), Rajarhat-Gopalpur (305), Kalna (1116) and Ramjibanpur (325).

2.4 Diversion of funds

Eight ULBs diverted grants amounting to ₹ 5.34 crore sanctioned for specific purposes, as shown below :

Sl. No.	Name of the ULB	Period	Purpose of the grant	Expended for	Amount (₹ in lakh)
1.	Alipurduar	2008-09	Bitumen procured for works under 11 th Finance Commission in September 2007	Entire quantity was transferred for execution of works under Backward Region Grant Fund in September 2008.	0.39
2.	Bongaon	2008-10	Bidhayak Elaka Unnayan Prkalpa, Swarna Jayanti Rozgar Yojana, Mid-Day Meal, etc.	Wages of Contract Labourers and Salary, Bonus, Pension, Gratuity, etc. of municipal staff & Integrated Housing and Slum Development Programme.	89.03
3.	Coochbehar	2007-09	Integrated Housing and Slum Development Programme and 11 th Finance Commission	Staff Salary, Bonus, LIC Premium, Wages & Pension.	140.00
4.	Dhupguri	2007-08	Basic Minimum Services like safe drinking water, connectivity to all inhabitants, housing assistance to poor.	Purchase of land for construction of a Bus Terminus under Integrated Development of Small and Medium Towns.	17.00
5.	Garulia	2007-09	Mid-Day Meal	Salary & Wages, Payment to Contractor for works and Electricity Bill.	39.18
			National Old Age Pension Scheme	Salary, Bonus, Electricity Bill and Advance to contractor.	20.60
			State Finance Commission	Electricity Bill.	12.00
			Employment Generation Scheme	Salary & Wages.	18.00
6.	Jalpaiguri	NA	Mid-Day Meal	Pay and Allowance of regular staff, Pensionary Benefit of retired employee.	105.78
7.	Krishnanagar	2008-09	12 th Finance Commission	Urgent expenditure of ensuing election during 2008-09.	20.00
8.	Jiaganj-Azimganj	2007-09	Integrated Housing and Slum Development Programme, Integrated Development of	Wages of Casual Labour, Bonus, Salary, Pension, Gratuity, LIC Premium of the municipal staff and other works.	72.04

Sl. No.	Name of the ULB	Period	Purpose of the grant	Expended for	Amount (₹ in lakh)
			Small and Medium Towns (IDSMT), Backward Region Grant Fund (BRGF)		
Total					534.02

Thus, due to unauthorized utilization of funds for administrative expenses, maintenance and works not specified under the schemes, the objectives of the schemes could not be achieved and the target groups were deprived of the intended benefits.

2.5 **Loan taken without approval of the Government**

As per Section 72(1) of the West Bengal Municipal Act, 1993, a ULB requires prior permission of the State Government to obtain loan.

However, the Coochbehar Municipality and Garulia Municipality took loan of ₹ 2.00 crore during 2005-06 and ₹ 73.94 lakh during 2007-08 respectively without the approval of the State Government. The loan was also not backed by any resolution of the Board of Councilors.

2.6 **Accumulation of outstanding liability of ₹ 3.86 crore towards pension and gratuity**

As per Government Circular dated 5 May 1982 municipalities should create 'Special Fund' for payment of retirement / terminal benefits.

Test check of records of the following six municipalities revealed that due to non-creation of 'Special Fund' for payment of terminal benefits or inadequate contribution to the said fund, the municipalities could not pay the dues to the retired personnel. This resulted in accumulation of outstanding liability amounting to ₹ 3.86 crore as of March 2009 as shown below :

(₹ in lakh)

Sl. No.	Name of the ULB	Liability on account of	Amount of liability
1.	Coochbehar	Pension and gratuity	22.06
2.	Garulia	Gratuity	52.56
3.	Jalpaiguri	Gratuity	78.94
4.	Kandi	Pension and gratuity	19.68
5.	Krishnanagar	Pension and gratuity	202.10
6.	Naihati	Pension and gratuity	10.18
Total			385.52

Thus, the above municipalities failed to discharge their obligatory responsibility and deprived the retired employees of their legitimate dues.

