



JANAAGRAHA CENTRE FOR CITIZENSHIP & DEMOCRACY



सत्यमेव जयते  
Government of Rajasthan

# Guidelines for Accounting and Audit Reforms in Urban Local Bodies

Janaagraha Centre for  
Citizenship & Democracy

Department of Local Self-Government,  
Government of Rajasthan



“I believe this project when completed will position the ULBs of Rajasthan to undertake serious reforms in revenue mobilisation and balance sheet management, and to eventually raise market financing to fund their urban infrastructure requirements. This also makes Rajasthan the only state in India to undertake and execute such a reform project at scale.”

**Shrichand Kriplani**

Minister, Housing and Urban Development, Government of Rajasthan



“Directorate of Local Self Government, Government of Rajasthan is committed to increasing financial self-sufficiency and sustainability of Urban Local Bodies in the state. In partnership with Janaagraha Centre for Citizenship & Democracy, for the first time in Rajasthan, we were able to produce over 400 audited financial statements for the years 2012-13 to 2015-16 by empanelling Chartered Accountants. This is the first step towards long term sustainability of ULBs in Rajasthan.”

**Dr Manjit Singh**

Principal Secretary, Department of Local Self-Government,  
Government of Rajasthan



“Audited annual accounts are necessary for sound financial management and lay the foundation for both financial self-sufficiency and financial accountability of ULBs. Empanelling Chartered Accountants as independent external auditors of annual accounts of ULBs is an effective method to successfully fulfil requirements under various flagship urban programmes like AMRUT and Smart Cities as well as becoming eligible for 14<sup>th</sup> FC performance grants.”

**Pawan Arora**

Director cum Joint Secretary, Department of Local Self-Government  
Government of Rajasthan



“This has been an exemplary partnership so far between the Government of Rajasthan and Janaagraha. In just 15 months since the tender was floated, over 120 ULBs in Rajasthan have completed the audit of their annual accounts by empanelled Chartered Accountants for three financial years, upto 2015-16. Audited balance sheets are the most credible tool to ascertain the true financial position and financial performance of a municipality and can in due course aid municipalities to maximize their own revenues, raise return on assets, and also access capital markets.”

**Srikanth Viswanathan**

Chief Executive Officer, Janaagraha Centre for Citizenship & Democracy

On 11<sup>th</sup> May 2015, Janaagraha Centre for Citizenship & Democracy (Janaagraha) signed an MoU with the Department of Local Self-Government, Government of Rajasthan to collaborate on Accounting and Audit Reforms for all Urban Local Bodies (ULBs) in the state. As per the MoU, Janaagraha will collaborate on implementing Accounting and Audit Reforms in all ULBs of Rajasthan.

The 14<sup>th</sup> Finance Commission's three-fold increase in total grants, totalling ₹ 87,144 Crores, to our cities was a major shot in the arm for India's urbanisation agenda. An additional welcome step was to link the performance grant component (20%) to audited accounts of the last two years. ULBs in India are not self-sufficient and hugely depend on grants. Currently the ULBs have significant backlogs in producing their audited financial statements. This backlog can be cleared by empanelling Chartered Accountants, which will help to:

- Improve transparency in accounting processes and audits
- Facilitate access to private capital and
- Better inform budget making

Since 2015, Janaagraha has facilitated preparation of Audit reports for all ULBs in Rajasthan and are in the process of preparing a financial sustainability road map for the ULBs in the state. These Guidelines have enabled empanelment of Chartered Accountants for all 188 ULBs in Rajasthan, of which over 150 have completed audited annual accounts for 2014-15.



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## I. BACKGROUND

Total revenues of all Urban Local Bodies (ULBs) in India amounts to approximately Rs. 1,20,000 crores. This amounts to 0.9% of GDP compared to 7.4% in Brazil and 6% in South Africa. ULBs in India are therefore subject to a minimal revenue base. In addition ULBs are largely dependent on central and state grants as most of them generate only one-third or less of their total revenues. The limited revenue base and substantial dependence on central and state grants severely constrains the ability of ULBs to invest adequately in capital expenditure which will create infrastructure and thereby improve quality of life in the city.

Successive Central Finance Commissions, besides committees such as the High Powered Expert Committee (HPEC) on financing of urban infrastructure and services, have identified several areas for improvement in the financial management of ULBs including property tax collections, maintenance of books of account, compliance with audit requirements and general availability of financial information in respect of ULBs.

Consequently the National Municipal Accounts Manual (NMAM), reforms under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) such as the Public Disclosure Law and Service Level Benchmarks and recommendations of the Thirteenth Finance Commission have all resulted in some (but not major) improvements in the financial management of the ULBs.

More recently there have been two significant developments which further push the envelope. Publication of audited annual accounts is a mandatory condition to avail close to Rs. 17,500 crores of performance grants under the Fourteenth Finance Commission (14th FC) and also a mandatory reform condition under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT). While 14th FC grants are applicable to all ULBs in India, AMRUT funds are available to approximately 500 cities.

Both to meet 14th FC and AMRUT conditions, and to be able to eventually access capital markets ULBs need to produce audited annual accounts in a standardized and time bound manner. Audited annual accounts (also known as audited financial statements) are globally recognized as the common frame of reference for credible information on financial performance and financial position of organizations. ULBs in India have been laggards on this front and have run up significant backlogs in producing audited annual accounts.

We believe this backlog can be cleared by empaneling external Chartered Accountants through an empanelment process. Chartered Accountants are members of the Institute of Chartered Accountants of India which is the apex body in India on standard setting and professional regulations in respect of auditing and accounting.

The Objectives of such an empanelment process would be the following:

1. Produce audited annual accounts and publish them as annual reports for all ULBs up to the latest completed financial year
2. Ensure phased clearance of backlog in annual accounts across all ULBs
3. Establish a performance MIS framework at the State Level to evaluate Financial and Operational performance of ULBs
4. Undertake certification-based skill building of accounting and auditing staff of ULBs

This document seeks to document in detail the recommended process for points 1 and 2 above.

## II. OVERVIEW OF EMPANELMENT PROCESS

We recommend the following sequence of steps to meaningfully accomplish accounting and auditing reforms in ULBs.

1. The Directorate/Commissionerate of Municipal Administration/ Local Bodies (DMA/CMA/ DLB) needs to ascertain the following details for each ULB in the State, indicating alongside details such as category of the ULB (Municipal Corporation/ Municipality/ Town Panchayat), population, division/zone/district etc
  - i. Does the ULB follow Cash or Double Entry Accrual Basis of Accounting?
  - ii. Until which year has the ULB prepared its annual accounts (balance sheet, profit and loss account, schedules)?
  - iii. Until which year have the ULB's annual accounts been audited?
  - iv. What is the name of the auditor and her/his contact details (email id and mobile number)?
  - v. What is the number of staff and level of each staff member in the accounts department and whether any of them is a B Com graduate / otherwise qualified in accounting?
2. DMA to obtain copy of the latest available audited annual accounts (auditor's report, balance sheet, profit and loss account, schedules and notes to accounts) for each ULB
3. DMA to constitute a Municipal Finance Reforms Cell (MFRC) to be based out of its office for project management of these reforms. The MFRC will be managed by Janaagraha and Janaagraha shall deploy suitable staff required for the same. Refer section VI for scope of work of the MFRC.
4. DMA to appoint 1 full-time staff member with finance background for project management and coordination with ULB staff. Appropriate number of staff members from Janaagraha will also be part of the MFRC for technical support on accounting and auditing. Suitable office space shall be provided to the MFRC at the offices of the DMA.
5. DMA to empanel Chartered Accountant firms on the following basis:
  - i. For audit of annual accounts in those ULBs whose annual accounts have been prepared under double entry accrual based accounting (DEABS) and are ready to be audited.
  - ii. For preparing annual accounts/opening balance sheet in ULBs where annual accounts have not been prepared in the prescribed format under section XI format of financial statements.
6. DMA shall constitute a 3 member Selection Committee to select and appoint Chartered Accountants for services laid out in paragraph 5 above. The Selection Committee shall be chaired by the Director of Municipal Administration who shall also nominate one other senior official of the DMA as a member. Janaagraha shall provide secretarial assistance to the Selection Committee. This committee shall be supported by the MFRC. The recommendations of the Selection Committee shall be approved by the competent authority in the DMA
7. Janaagraha shall provide the required project management support to the DMA in drawing up detailed terms of reference, technical evaluation criteria, fee structure and allotment of Chartered Accountants to ULBs.
8. Janaagraha shall liaise with the Institute of Chartered Accountants of India (ICAI) to provide technical support in the empanelment process and also for arranging requisite training programs for DMA and ULB staff. DMA to issue necessary instructions/correspondence in this regard.

