

CHAPTER VIII

CONCLUSIONS AND RECOMMENDATIONS

A: CONCLUSIONS

8.1 Finance and Accounts

Preparation of budget proposals and financial accounting were found to be defective and not in accordance with the West Bengal Municipal Act, 1993 and other Municipal Corporation Acts. 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. Loss of interest on provident fund, increasing liability on unpaid loan, unwarranted expenditure, non adjustment of huge advances, irregular maintenance of cash book and non reconciliation of bank book indicated inadequacy of internal control and monitoring to ensure proper accounting of substantial public funds spent by the ULBs. Non preparation of balance sheet was indicative of lack of transparency of assets and liabilities in the management of public funds besides non implementation of the provisions of Acts.

8.2 Revenue Receipts

Loss of huge revenue due to non / short assessment of taxes, delay in assessment, inadmissible remission of tax and non accountal of receipts reflects poorly on compliance to the provisions of Acts. Lack of sustained drive for collection of tax, fees and other charges caused accumulation of dues which in turn added to fund constraints.

8.3 Establishment

Engagement of excess staff and unauthorised appointment of casual staff / labour were indicative of inadequate management of manpower. Irregular and unwarranted expenditure on establishment deprived the rate payers of obligatory

and discretionary services. Non creation of a special fund for terminal benefits of the retired employees would have adverse implication as regards their assured social security.

8.4 Procurement

Large-scale purchases without tenders/quotations in violation of general procedures for purchase and existence of idle stock evidenced deficient procurement practices. Non-accounting of huge materials and absence of periodical physical verification indicated inadequate material management.

8.5 Execution of works

The execution of works without vetted estimates showed lack of cost consciousness and transparency. Non-completion of works / projects within the stipulated date and non utilisation of completed works blocked public funds and caused undesirable delay in providing intended services to the beneficiaries.

8.6 Implementation of schemes

Poor utilisation of assistance under several schemes suggested inadequate attention to the Government objectives and policies for providing basic amenities and services. Non-implementation of certain schemes / component of schemes and irregular implementation including diversion of fund frustrated the objectives.

8.7 Resource mobilization

Taxes and charges for service are the main source of Municipal Fund which ensure continuance of services to the rate payers. Adhocism in assessment of taxes, inadequate supervision and monitoring have reduced the mobilization of revenue from own sources.

B: RECOMMENDATIONS

In view of the above audit findings, the following recommendations are made for consideration of the State Government.

8.8 Internal control and monitoring mechanism should be strengthened to ensure:

- ❖ Full and timely flow of funds;
- ❖ Accountability of expenditure;
- ❖ Monthly reconciliation of bank and treasury accounts;
- ❖ Timely remittance of statutory deductions from salaries;
- ❖ Prompt recovery / adjustment / write-off of outstanding advances, overpayments;
- ❖ Adoption of need-based procurement at competitive prices.

8.9 Overall financial management needs to be strengthened in the ULBs for augmenting their financial resources by:

- ❖ Improving collection of revenues;
- ❖ Improving assessment procedures to avoid non / short assessment;
- ❖ Preventing leakage of revenue caused due to delay in assessment;
- ❖ Initiation of action for recovery of loss arising out of non-accounting of stores; and
- ❖ Speedy recovery of dues from assesses and contractors.

8.10 Implementation and monitoring mechanism in schemes need to be strengthened by:

- ❖ Implementation as per scheme guidelines;
- ❖ Adequate controls need to be put in place to prevent irregular / excess payments and diversion of funds;
- ❖ Adherence to the provisions of Financial and Accounts Rules;
- ❖ Completion of incomplete works / projects;
- ❖ Evaluation of derived benefits by an independent agency.

The State Government may strengthen internal audit so as to cover all the ULBs at regular intervals and ensure time bound and sustained action on the deficiencies pointed out therein.

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