2.7 Increasing indebtedness

Fifteen ULBs did not repay the outstanding loan and interest accrued thereon resulting in accumulation of huge liability of ₹ 18.18 crore (**Appendix - 4**).

According to the Act sinking funds were to be created for each loan for debt servicing. Non compliance to the Act led to indefinite liability creating additional burden on revenue fund of the ULBs.

2.8 Liability towards outstanding water charges

Kamarhati Municipality does not have adequate water works to cater to the need of general public. Municipality procures water from Baranagar- Kamarhati Joint Water Project, Baranagar- Kamarhati Water Works, Baranagar –Kamarhati Water Treatment Plant and Indira Gandhi Water Treatment Plant. However, Municipality did not pay water charges amounting to ₹ 5.93 crore to Baranagar –Kamarhati Water Treatment Plant till March 2009 and ₹ 0.77 crore to Indira Gandhi Water Treatment Plant till July 2003. Outstanding dues against other two agencies could not be ascertained in absence of record.

2.9 Loss of fund due to theft, defalcation, misappropriation etc.

Cases of theft, defalcation and misappropriation of funds were noticed in the following ULBs as detailed below :

Name of ULB	Period	Particulars	Amount (₹ in lakh)
Chandernagore	2008-09	Non-deposit of the receipts book bearing Serial Number 49901 to 50000 for collection of money for BSUP beneficiaries.	NA
Darjeeling	2006-07	Non-deposit of the un-disbursed amount drawn in respect of House Rent Allowance of ROPA 98 for making payment to the retired and expired employees.	1.34
Total			1.34

In terms of Rule 26 of the West Bengal Municipal (Finance and Accounting) Rules, 1999, in case of loss of money by embezzlement, theft, or otherwise, the Chairman or the Vice-Chairman or the Executive Officer or the Secretary should lodge a first information report (FIR) in the local police station, and promptly report the matters to the Chairman-in-Council. When the matter has been fully enquired into, he shall submit a complete report showing the total sum of money lost, the manner in which it was lost and the steps taken to recover the amount and the action taken, if any.

It was observed that Chandernagore Municipal Corporation had lodged FIR in August 2009 after being pointed out in audit but no responsibility was fixed till August 2009. In case of Darjeeling Municipality, the responsible employee was suspended on 25 July 2008 but he expired on 25 November 2008. The municipal board resolved that

the outstanding amount would be recovered from his terminal benefits. The position of recovery is awaited.

2.10 Unwarranted expenditure

In terms of a notification dated 15 April 1992 by the Government of West Bengal, all primary schools under the municipalities stood transferred to the District Primary School Council (DPSC) together with their lands, buildings and other properties and all teachers and staff were deemed to be employed by DPSC from that date.

Despite the above arrangement, nine ULBs had incurred a total expenditure of ₹ 5.18 crore towards salary of employees and maintenance of primary schools during the period 1992-2009 as shown below :

Name of ULB	Year	No. of schools	Amount (₹ in lakh)
Baidyabati	2007-2009	8	58.95
Bankura	2007-2009	5	77.68
Burdwan	2008-2009	7	61.18
Chandernagore	2008-2009	8	7.69
Coochbehar	2006-2009	1	20.04
Garulia	1992-2009	6	80.23
Jalpaiguri	1999-2009	6	36.54
Kamarhati	1992-2009	1	80.11
Santipur	1992-2009	5	95.74
Total			518.16

The Government had reimbursed ₹ 194.12 lakh, ₹ 219.73 lakh and ₹ 177.75 lakh to Garulia, Jalpaiguri and Santipur Municipalities against expenditure of ₹ 274.35 lakh, ₹ 256.27 lakh and ₹ 273.49 lakh respectively. No ULB had taken up the matter with the Government for handing over the schools. Thus, the ULBs were incurring expenditure which should have been used for providing municipal services to the people.

2.11 Non-recovery / non-payment / delay in payment of electricity charges

Panihati Municipality and Howrah Municipal Corporation paid ₹ 43.44 lakh and ₹ 10.90 lakh respectively for electricity charges in respect of tenants / stallholders but did not recover the same from the occupants till the close of the year 2008-09. Bhatpara Municipality also paid the electricity bill for the staff quarters but did not recover the same from the occupants.