## III. GUIDELINES FOR EMPANELMENT

(this can also be used as the draft of the Request For Proposal document that needs to be put out to invite applications from Chartered Accountants)

### 1. Background

Financial self-sufficiency of ULBs and accountability for financial and operational performance are two attributes of robust and well governed ULBs. Both these aspects of financial self-sufficiency and performance accountability heavily rely on accurate and credible financial information. The overarching reform agenda envisages the following:

#### Phase 1

- i. All ULBs follow Double Entry Accrual Based system of accounting
- ii. All ULBs compile their annual accounts in a standardized format each financial year on or before 30 June
- iii. Annual accounts of all ULBs are audited by Chartered Accountants and audit of annual accounts is completed each financial year by 31 August
- iv. Each ULB publishes a comprehensive Annual Report by 30 September each financial year containing information on its financial and operational performance, in a standardized template
- v. ULBs are enabled through an integrated, comprehensive and real-time financial information system

#### Phase 2

- i. All ULBs produce select and pre-defined Performance MIS reports in a standardized format at pre-defined frequencies ( monthly / quarterly) to enable data-driven decision making and comparative analysis of ULB performance at the State level

### 2. Empanelment of Chartered Accounts

Chartered Accountants are proposed to be empaneled for the following services:

- a. For audit of annual accounts, in ULBs whose annual accounts have been prepared under double entry accrual based accounting and are ready to be audited (refer section IV)
- b. For preparing annual accounts in ULBs where annual accounts have not been prepared in the prescribed format, including preparation of opening balance sheet where required (refer section V)

### 3. Application Process

- i. Applications are invited in the prescribed format from Chartered Accountants for accounting services (i.e. preparation of annual accounts) and for audit services as mentioned above.
- ii. Only Chartered Accountants having a permanent office in the State, preferably a regional or a divisional office, shall be considered.
- iii. Applications shall be invited based on divisions/zones/districts in which ULBs are classified and based on the category of ULBs (Municipal Corporation/Municipality/Town Panchayat)



- iv. Selection will be done by a Procurement Committee constituted by the DMA comprising officials of the DMA and subject matter experts.
- v. The DMA reserves the right to accept or to reject proposals without assigning any reason thereof and the same shall be binding on applicants. No dispute whatsoever in this regard shall be entertained.

#### **4. Basic Eligibility Criteria for Application**

- i. Chartered Accountants holding Certificate of Practice under the Chartered Accountants Act, 1949 or firms of Chartered Accountants registered as such with the Institute of Chartered Accountants of India shall be eligible to apply.
- ii. The applicant shall have prior experience in providing accounting services or audit services to ULBs or other government organizations
- iii. The applicant shall have its headquarters or a regional/divisional office in the state
- iv. The DMA reserves the right to allot applicants to ULBs (or to divisions/zones/districts as appropriate) as it may deem appropriate, while efforts shall be made to fulfil the stated preference of applicants

#### **5. Evaluation Criteria for Empanelment and Selection**

- i. Empanelment and selection of Chartered Accountants shall be carried out by a committee (chaired by the highest authority of the DMA and senior officials of the DMA and subject matter experts nominated by the DMA
- ii. Selection criteria for shall comprise the following

##### **Experience (30)**

- Number of accounting and audit related assignments carried out by the applicant with municipalities (10 points)
- Number of accounting and audit related assignments carried out by the applicant with municipalities in the State (10 points)
- Number of accounting and audit related assignments carried out by the applicant with government organisations (10 points)

##### **Capacities (30)**

- Number of Partners in the applicant firm (10 points)
- Number of Chartered Accountants employed by the applicant, excluding Partners (20 points)

##### **Location (40)**

- Whether applicant is headquartered in the State (20 points)
- Whether applicant is headquartered in the divisions/zones/districts applied for (20 points)

- iii. The minimum cut-off mark shall be 40 marks across the Capacities and Experience categories.
- iv. The DMA reserves the right to accept or to reject proposals without assigning any reason thereof and the same shall be binding on applicants. No dispute whatsoever in this regard shall be entertained.

- v. Dispute if any shall be discussed and mutually settled and in case of disagreement the same shall be referred to the DMA. If the said dispute is not solved, the same shall be resolved through arbitration.
- vi. The appointment shall be valid for a term of three years from the date of appointment.
- vii. Applicant shall indemnify DMA and the concerned ULBs against all actions, suits, claims, demands and proceedings and any loss or damage or cost or expense that may be suffered by them on account of anything done by the applicant in connection with the performance of its obligations under this contract.
- viii. The DMA shall intimate selected applicants through a letter of appointment with a copy to the concerned ULBs.
- ix. Applicants are required to intimate their acceptance of the appointment through fax/ email immediately, followed by a letter of acceptance of the appointment on the terms and conditions mentioned herein. The letter of acceptance shall be on letter head. If the letter of acceptance and the declaration are not received within 10 days of receipt of the letter of appointment it shall stand cancelled. The copy of the letter of acceptance shall be given to concerned ULBs before commencing work.

## 6. Submission of Output

- i. The applicant shall submit the output defined in this document within sixty days of appointment for the first financial year for which services are required. For every subsequent financial year, an additional period of forty five days shall be available to the applicant for submission of output. DMA may consider extension of these timelines by exception upon written request from the Chief Executive Officer of respective ULBs.
- ii. Output in the case of accounting services (i.e. preparation of annual accounts) shall comprise
  - a. Opening Balance Sheet, if applicable (i.e. in the case of conversion from cash basis of accounting to DEABS) with underlying Trial Balance
  - b. Annual Accounts comprising Balance Sheet, Profit and Loss Account, Schedules to Balance Sheet and Profit and Loss Account, Notes to Accounts and Accounting Policies, along with Trial Balance as per format indicated in XI below
  - c. Report on 100% physical verification of fixed assets and inventories
  - d. Report on review of internal controls over financial reporting and accounting
  - e. Process document for conversion from cash basis of accounting to DEABS, if applicable, including list of accounting entries recorded, and handover document on accounts closing and generation of Trial Balance to accounts staff of the ULB
  - f. Report on training sessions on annual accounts to accounts staff of ULB
  - g. Performance MIS in the format prescribed by the DMA
- iii. Output in the case of audit of annual accounts shall comprise
  - a. Auditor's Report in accordance with auditing standards issued by the ICAI and illustrative formats in IX, X & XII below
  - b. Annual Accounts comprising Balance Sheet, Profit and Loss Account, Schedules to Balance Sheet and

Profit and Loss Account, Notes to Accounts and Accounting Policies, along with Trial Balance as per format indicated in XI below

- c. Management Letter of Recommendations containing suggestions on improved presentation and disclosures, internal controls and other best practices applicable to the ULB, any deviations from applicable standards
- iv. The Output shall be submitted in both hard and soft copies to
  - a. The Chief Executive Officer or equivalent at the ULB
  - b. The Head of the Accounts department or equivalent at the ULB
  - c. The Municipal Finance Reforms Cell at the DMA
- v. Any delay in submission of outputs may attract penalty at 1 % of the audit fee for every week of default subject to a maximum of 10% of the audit fee. Levy of penalty shall be determined by the DMA.

## 7. Professional Fees

- i. Professional fees shall be payable as below (exclusive of service tax).

Category of ULB's	Fee per Assignment in INR	Additional fees for conversion from cash to accrual basis, where applicable
Municipal Corporation	2,50,000/-	75,000/-
Municipal Council	1,50,000/-	45,000/-
Nagar Panchayat	1,20,000/-	36,000/-

Note: The above fees and categorisation are generic and used for illustrative purposes only.

- ii. Preparation of annual accounts OR audit of annual accounts for 1 ULB for 1 year shall be reckoned as an assignment.
- iii. Professional fees shall be payable by concerned ULB out of Municipal fund within one month of receipt of invoice.
- iv. The Chartered Accountant shall submit a bill for the amount of professional fees payable based on the table given above, to the ULB concerned.
- v. 20% of the fee shall be paid within one month of appointment, 60% upon receipt of output described above by the MFRC in the manner prescribed and balance 20% upon verification of output by the MFRC.
- vi. Payments shall be subject to deduction of taxes at source, as applicable.

## **IV. SCOPE OF AUDIT OF ANNUAL ACCOUNTS (REFER III 2A)**

The scope of work in respect of audit of annual account of ULBs would comprise the following:-

- 1.** Issue of an audit report containing an audit opinion on the annual accounts of the ULB, comprising the balance sheet, profit and loss account, cash flow statement and schedules and notes thereto in accordance with the standards prescribed by the ICAI and in accordance with the State Municipal Accounting Manual, Municipal Acts and rules thereunder
- 2.** Carrying out audit of annual accounts in accordance with auditing standards laid down by the Institute of Chartered Accountants of India and any specific requirements under the Municipal Acts and rules thereunder
- 3.** Review of design and operating effectiveness of internal controls of the ULB, including but not restricted to internal controls over financial accounting and reporting
- 4.** Review of compliance of the annual accounts with accounting standards prescribed for the ULB under the Municipal Corporation Act or rules thereunder
- 5.** Recommendation to ULB on best practices in respect of presentation and disclosure of annual accounts
- 6.** Recommendations on strengthening of internal controls and other financial accounting and reporting practices in accordance with best practices

## V. SCOPE OF ACCOUNTING SERVICES (I.E. PREPARATION OF ANNUAL ACCOUNTS) (REFER III 2B)

The scope of work in respect of clearing of backlog of accounts in ULBs would comprise

1. To review all books of account of the ULB in order to confirm their maintenance in accordance with DEABS and their audit-readiness
2. Where annual accounts have not been prepared, to prepare the same for all pending years. Where annual accounts have been prepared, to review the balance sheet, profit and loss account, cash flow statement and notes thereto to evaluate their audit-readiness
3. To review internal controls in respect of financial accounting and reporting especially from an audit-readiness perspective, and to assess their conformity with DEABS
4. To draw up a performance MIS report of the ULB as may be prescribed by the MFRC/DMA comprising basic information of the ULB, and select financial and performance/operational ratios and trends
5. To interview accounting staff at the ULB to understand current practices in respect of accounting and reporting, challenges faced by them with respect to DEABS and knowledge support requirements and to make recommendations based on the same
6. To provide letter of recommendations comprising areas of improvement in accounting and reporting
7. To prepare a detailed document outlining the process followed, accounting entries recorded during the exercise
8. To impart appropriate training and to complete a handover to ensure continuity in accounting processes

**Where the ULB is currently following cash basis of accounting or has otherwise not prepared an opening balance sheet, the following additional scope needs to be added.**

1. To convert books of account of the ULB from Cash basis of accounting to Double Entry Accrual Basis of Accounting
2. To prepare opening balance sheet as per double entry accrual basis of accounting in accordance with the State Municipal Accounting Manual and accounting standards of the ICAI
3. To perform a 100% physical verification of fixed assets and inventories
4. To undertake all other accounting services required for the conversion in basis of accounting
5. To review internal controls in respect of financial accounting and reporting especially from an audit-readiness perspective, and to assess their conformity with DEABS
6. To prepare a detailed document outlining the process followed, accounting entries recorded during the exercise
7. To impart appropriate training and to complete a handover to ensure continuity in accounting processes

## VI. SCOPE OF WORK OF MFRC (REFER II 3)

1. Review progress of accounting services and audit of annual accounts of ULBs by empaneled Chartered Accountants
2. Issue further guidance and instructions to ULBs and Chartered Accountants in respect of scope of work, deliverables and outputs, timelines and formats
3. Organize workshops and training sessions for ULB staff and empaneled Chartered Accountants to gain assurance on quality of outputs
4. Provide ongoing support to ULB staff and Chartered Accountants on queries and clarifications in respect of scope of work, deliverables and outputs, timelines and formats
5. Convene review meetings with DMA on monthly frequency and with Principal Secretary on quarterly frequency to monitor and review progress of work
6. Coordinate compilation and review of MIS formats, and convene special review meetings on quarterly frequency to take appropriate action in respect of revenue enhancement, fund management, budget management and progress of works and projects
7. Comprehensively review existing rules and regulations in respect of accounting and budgeting and make recommendations in respect of the same to bring them up to best-in-class standards
8. Liaise with any e-Governance team as applicable and ensure that modules in respect of accounting, budgeting and reporting are based on recommendations of the MFRC
9. Engage with the Institute of Chartered Accountants of India for knowledge sharing, trainings and workshops and skill building of ULB staff
10. Engage with the Local Fund Audit Department in respect of accounting and audit matters, and to address observations on related matters

## VII. ILLUSTRATIVE ADVERTISEMENT TO BE PLACED IN NEWSPAPER

(we have given below as an example an actual advertisement issued by the Government of Rajasthan for empanelment of Chartered Accountants)

**Government of Rajasthan**  
**Local self Government Department**  
(Directorate of Local Bodies, Rajasthan, Jaipur)  
G-3, Rajmahal Residency, Near Civil lines, Railway Crossing, Jaipur  
Tel No:- +91 141 2223074 Fax No.: +91 141 2223074  
Web site : [www.cmar-india.org](http://www.cmar-india.org)  
No: P 6 (CH)( ) LEKHA/ DLB/ MOU/2015/16719 Date 7.1.2016

**Notice Inviting Request for Proposal (RFP)**

Division wise single envelop unconditional online bids are invited on behalf of Governor of Rajasthan, For Providing services of Accounting and Audit of Annual Accounts of all the ULBs of Ajmer/ Bharatpur/ Bikaner/ Jaipur/ Jodhpur/ Kota/ Udaipur division of Rajasthan for the financial years 2013-14 to 2015-16 from the Chartered Accountants empanelled under CAG.

Details may be seen in the Request for Proposal (RFP) at the website of the State Public Procurement portal <http://sppp.rajasthan.gov.in>, <http://eproc.rajasthan.gov.in> & [www.cmar-india.org](http://www.cmar-india.org) from dated 13.01.2016 at 14.00 hours onwards and may be downloaded from these website.