Five⁹ municipalities, did not pay electricity charges amounting to ₹ 5.28 crore till the end of 2009, though adequate funds were available which created avoidable additional burden on account of surcharge / penalty. Similarly, the delay in payment of electricity bills led to avoidable expenditure of ₹ 4.19 lakh by Habra Municipality.

⁹ Egra (₹ 14.04 lakh upto November 2009), Kandi (₹ 99.84 lakh upto July 2009), Murshidabad (₹ 82.09 lakh upto December 2009), Naihati (₹ 204.40 lakh upto March 2009) and Titagarh (₹ 128.21 lakh upto March 2009).

Garulia and Naihati municipalities also failed to avail the facility of rebate on electricity bill by making payment on time.

2.12 Non adjustment of advances

In terms of Rule 189 of the West Bengal Municipal (Finance & Accounting) Rules, 1999, different accounts in the advance ledger shall be balanced quarterly and signed by the Executive Officer, Finance Officer or any other authorized officer, who shall also satisfy himself that steps are being taken to recover or adjust the advances outstanding for more than three months.

It was observed that advances aggregating ₹ 8.65 crore granted by 19 ULBs to Chairpersons, Councillors, employees, suppliers, contractors and Government organizations for various purposes remained unadjusted till March 2009 (**Appendix - 5**). This is indicative of weak internal control mechanism to follow up regular adjustment of advances resulting in blocking of institutional funds.

2.13 Loss of interest on Provident Fund

Provident Fund subscriptions are required to be credited to the fund account in the treasury within 15 days of the next month to avoid loss of interest. The subscription towards Provident Fund was collected by 16 ULBs by deduction at source but not remitted into the treasury within the stipulated date. The delay in remittance resulted in loss of interest of ₹ 4.34 crore accrued (**Appendix - 6**) during the intervening period, thereby creating an additional burden on the ULBs as the same was not payable by the Government. Further four ULBs¹⁰ did not deposit Provident Fund subscriptions of ₹ 1.86 crore into the treasury till 31 March 2009. The loss of interest could not be computed in absence of detailed information regarding delay in remittance of subscriptions in case of Bankura Municipality.

2.14 High maintenance cost on revenue generating assets

Two ULBs, Durgapur and Titagarh maintained Auditorium and Community Hall with the aim to generate revenue. Scrutiny revealed that the expenditure incurred on maintenance of these assets was significantly higher compared to the income earned as shown below :

(₹ in lakh)

Name of the ULB	Nature of assets	Period	Income from the asset	Expenditure on maintenance	Loss
Durgapur	Srijoni Auditorium	October 2004 to March 2009	29.17	67.46	38.29
Titagarh	Community Hall (Rabindra Bhawan)	2003-2009	1.29	35.50	34.21
Total			30.46	102.96	72.50

¹⁰ Bankura (₹ 39.02 lakh), Bolpur (₹ 43.07 lakh), Garulia (₹ 39.02 lakh) and Jalpaiguri (₹ 64.71 lakh).

The ULBs did not review the income streams of these assets to ensure that revenues cover at least the maintenance expenditure so that the resources of the ULBs are available for developmental and other projects.

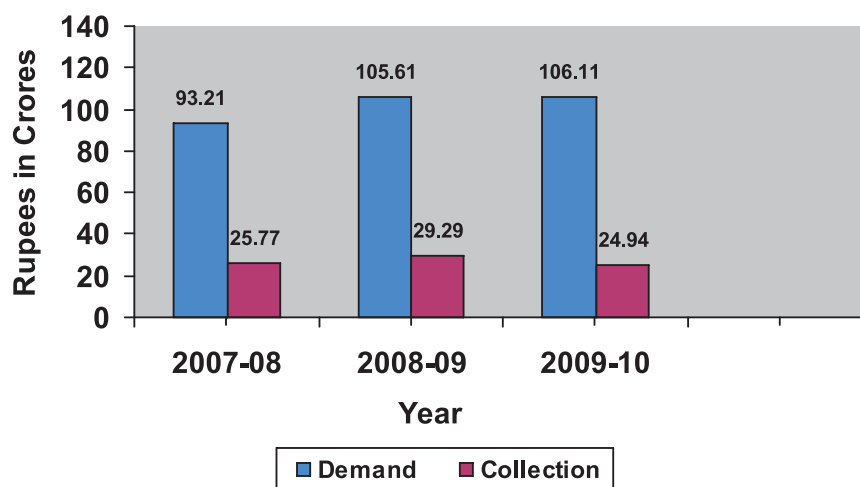
2.15 Poor monitoring of Property Tax collection