(Purushottam Biyani)  
Director cum Joint Secretary

DIPR/C/323/2016



## VIII. FORMAT OF APPLICATION FOR EMPANELMENT

Sl No	Particulars	Details
1	Name of the Chartered Accountant/ Firm (Enclose copy of Certificate Of Practice issued by the ICAI)	
2	Date of establishment (Enclose appropriate proof)	
3	Address of establishment (local address) (Enclose address proof)	
4	Address of Headquarters	
5	Number and List of branch offices (list should specify the location of branch office)	
6	No of Partners who are Chartered Accountants (Enclose appropriate proof)	
7	No of employees (Please mention number of Chartered Accountants, number of intermediate-level qualified staff, number of staff with other relevant professional qualifications)	
8	List of accounting and audit related assignments with break up between municipalities, municipalities in other parts of India and other government organisations, with nature of assignment, organisation and year in/for which service provided (Please restrict to ten most recent assignments. Please provide name and address of appointing official as reference)	
9	Total annual billings in previous three financial years (Audited financial statements to be attached)	
10	Preferred Division for which application is made	

Signature of Managing Partner /Proprietor

Name:

Place & Date:



## **IX. ILLUSTRATIVE AUDIT REPORT FORMAT (REFER III 6 iiiia)**


The Chartered Accountants appointed to audit the annual accounts of ULBs shall perform the audit under auditing standards issued by the ICAI and under applicable laws and regulations governing ULBs. Subject to the above, some of the salient aspects that need to be covered in the audit report include the following:

- i.** whether he has obtained all the information and explanation which, to the best of his knowledge and belief, were necessary for the purposes of his audit;
- ii.** whether, in his opinion, proper books of account as required by the applicable Acts and Rules have been kept by the Municipality so far as it appears from his examination of those books;
- iii.** whether the Balance Sheet of the Municipality, Income and Expenditure Account and Receipts and Payments Account dealt with by the report are in agreement with the books of account;
- iv.** whether the Financial Statements give a true and fair view;
  - a.** in case of the Balance Sheet, of the state of affairs of the Municipality as at the last day of the financial year; and
  - b.** in case of Income and Expenditure Account, of the surplus or deficit of the Municipality for the year ended on that date.
  - c.** in case of Receipts and Payments Account, of the receipts and payments for the year ended on that date

Where any of the matters referred to above are answered adversely or with a qualification, the auditor's report shall state the reason for the same and with the further explanation of the Municipal Commissioner or the Chief Executive Officer as the case may be and the financial impact of such qualification.

## **X. ADDITIONAL MATTERS TO BE REPORTED ON BY THE FINANCIAL STATEMENTS AUDITOR (REFER III 6 iiiia)**

1. Whether all sums due to and received by the Municipality have been brought to account and have been appropriately classified;
2. Whether all grants sanctioned or received by the Municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the Municipality whether such deductions have been properly accounted;
3. Whether grants have been utilized for the purposes for which they were sanctioned;
4. Whether any Earmarked Funds have been created as per the provision of any statute and, if so, whether such Earmarked Funds have been utilised for the purposes for which they were created;
5. Whether the Municipality is maintaining proper records showing full particulars of projects and works in progress during the year, including location, quantitative details as applicable, details of periodic inspection of the same, and details of payments and budgeted and actual expenditure and timelines;
6. Whether the Municipality is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;
7. Whether in case of leasehold property given by the Municipality, whether lease rentals are collected regularly by the Municipality and that the lease agreements are renewed after their expiry;
8. Whether physical verification has been conducted by the Municipality at reasonable intervals in respect of stores and whether material discrepancies therein have been properly dealt with in the books of account;
9. Whether any material discrepancies have been noticed on physical verification of stores as compared to stores records, and if so, whether the same have been properly dealt with in the books of account;
10. Whether the parties to whom loans or advances have been given by the Municipality are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the Municipality for recovery of the principal and interest;
11. Whether advances given to municipal employees and interest thereon are being regularly recovered;
12. Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets
13. Whether the Municipality is regular in depositing statutory dues including tax deducted at source, works contract tax, cess payable to the Government etc., and if not, the nature and cause of such delay and the amount not deposited;

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- 14.** Whether the Municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the Municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;
  - 15.** Whether any personal expenses have been charged to the Municipality's accounts; if so, the details thereof;
  - 16.** Whether the Bank Reconciliation statements have been properly prepared for all the bank accounts of the Municipality during the year under audit at regular intervals;

*The word "Municipality" here refers to all categories of ULBs.*

## XI. FORMAT OF FINANCIAL STATEMENTS (REFER II 5 ii)

(Balance Sheet, Profit and Loss Account, Schedules to BS/PL, and Notes to Accounts and Accounting Policies)

Balance Sheet of <Name of Nagar Nigam/ Nagar Palika/ Nagar Parishad>			
As on <31 March 20xx >			
LIABILITIES	Schedule	Current Year (Rs.)	Previous Year (Rs.)
RESERVE & SURPLUS			
Municipal (General) Fund	1		
Earmarked Funds	2		
Reserve & Surplus	3		
Total Reserve & Surplus (A)			
GRANT/ CONTRIBUTION FOR SPECIFIC PURPOSE (B)	4		
LOANS			
Secured Loans	5		
Unsecured Loans	6		
Total Loans (C)			
CURRENT LIABILITIES & PROVISIONS			
Deposits received	7		
Deposit works	8		
Other Liabilities	9		
Provisions	10		
Total Current Liabilities and Provisions (D)			
TOTAL LIABILITIES (A+B+C+D)			

Notes to Accounts and Significant Accounting Policies



Balance Sheet of _____ ULB as on _____			
ASSETS	Schedule	Current Year (Rs.)	Previous Year (Rs.)
FIXED ASSETS			
Gross Block	11		
Less: Accumulated Depreciation			
Net Block			
Capital Work In Process			
Total Fixed Assets (A)			
INVESTMENTS			
Investments – Municipal fund	12		
Investments – Other fund	13		
Total Investments (B)			
CURRENT ASSETS, LOAN & ADVANCES			
Stock in hand (Inventories)	14		
Sundry Debtors/ Receivables	15		
Gross Amount outstanding			
Less: Accumulated provision against bad and doubtful Sundry Debtors			
Net Amount Outstanding			
Prepaid Expenses	16		
Cash & Bank Balances	17		
Loans, Advances & Deposits	18		
Less: Accumulated Provision against Loans	18 (a)		
Net Amount Outstanding			
Total Current Assets, Loans & Advances( C )			
Other Assets	19		
Miscellaneous Expenditure (to the extent not written off)	20		
TOTAL ASSETS(A+B+C)			

Income and Expenditure Statement for the period from _____ to _____			
PARTICULARS	Schedule	Current Year (Rs.)	Previous Year (Rs.)
<b>INCOME</b>			
Tax Revenue	21		
Assigned Revenue and Compensations	22		
Rental Income from Municipal Properties	23		
Sale and hire charges	25		
Revenue Grants, Contributions and Subsidies	26		
Income from Investment	27		
Other Income	29		
<b>Total Income</b>			
<b>EXPENDITURE</b>			
Administrative Expenses	31		
Operations & Maintenance	32		
Interest and Finance Charges	33		
Revenue Grants, Contributions and subsidies	35		
Provision and Write off	36		
Miscellaneous expenses	37		
<b>Total Expenditure</b>			
Add: Gross surplus/ (deficit) of income over expenditure before Prior Period Items			
Add: Prior Period Items (net)	38		
Gross surplus/ (deficit) of income over expenditure after Prior Period Items			
Less: Transfer to Reserve Funds		-	-
Net balance being surplus/ deficit carried over to Municipal Fund		-	-

Receipts and Payments Account for the period from _____ to _____					
Head of Account	Current Period Amount (Rs.)	Corresponding Previous Period Amount (Rs.)	Head of Account	Current Period Amount (Rs.)	Corresponding Previous Period Amount (Rs.)
Opening Balances Cash balances including Imprest Balances with Banks/Treasury (including balances in designated bank accounts)					
OPERATING RECEIPTS			OPERATING PAYMENTS		
Tax Revenue			Establishment Expenses		
Assigned Revenues & Compensations			Administrative Expenses		
Rental income from Municipal Properties			Operations and Maintenance		
Fees & User Charges			Interest & Finance Charges		
Sale & Hire Charges			Program Expenses		
Revenue Grants, Contributions & Subsidies			Revenue Grants, Contributions & Subsidies		
Income from Investments			Miscellaneous Expenses		
Interest Earned			Purchase of Stores		
Other Income			Other Collections on behalf of State and Central Government		
NON OPERATING RECEIPTS			NON OPERATING PAYMENTS		
Loans received			Other Payables		
Deposits received			Refunds Payable		
Grants and contribution for specific purposes			**Repayment of Loans		
*Sale proceeds from Assets			**Refund of Deposits		
*Realisation of Investment – General Fund			Acquisition / Purchase of Fixed Assets		
*Realisation of Investment – Other Funds			Capital Work – in – Progress		
Deposit works			Deposit works		
Revenue Collected in Advance			Investments – General Fund		
*Loans & Advances to Employees (recovery)			Investments – Other Funds		
*Other Loans & Advances (recovery)			Loans & Advances to Employees		
*Deposits with External Agencies (recovery)			Prepaid Expenses		
Other Receipts [specify			Other Loans & Advances		
Transfer to Municipal Fund from Special Funds			Deposits with External Agencies		
			Other Payments [specify]		
			Transfer to Special Funds from Municipal Fund		
			Closing Balances Cash balances including Imprest		
			Balances with Banks/Treasury (including balances in designated bank accounts)		
GRAND TOTAL			GRAND TOTAL		

\* Details in respect of these items will be available in the corresponding asset ledger accounts.

\*\* Details in respect of these items will be available in the corresponding liability ledger accounts

## SCHEDULE 1 – MUNICIPAL GENERAL FUND

Particulars	Opening Balance as per last account(Rs.)	Additions during the year *(Rs.)	Total (Rs.)	Deductions during the year** (Rs.)	Balance at the end of the current year (Rs.)
Municipal Fund					
Excess of income and expenditure					
Total Municipal fund					

\*Addition includes contributions towards the fund, Adjustments to Opening Balance Sheet and also excess of income over expenditure

\*\* Deduction includes contributions from the fund, Adjustments to Opening Balance Sheet and also excess of expenditure over the income



## SCHEDULE 2 – EAR MARKED FUNDS

Particulars	Special Fund 1	Special Fund 2	Special Fund 3	Special Fund 4	Special Fund 5	Pension Fund	General Provident Fund
a. Opening Balance							
b. Additions to the special fund							
i. Transfer from Municipal Fund							
ii. Interest/Dividend earned on Special Fund Investments							
iii. Profit on disposal of Special Fund Investments							
iv. Appreciation in Value of Special Fund Investment							
v. Other addition (Specify nature)							
Total (b)							
Total (a+b)							
c. Payment out of funds							
i. Capital expenditure on Fixed Assets							
Others							
Sub Total							
ii. Revenue expenditure on							
Salary, Wages, and allowance etc							
Rent							
Other administrative charges							
Sub total							
iii. Other							
Loss on disposal of Special Fund Investments							
Diminution in Value of Special Fund Investments							
Transferred to Municipal Fund							
Sub total							
Total of (i+ii+iii)							
Net Balance at the year end (a+b-c)							
Grand total of Special Funds							

Note:

All funds are to be shown as separate fund either in the schedule or in a separate schedule with the corresponding indication in the balance sheet under "Funds" on liability side.

**1. Additions during the year:**

- a. Addition to Pension Fund would be out of the "Transfer to Funds" from Income and Expenditure Account as per the accounting principles.
- b. Addition to General Provident and Contributory Provident Fund are the deductions from salary.
- c. Interest from investments of Funds would be added to respective Funds.

**2. Deductions during the year:**

- a. Deductions from Pension Fund means payments made on account of Pension/Family pension
- b. Deduction from Gross Provident Fund/Contributory Provident Fund - Advances/Withdrawals

### Schedule 3 – RESERVES

Particulars	Opening Balance (Rs.)	Additions during the year (Rs.)	Total (Rs.)	Deductions during the year (Rs.)	Balance at the end of the current year (Rs.)
Capital Contribution					
Capital Reserve					
Borrowing Redemption Reserve					
Special Funds (Utilised)					
Statutory Reserve					
General Reserve					
Revaluation Reserve					
Total Reserve Funds					

#### Schedule 4 - GRANTS & CONTRIBUTION FOR SPECIFIC PURPOSES

Particulars	Grants from Central Government	Grants from State Government	Grants from Other Government Agencies	Grants from Financial Institutions	Grants from Welfare Bodies	Grants from International Organisations	Others
<b>a.</b> Opening Balance							
<b>b.</b> Additions to the Grants*							
<b>i.</b> Grant received during the year							
<b>ii.</b> Interest / Dividend earned on Grant Investments							
<b>iii.</b> Profit on disposal of Grant Investments							
<b>iv.</b> Appreciation in Value of Grant Investment							
<b>v.</b> Other addition (specify)							
Total (b)							
Total (a+b)							
<b>c.</b> Payment out of funds							
<b>i.</b> Capital Expenditure on							
Fixed Assets							
Others							
Sub Total							
<b>ii.</b> Revenue expenditure on							
Salary, Wages, and allowance							
Rent							
Other administrative charges							
Sub total							
<b>iii.</b> Other							
Loss on disposal of Grant Investments							
Diminution in Value of Grant Investments							
Grants Refunded							
Sub- Total							
Total (c) [i+ii+iii]							
Net Balance at the year end (a+b-c)							
Total Grants & Contribution for Specific Purposes							

Note: Plan funds received from Central/ State Government are to be shown as grant funds and not to be mixed up with earmarked funds

\* For transferring completed capital assets, expenditure incurred will be capitalised and assets will be taken to Fixed Assets schedule 11 and Capital contribution will be increased by the same amount

### Schedule 5 - SECURED LOANS

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Loans from Central Government		
Loan from State Government		
Loan from Government Bodies and Associations		
Loan From International Agencies		
Loan Form Bank and other Financial Institutions)		
Other Term Loans		
Bonds and Debentures		
Other Loans		
<b>Total Secured Loans</b>		

### Schedule 6 - UNSECURED LOAN

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Loans from Central Government		
Loan from State Government		
Loan from Government Bodies and Associations		
Loan From International Agencies		
Loan Form Bank and other Financial Institutions)		
Other Term Loans		
Bonds and Debentures		
Other Loans		
<b>Total Unsecured Loans</b>		

### Schedule 7 - DEPOSITS RECEIVED

Particulars	Current Year (Rs.)	Previous Year (Rs.)
From Contractors		
From Revenues		
From Staff		
From Others		
<b>Total Deposits Received</b>		

### Schedule 8 - DEPOSITS WORKS

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Civil Works		
Electrical works		
Others		
Total of Deposit works		
<b>Total Deposits Received</b>		

### Schedule 9 - OTHER LIABILITIES (Sundry Creditors)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Creditors		
Employee liabilities		
Interest Accrued and Due		
Recoveries Payable		
Government Dues Payable		
Refunds Payable		
Advance collection of revenues		
Others		
<b>Total Other liabilities (Sundry Creditors)</b>		

### Schedule 10 - PROVISIONS

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Provisions for Expenses		
Provision for Interest		
Provision for other assets		
<b>Total Deposits Received</b>		

## Schedule 11 – FIXED ASSETS

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Opening Balance	Additions during the period *	Deductions during the period	Cost at the end of the year	Opening Balance	Additions during the period	Deductions during the period	Total at the end of the year	At the end of current year	At the end of previous year
Land										
Buildings										
Infrastructure assets Roads and Bridges Sewerage and drainage Water ways Public Lighting										
Other assets Plants & Machinery Vehicles Office & other equipment Furniture, fixtures, fittings and electrical appliances Other fixed assets										
<b>Total</b>										

\* - Additions include fixed assets created out of Earmarked Funds and Grants transferred to Urban Local Body's fixed block

### Additional disclosures to the Schedule

- i. Value of fixed assets under dispute or litigation shall be provided. The status of the legal case as at the reporting date of the financial statements shall also be mentioned.
- ii. The details & value of assets, which are not yet physically identified/traced, shall be disclosed separately.
- iii. Details and value of assets under leases and hire purchase needs to be disclosed as a note

Note:

1. Gross Block means cost of acquisition of fixed asset. Opening Balance in Gross Block as on the first day of the year represents the closing balance of the previous year. For instance, the opening balance as on 1st April 2016 shall be equal to the closing asset balance as on 31st March 2016.
2. Land includes areas used as and for the purpose of public places such as parks, squares, gardens, lakes, museums, libraries, godowns etc.
3. Buildings include office and works buildings, commercial buildings, residential buildings, school and college buildings, hospital building, public buildings temporary structures and sheds, etc.
4. Roads and bridges include roads and streets, pavements, pathways, bridges, culverts and subways.
5. Sewerage and drainage include sewerage lines, storm water drainage lines and other similar drainage system.
6. Waterworks include water storage tank, water wells, bore wells, Water pumping station, Water transmission & distribution system, etc.
7. No depreciation is to be charged on "Land"