The position of current demand, collection and outstanding property tax (including service charge on Central Government Properties) in respect of 24 ULBs during 2007–10 are detailed below :

(₹ in crore)

Year	Demand			Collection			Total outstanding dues
	Arrear	Current	Total	Arrear	Current	Total	
2007 – 08	65.27	27.94	93.21	9.45	16.32	25.77	67.44
2008 – 09	76.24	29.37	105.61	11.97	17.32	29.29	76.32
2009 – 10	74.91	31.20	106.11	7.87	17.07	24.94	81.17

Overview of Demand and Collection of Property Tax



Unit-wise details are given in **Appendices – 7A, 7B and 7C**.

It was observed that on an average only 24 to 28 *per cent* of the total demand was collected during 2007-10 thereby further raising the arrear demand at the close of the each year. The collection out of current demand was around 60 *per cent*, resulting in increase in the arrears. Only four ULBs could collect upto 50 *per cent* or more of the total dues (property tax) during the period. Other reasons for accumulation of huge tax arrear were non payment of property tax / service charge by the Government holdings, closed and sick industries.

Section 147 of the West Bengal Municipal Act, 1993 provides that any tax levied under the Act may be recovered in accordance with the following procedure:

- by presenting a bill, or

- by serving a demand notice, or
- by distraint and sale of a defaulter's movable property, or
- by attachment and sale of a defaulter's immovable property, or
- by attachment of rent due in respect of land or building, or
- as a public demand under the Bengal Public Demands Recovery Act, 1913.

Section 149 of the Act provides that when a property tax becomes due on any land or building, the Chairman shall cause to be presented to the owner or the occupier thereof a bill for the amount due. As per Section 150 (2) such tax shall be payable in quarterly installments and every such installment shall be deemed to be due in the first day of the quarter in respect of which it is payable.

The procedures prescribed under Section 147 were not followed properly by the ULBs to ensure prompt recovery of municipal dues. Reasons for the difference of ₹ 8.80 crore and ₹ 1.41 crore in the closing balance of the outstanding dues in March 2008 and March 2009 and the opening balance of the arrear demands in April 2008 and April 2009 respectively were not furnished by the concerned ULBs.

2.16 Non remittance of Government dues

As per provisions, tax deducted at source shall be credited to the Government account in the succeeding month. It was, however, seen that Titagarh Municipality deducted Professional Tax (₹ 4.95 lakh) at source during 2007-09, but did not deposit the amount to Government account till the closure of audit. This was a strict violation of Government norms.

2.17 Deficiencies in maintenance of cash book / stock register

Test check of records of 19¹¹ ULBs, revealed several deficiencies in the maintenance of Cash Book. The number of pages of the Cash Books, entries of transaction and correctness were not authenticated. Pages were left blank in between. The transactions were not recorded on the day of occurrence. The daily cash balances were not computed and certified. The monthly closing cash balances were not reconciled. No physical verification of closing balances was made. As a result, actual book balances were not ascertainable.