**Schedule 12 - INVESTMENTS (Municipal fund)**

Particulars	With whom invested	Face Value (Rs.)	Current year	Previous Year
INVESTMENTS				
Central Government Securities				
State Government Securities				
Debentures and Bonds				
Preference Shares				
Equity Shares				
Units of Mutual Funds				
Other investments				
Total of investments General Fund				

**Schedule 13 – INVESTMENTS (other fund)**

Particulars	With whom invested	Face Value (Rs.)	Current year	Previous Year
INVESTMENTS – Other fund				
Central Government Securities				
State Government Securities				
Debentures and Bonds				
Preference Shares				
Equity Shares				
Units of Mutual Funds				
Other investments				
Total of investments Other Fund				

**Schedule 14 – STOCK IN HAND (inventories)**

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Stores		
Loose tools		
Others		
Total		

### Schedule 15 – SUNDRY DEBTORS

Particulars	Gross Amount	Provision for outstanding revenues	Net amount	Previous year net amount
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Receivables for Property Taxes Less than 5 years* More than 5 years* Sub – total Less: State Government Cesses/Levies in Taxes – Control Accounts				
<b>Net Receivables Property taxes</b>				
Receivable of Other Taxes Less than 3 years* More than 3 years* Sub- total Less: State Government Cesses/ Levies in Taxes –Control Accounts Net Receivables of Other Taxes Receivables of Cess Income Less than 3 years* More than 3 years* Sub- total Receivables for Fees and User Charges Less than 3 years* More than 3 years*				
<b>Sub-Total</b>				
Receivables from Other Sources Less than 3 years* More than 3 years* Sub – total Receivables from Government Total of Sundry Debtors (Receivables)				

### Schedule 16 – PREPAID EXPENSES

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Establishment		
Administrative		
Operations & Maintenance		
<b>Total Prepaid Expenses</b>		



### Schedule 17 - CASH & BANK BALANCES

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Cash		
Balance with Bank Nationalized Bank Other Scheduled Banks Scheduled Co-operative Banks Post Office Sub-total		
Balance with Bank –Special Funds Nationalised Banks Other Scheduled Banks Scheduled Co-operative Banks Post Office Sub-total		
Balance with Bank – Grant Funds Nationalised Banks Other Scheduled Banks Scheduled Co-operative Banks Post Office Sub-total		
<b>Total Cash and Bank Balances</b>		

### Schedule 18 – LOANS, ADVANCES AND DEPOSITS

Particulars	Opening Balance at the beginning of the year	Paid during the current year	Recovered during the year	Balance outstanding during the year
Loans and advances to employees				
Employee Loans to Others Other Current Assets				
Provident Fund Loans				
Advance to Suppliers and Contractors				
Advance to Others				
Deposit with External Agencies				
<b>Sub – Total</b>				
Less: Accumulated Provisions against Loans, Advances and Deposits				
<b>Total Loans, advances, and deposits</b>				

**Schedule 18 (a) - ACCUMULATED PROVISIONS AGAINST LOANS, ADVANCES, AND DEPOSITS**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Loans to others		
Advances		
Deposits		
Total Accumulated Provisions		

**Schedule 19 – OTHER ASSETS**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Deposit works		
Other asset control accounts		
Total other assets		

**Schedule 20 - MISCELLANEOUS EXPENDITURE (to the extent not written off)**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Loan Issue expenses deferred		
Discount on issue of loans		
Deferred Revenue Expenditure		
Others		
Total Miscellaneous Expenditure		

**Schedule forming part of Income and Expenditure Account of  
<ULB \_\_\_\_\_ for the period \_\_\_\_\_ to \_\_\_\_\_  
For the year ending on <31 March 20xx >**

**Schedule 21- INCOME FROM TAXES**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
INCOME FROM TAXES		
Property Tax		
Water Tax		
Sewerage Tax		
Conservancy Tax		
Lighting Tax		
Education tax		
Vehicle Tax		
Tax on Animals		
Electricity Tax		
Professional Tax		
Advertisement tax		
Pilgrimage Tax		
Octroi & Toll		
Cess		
Other taxes		
Sub-total		
Less: Tax Remissions and Refund		
Sub-Total		
Total Tax Revenue		

**SCHEDULE 21(a) - REMISSION AND REFUND OF TAXES**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Property taxes		
Octroi and toll		
Cess Income		
Advertisement tax		
Others		
Total Refund and Remission of tax revenue		

**SCHEDULE 22 - ASSIGNED COMPENSATION**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Taxes and duties collected by others		
Compensation in lieu of taxes/duties		
Compensation in lieu of concessions		
<b>Total Assigned Revenue &amp; Compensation</b>		

**SCHEDULE 23 - RENTAL INCOME FROM MUNICIPAL PROPERTIES**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Rent from civic amenities		
Rent from office buildings		
Rent from Guest House		
Rent from lease of lands		
Other rents		
Sub-total		
Less:		
Rent remission and refunds		
Sub- total		
<b>Total Rental Income from Municipal Properties</b>		

**SCHEDULE 24(a) - FEES AND USER CHARGES (Function wise)**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Municipal body		
Administration		
Finance, Accounts and Audit		
Election		
Record room		
Estate		
Stores and purchases		
Workshop		
Census		
<b>Total income from fees &amp; user charges – Function wise</b>		

**SCHEDULE 24(b) - FEES AND USER CHARGES (Income Head wise)**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Empanelment & Registration Charges		
Licensing Fees		
Fees for Grant of Permit		
Fees for Certificate or Extract		
Development Charges		
Regularization Fees		
Penalties and Fines		
Other Fees		
User Charges		
Entry Fees		
Service / Administrative Charges		
Other Charges		
Sub Total		
Less:		
Rent Remission and refunds		
Sub total		
Total income from Fees & User Charges – Income head-wise		

**SCHEDULE 25(a) - SALE AND HIRE CHARGES (Function wise)**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Municipal body		
Administration		
Finance, Accounts and Audit		
Election		
Record room		
Estate		
Stores and purchases		
Workshop		
Census		
Total Income from Sale & Hire Charges – Function wise		

**SCHEDULE 25(b) - SALE AND HIRE CHARGES (Income Head wise)**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Sale of products		
Sale of forms and publications		
Sale of stores and scrap		
Sale of others		
Hire charges for vehicles		
Hire charges for equipment		
Total Income from Sale & Hire charges – income head-wise		

**SCHEDULE 26 - REVENUE GRANT,CONTRIBUTION,SUBSIDIES**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Revenue Grant		
Reimbursement of expenses		
Contributions towards Scheme		
Total Revenue Grants, Contributions & Subsidies		

**SCHEDULE 27 - INCOME FROM INVESTMENTS**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Interest on Investments		
Dividend		
Income from projects taken up on commercial basis		
Profit in Sale of Investments		
Others		
Total income from investments		

**SCHEDULE 28 - INTEREST EARNED**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Interest from Bank Accounts		
Interest on Loans and advances to Employees		
Interest on loans to others		
Other Interest		
Total Interest Earned		

**SCHEDULE 29 - OTHER INCOME**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Deposits Forfeited		
Lapsed deposits		
Insurance Claim Recovery		
Profits on Disposal of fixed assets		
Recovery from Employees		
Unclaimed Refund/ Liabilities		
Excess Provisions written back		
Miscellaneous Income		
Total Other Income		

**SCHEDULE 30 (a) - ESTABLISHMENT EXPENSES (Function Wise)**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Municipal Body		
Administration		
Finance, Accounts and Audit		
Election		
Record Room		
Estate		
Stores & Purchases		
Workshop		
Census		
Total Establishment Expenses		

**SCHEDULE 30 (b) - ESTABLISHMENT EXPENSES (Expenditure Head wise)**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Salaries Wages and bonus		
Benefits and Allowances		
Pension		
Other Terminal & Retirement Benefits		
Total Establishment Expenses expenditure head wise		

**SCHEDULE 31 (a) - ADMINISTRATIVE EXPENSES (Function Wise)**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Municipal Body		
Administration		
Finance, Accounts and Audit		
Election		
Record Room		
Estate		
Stores & Purchases		
Workshop		
Census		
Total Establishment Expenses		



**SCHEDULE 31 (b) - ADMINISTRATIVE EXPENSES (Expenditure Head wise)**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Rent, Rates and Taxes		
Office maintenance		
Communication expenses		
Books & Periodicals		
Printing & Stationery		
Travel & conveyance		
Insurance		
Audit fees		
Legal Expenses		
Professional and other fees		
Advertisement and publicity		
Membership and subscription		
Other administrative expenses		
Total administrative expenses head wise		

**SCHEDULE 32 (a) - OPERATIONS & MAINTENANCE (Function wise)**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Municipal Body		
Administration		
Finance, Accounts and Audit		
Election		
Record Room		
Estate		
Stores & Purchases		
Workshop		
Census		
Total Operations and maintenance expenses - function wise		

**SCHEDULE 32 (b) - OPERATIONS & MAINTENANCE (Expenditure head wise)**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Power and Fuel		
Bulk Purchases		
Consumption of stores		
Hire Charges		
Repairs and maintenance – Infrastructure assets		
Repairs and maintenance – Civic Amenities		
Repairs and maintenance – Buildings		
Repairs and maintenance – Vehicles		
Repairs and maintenance – Others		
Other operating and maintenance expenses		
Total operations and maintenance – expense head wise		

**SCHEDULE 33 - INTEREST AND FINANCE CHARGES**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Interest on Loans from Central Government		
Interest on Loans from State Government		
Interest on Loans from Government Bodies & associations		
Interest on Loans from Banks & Other Financial Institutions		
Other interest		
Bank Charges		
Other finance charges		
Total interest and financial charges		

**SCHEDULE 34 - PROGRAM EXPENSES**

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Election expense		
Own Programs		
Share in Program of others		
Total Program Expenses		

### SCHEDULE 35 - REVENUE GRANTS, CONTRIBUTIONS & SUBSIDIES

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Grants [give details]		
Contributions [give details]		
Subsidies [give details]		
Total Revenue Grants, Contributions & Subsidies		

### SCHEDULE 36 - PROVISIONS & WRITE OFF

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Provision for doubtful receivables		
Provision for other assets		
Revenues written off		
Assets written off		
Miscellaneous expenses written off		
Total Provisions & Write offs		

### SCHEDULE 37 - MISCELLANEOUS EXPENSES

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Loss on disposal of assets		
Loss on disposal of investments		
Other miscellaneous expenses		
Total miscellaneous expenses		

### SCHEDULE 38 - PRIOR PERIOD ITEMS

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Income		
Taxes		
Other Revenues		
Recovery of revenues written off		
Other income		
Sub-total(a)		
Expenses		
Refund of taxes		
Refund of Others – Revenues		
Other expenses		
Sub total (b)		
Total prior period ( a+b)		

Significant Accounting Policies based on which the financial statements have been prepared and notes to the financial statements, shall be duly detailed.

## **XII. ESTABLISHING A PERFORMANCE MIS FRAMEWORK**

Parallel to the empanelment process the DMA should focus on instructing all the ULBs to prepare the financial and operational MIS on a monthly basis. The advantages of MIS are:

- i.** Collation of data in a standardized format on a monthly basis acts as a guide to preparation of budgets
- ii.** The standardization of data permits the users to compare and review the operational performance
- iii.** Regular review facilitates plugging the discrepancies / errors and mitigating the risks
- iv.** It helps in identifying trends and setting priorities for strategic planning

# XIII. PERFORMANCE MIS FORMATS

State _____ Financial Year _____ Month _____		Profile of Income from Own Sources (TAX RECEIPTS)		(Amount Rs.)																																												
				Code no. of ULBs	2	Name of ULB	1																																									
S. No.	1	Name of ULB	2	Code no. of ULBs	3	Month	4	Cash	5	Bank	6	Budget Estimate	7	Actual Collection	8	Budget Estimate	9	Land Revenue (Lease)	10	Budget Estimate	11	Actual Collection	12	Budget Estimate	13	Actual Collection	14	Budget Estimate	15	Actual Collection	16	Budget Estimate	17	Actual Collection	18	Budget Estimate	19	Actual Collection	20	Budget Estimate (6+8+10+12+14+16+18)	21	Actual Collection (7+9+11+13+15+17+19)	22	Cash	23	Bank	24	Unrealised Revenue (Budget Estimate Less Actual Collection) (20-21)

Note: This format is illustrative.

**DATABASE ON FINANCES OF ULBs AT THE STATE LEVEL**

State _____ Financial Year _____ Month _____	Profile of Income from Own Sources (NON-TAX RECEIPTS)											(Amount Rs.)													
	S. No.	Name of ULB		Month		Fees & User Charges		Rental Income from Municipal Properties		Sale and Hire Charges		Land Conversion Charges		Royalty on Mining Minerals		Income From Investments		Interest Earned		Other Non-Tax Receipts		Total Receipts		Unrealised Revenue (Budget Estimate Less Actual Collection) (21-22)	

Note: This format is illustrative.

**DATABASE ON FINANCES OF ULBs AT THE STATE LEVEL**

State _____	Details of Expenditure	(Amount Rs.)	Total Exp(7+22+23+24+37+38+39+40+41+42+43)	44																	
Financial Year _____			Capital Expenditure	43																	
Month _____			Deferred Expenditure (Incl. Unpaid Bills, Annuity Payments)	42																	
			Expenditure Incurred by State Govt. on behalf of ULBs (Salaries, Pensions and Other Liabilities)	41																	
			Interest & Financial Charges	40																	
			Schemes Assigned By Central Govt.	39																	
			Schemes Assigned By State Govt.	38																	
	Civic Functions		"Total (25+26+27+28+29+30+31+32+33+34+35+36)	37																	
			others	36																	
			Fire Services	35																	
			Education	34																	
			Public Health	33																	
			Slum Improvement	32																	
			Roads & Bridges	31																	
			Fire Ser vices	30																	
			Solid Waste Disposal"	29																	
			Drainage	28																	
			Sanitation	27																	
			Street Lighting	26																	
			Water Supply	25																	
			Repairs & Maintenance of Assets	24																	
			Office Operations Expenditures	23																	
		Office Administration Expenditure		Total (8+9+10+11+12+13+14+15+16+17+18+19+20+21)	22																
			Others	21																	
			Advertisement & Publicity Expenses	20																	
			Professional & other Fees	19																	
			Legal Expenses	18																	
			Audit Fees	17																	
			Insurance	16																	
			Travelling & Conveyance	15																	
			Books & Periodicals	14																	
			Printing and Stationary	13																	
			Water Expenditure	12																	
			Legal Expenditure	11																	
			Electricity	10																	
			Telephone/ Communication Expense	9																	
	Establishment Expenses		Rent/ Rates/ Taxes	8																	
			Total (3+4+5+6)	7																	
			Other Terminal/ Retirement Benefits	6																	
			Pension	5																	
		Benefits/ Allownaces	4																		
		Salary/ Wages/ Bonus	3																		
		Month	2																		
		Name of ULB	1																		
		S. No.																			

Note: This format is illustrative.



**DATABASE ON FINANCES OF ULBs AT THE STATE LEVEL**

State : \_\_\_\_\_  
 Financial Year: \_\_\_\_\_  
 Month: \_\_\_\_\_

(Amount Rs.)