2.18 Non-maintenance of basic records

One or more prescribed basic records *viz.* Work Register, Investment Register, Loans Register, Register of Un-paid Bills, Self Cheque Register, Deposit Ledger, Asset Register, Register of Tools and Plant, Register of Civil Suits, Demand and Collection Register of different revenue, Appropriation Register, Remission Register, Mutation Register, Assessment Register, Stamp Register, Register of Security Deposit, Register

¹¹ Baidyabati, Bolpur, Chandernagore, Coochbehar, Coopers Camp, Darjeeling, Dhupguri, Egra, Garulia, Guskara, Jalpaiguri, Jiaganj-Azimganj, Kalimpong, Kandi, Mirik, Murshidabad, South Dum Dum, Taki and Titagarh.

of Adjustment, Register of Lands, Register of Disbursement of cash drawn on cheques, Annual Financial Statement, Prosecution Register, Scheme Register, Advance Ledger, etc. were not being maintained by 23 ULBs¹² test checked.

2.19 Internal Audit

In terms of Section 91 of the West Bengal Municipal Act, 1993 the State Government may by rules provide for internal audit of the accounts of a Municipality in such manner as it thinks proper.

Rule 24 of the West Bengal Municipal (Finance and Accounting) Rules, 1999 stipulates that the Chairman-in-Council (CIC) of the Municipality shall cause a checking of accounts of the Municipal Fund, at least once in every month. In course of such checking, the officer authorized in this behalf shall identify the errors, irregularities and illegalities, if any, in the matter of maintenance of accounts and make notes of the same. The CIC shall also cause the preparation of a report on checking of accounts of the Municipal Funds for every quarter which shall be placed before the Municipal Accounts Committee and the Director of Local Bodies, for examination and report.

It was noticed that 42 ULBs¹³ did not conduct any internal audit during 2005-09 while seven ULBs¹⁴ conducted internal audit in which Baidyabati and Bankura did not furnish copy of internal audit to Auditor. Other three municipalities Bhatpara, Ghatal and Halisahar did not furnish any reply about conducting of internal audit.

2.20 Conclusion

There was lack of budgetary control and absence of reliable budget formulation. Although the ULBs dealt with substantial sums, a full fledged accounts wing with skilled staff continued to be lacking in most of the ULBs to ensure proper budget preparation and accuracy in accounts. Most of the ULBs failed to present accounts in time. Increasing liability on unpaid loan, non adjustment of huge advances, loss of interest on provident fund and irregular maintenance of cash book indicated inadequate internal control and monitoring to ensure proper accounting of substantial public funds spent by the ULBs.

¹² Alipurduar, Asansol, Baidyabati, Bidhannagar, Chandernagore, Coochbehar, Dinhata, Egra, Guskara, Howrah, Jalpaiguri, Jiaganj-Azimganj, Kandi, Krishnanagar, Murshidabad, New Barrackpore, Panihati, Rajpur-Sonarpur, Santipur, South Dum Dum, Taki, Titagarh and Tufanganj.

¹³ Alipurduar, Ashokenagar-Kalyangarh, Asansol, Balurghat, Baruipur, Basirhat, Bidhannagar, Bolpur, Bongaon, Burdwan, Chandernagore, Coochbehar, Coopers Camp, Darjeeling, Dhupguri, Diamond Harbour, Dinhata, Durgapur, Egra, Garulia, Guskara, Habra, Haldibari, Hooghly-Chinsurah, Jalpaiguri, Jiaganj-Azimganj Joynagar-Majilpur, Kamarhati, Kandi, Krishnanagar, Mahestala, Mirik, Mursidabad, Naihati, New Barrackpore, North Dum Dum, Rajpur-Sonarpur, Ramjibanpur, Santipur, South Dum Dum, Taki and Tufanganj.

¹⁴ Baidyabati (1st half of 2007-08), Bankura (April 2007 to December 2007), Kalyani (October 2007 to March 2008), Kolkata (2004-06), Madhyamgram (2007-08), Panihati (2007-08) and Titagarh (2007-08).

2.21 Recommendations

To bring about more transparency to the financial transactions of ULBs it is recommended to :

- Strengthen Management Information System (MIS) for oversight by the BOC and other statutory committees.
- Incur expenditure according to budget estimates.
- Strengthen internal control in the ULBs.
- Ensure timely preparation of Annual Accounts.
- Remit Government dues in time and fix responsibility in case of default.
- Report and take action on all cases of embezzlement, theft, etc. in accordance with the Municipal laws.