S. No.	Particulars	Opening Balance at the Beginning	Grants received during the period	Amount spent during the period	Closing Balance at the end of the period
<b>A State Government Grant</b>					
1					
2					
3					
4					
5					
	Total of State Grants	sum of (1+2+3+4+5)	sum of (1+2+3+4+5)	sum of (1+2+3+4+5)	sum of (1+2+3+4+5)
<b>B Central Government Grants</b>					
1					
2					
3					
4					
5					
	Total of State Grants	sum of (1+2+3+4+5)	sum of (1+2+3+4+5)	sum of (1+2+3+4+5)	sum of (1+2+3+4+5)
<b>C Other Grants</b>					
1					
2					
3					
4					
5					
	Total of State Grants	sum of (1+2+3+4+5)	sum of (1+2+3+4+5)	sum of (1+2+3+4+5)	sum of (1+2+3+4+5)
	Grand Total (State Grants+ Central Grants+Other Grants)				

# ANNEXURES

## ANNEXURE 1

Table showing pendency in Accounts and Audit of various states from the CAG Audit Reports			
State	Pendency in Audit	Pendency in Accounts	Notes
Andhra Pradesh	NA	25	Accounts pendency from April 2016
Gujarat	339	159	Audit pendency: 2010-11 [5], 2011-12 [167], 2012-13 [167]
Karnataka	173	132	
Tamil Nadu	122	707	Audit pendency: 2013-14 [122] Accounts pendency: 2012-13 [3], 2013-14 [52], 2014-15 [652]
Telangana	41	NA	
Uttar Pradesh	NA	187	Audit pendency: 2008-09 [38], 2009-10 [67], 2010-11 [82]
West Bengal	NA	658	Accounts pendency: 2012-13

Source –CAG Reports

Note: Data on pendency in audit/account preparation is available only for states mentioned above

## ANNEXURE 2

### 14<sup>th</sup> Finance Commission (FC) Conditions for accessing Performance grants

The Performance Grant had been designed to serve the purpose of ensuring reliable audited accounts, data of receipts and expenditure and improvement in own revenues. It would enable initiation of action at the grassroots level for compilation of data so that all stakeholders have access to reliable information for decision-making and at the same time, enhance accountability of the local self-government institutions to the public.

The 14th FC lay down the following mandatory conditions to avail performance grants by ULBs:

- i. Submit audited annual accounts that relate to a year not earlier than two years preceding the year in which it seeks to claim the performance grant
- ii. Show an increase in own revenues over the preceding year, as reflected in these audited accounts
- iii. Publish the service level benchmarks relating to basic urban services each year for the period of the award and make it publically available

The mandatory conditions under the 14FC have been evolved to introduce certain sub-criteria to achieve the envisioned transformation in a more efficient way. The weightage given for the transformative reforms for each year (2017-18, 2018-19 and 2019-20) is as given below:

Sl. #	Reform	Weightage
1	Audit of Annual Accounts	10
2	Increase in own revenue sources	40
2.1	Covering Establishment and O&M Costs from Own Income	20
2.2	Capital Expenditure as a %age of Total Expenditure	20
3	Publishing of Service level benchmarks	50
3.1	Water Supply Coverage Ratio	15
3.2	Reduction in Non-Revenue Water	15
3.3	Coverage of Water Supply for Public/Community Toilets	10
3.4	Scientific Disposal of Solid Waste	10
	TOTAL (1+2+3)	100

ULBs getting a score of 60 and above will be eligible for the Performance Grant and the ULBs getting a score of less than 60 will not be eligible for the Performance Grant.

Each ULB must self-evaluate and submit its claim for Performance Grant to the State Government not later than 30th September of each year in the prescribed format.

The State governments are expected to send their consolidated report and claim of performance grant after evaluation of performance of ULBs and due verification as per the prescribed format not later than 30th October of each year to Ministry of Urban Development (MoUD). Performance Grant shall be disbursed to the State, which submits its claim with necessary details after examination, by MoUD. MoUD shall recommend grants for the eligible States by 15th November of each year to Ministry of Finance (MOF), following which MOF will release the funds of Performance Grant.

## ANNEXURE 3

Division wise ULBs list in Rajasthan								
Division Name	Sl. #	Ajmer	Bharatpur	Bikaner	Jodhpur	Jaipur	Kota	Udaipur
<b>Nagar Nigams (Municipal Corporation)</b>		<b>Ajmer</b>	<b>Bharatpur</b>	<b>Bikaner</b>	<b>Jodhpur</b>	<b>Jaipur</b>	<b>Kota</b>	<b>Udaipur</b>
Category of ULBs- I								
Nagar Parishads (Municipal Council)	1	Kishangarh	Dholpur	Churu	Barmer	Alwar	Baran	Banswara
	2	Beawar	Kauroli	Sujargarh	Balotra	Bhiwari	Bundi	Chittorgarh
	3	Bhilwara	Hindon	Shriganganagar	Jaisalmer	Dousa	Jhalawar	Rajsamand
	4	Tonk	SwaiMadhopur	Hanumargarh	Jalore	Jhunjhunu		Pratapgarh
	5	Nagoure	Gangapurcity		Pali	Sikar		Dungarpur
	6	Makrana			Sirohi			
Category - II								
Nagar Palika (Municipal Boards)	1	Deowli		Sardarshar	Sumerpur	Nawalgarh	Anta	Nimbaheda
	2	Mertacity		Ratangarh	Abu road	Fatheyapur		
	3	Ladnu		Raisingh nagar	Abu parwat			
Category - III								
Nagar Palika (Municipal Boards)	1	Kekri	Byana	Nokha	Bilara	Chomu	Ramganjmandi	Fathey Nagar
	2	Pushkar	Deeg	Dungargarh	Pipadcity	Sambharlake	Lakheri	Kushalgarh
	3	Sarwar	Kaman	Rajgarh	Falodi	Chaksu	Keshav Rao Patan	Nathdwara
	4	Vijaynagar	Nadbai	Anupgarh	Bhinmal	Kothputli	Jhalrapatan	Amet
	5	Gulappura	Bari	Gajsinghpur	Sojatcity	Kherthal	Bhawanimandi	Chotti Sadri
	6	Shahpura		Karanpur	Shivganj	Kherii		
	7	Niwai		Keshrisinghpur		Rajgarh		
	8	Didwana		Padampur		Bandikui		
	9	Kuchamancity		Sadulshar		Chirawa		
	10	Parwatsar		Shrivijaynagar		Laxmangarh		
	11			Suratgarh		Shrimadhapur		
	12			Sangaria		Ramgarh		
	13			Nohar				
	14			Bhadra				
	15			Pilibanga				
Category - IV								
Nagar Palika (Municipal Boards)	1	Aasind	Vair	Deshnokh	Pokran	Jobner	Sangod	Salumbar
	2	Gangapur	Kumher	Rawatsar	Sanchoe	Fulera	Kathoon	Bhindar
	3	Jhajpur	Nagar	Chappar	Jaitaran	Viratnagar	Itawa	Kanod
	4	Mangalgarh	Bhusawar	Bidasar	Bali	Shahpura (Ja.)	Chabra	Kapasan
	5	Malpura	Roopwas	Rajeldeshar	Thakatgarh	Kishangarh Renwal	Mangrol	Bari Sadri
	6	Uniyara	Rajakhera	Ratannagar	Sadri	Bagru	Nainwa	Begu
	7	Todaraisingh	Todabheem	Taranagar	Rani	Tijara	Kapren	Rawatbhata
	8	Nawa		Napasar	Falna	Behror	Indragarh	Devgarh
	9	Kuchera			Pindwada	Kishangarhbans	Pidawa	Sagwara
	10	Mundwa				Lalsoth	Aklera	
	11	Degana				Pilani		
	12	Nasirabad				Mukundgarh		
	13					Bisui		
	14					Baggar		
	15					Khetri		
	16					Mandawa		
	17					Surajgarh		
	18					Udaipurwati		
	19					Vidhyavihar		
	20					Khendala		
	21					Neem Ka Thana		
	22					Ringus		
	23					Losal		
	24					Mahua		





सत्यमेव जयते

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**Local Self Government Department**

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