

# **The West Bengal Municipal (Internal Audit) Rules, 1997★**

In exercise of the power conferred by section 417, read with section 91 of the West Bengal Municipal Act, 1993 (West Ben. Act XXII of 1993) (hereinafter referred to as the said Act), the Governor is pleased hereby to make, after previous publication as required by sub-section (1) of section 417 of the said Act, the following rules :—

**1. Short title and commencement.**—(1) These rules shall be called the West Bengal Municipal (Internal Audit) Rules, 1997.

(2) They shall come into force on the date of their publication in the *Official Gazette*.

**2. Definitions.**—(1) In these rules, unless the context otherwise requires,—

- (a) “cash imprest” means a standing advance of a fixed sum of money given to a disbursing authority to enable him to make certain classes of payments which may be entrusted to his charge;
- (b) “permanent advance” means an advance granted to a disbursing authority to meet certain classes of expenditure before they can place themselves in funds by drawing bills;
- (c) “Act” means the West Bengal Municipal Act, 1993 (West Ben. Act XXII of 1993);
- (d) “Director” means the Director of Local Bodies, West Bengal;
- (e) “rule” means a rule of these rules.

(2) The words and expression used in these rules and not defined shall have the meaning respectively assigned to them in the Act.

**3. Appointment of Audit Officer/s and conducting internal audit of funds of the Municipalities.**—(1) The accounts of funds of every Municipality shall be audited internally, at the expense of the Municipality by an Audit Officer/s appointed by the Chairman of the Municipality.

(2) Internal audit, as specified in sub-rule (1), shall include annual audit, running audit and re-audit.

*Explanation.*—(i) “annual audit” shall mean audit of accounts of a Municipality for each financial year;

(ii) “running audit” shall mean audit of accounts of a Municipality within a financial year on monthly, quarterly or half-yearly basis as the Chairman may decide;

(iii) “re-audit” means audit to the accounts of a Municipality for checking up the quality standard of any previous internal audit.

(3) (a) The Chairman shall draw up an internal audit programme for the Municipality including appointment of Audit Officer/s authorised by the Director of Co-operative Audit in this behalf and intimation of such appointment shall be made to the Director and the District Magistrate of the district not later than the closing date of each financial year :

Provided that in the case of non-availability of any Audit Officer/s under the Director of Co-operative Audit, the Chairman shall appoint Government registered Auditor/s as the Audit Officer/s for the purpose.

(b) An Audit Officer/s appointed under clause (a) shall complete the internal audit and submit the report to the Chairman of the Municipality, the Director concerned and the District Magistrate of the district within nine months from the closing date of the financial year concerned.

(c) If the Audit Officer/s appointed under clause (a), does/do not take up the audit within three months from the date of his/their appointment, his/their appointment shall be deemed to be

cancelled and the Chairman of the Municipality concerned shall appoint other Audit Officer/s in his/their place.

(d) The Director and the District Magistrate of the district shall be informed of the findings of the internal auditor.

(4) The Chairman shall not appoint the same Audit Officer for the purpose of internal audit of the same Municipality for more than two successive terms.

**4. Duties and responsibilities of an Audit Officer/s appointed under these rules.**—The following shall be the duties and responsibilities of the Audit Officer/s appointed under sub-rule (3) of rule 3 :—

- (a) to scrutinize whether the accounts of the Municipality have been kept properly and are presented in proper form;
- (b) to scrutinize whether the particular items of receipts and expenditure, including cash imprest and permanent advance are stated in sufficient details;
- (c) to scrutinize whether the payments are supported by adequate vouchers and authority;
- (d) to scrutinize whether all sums received or which ought to have been received are brought into account;
- (e) to scrutinize whether the receipt and expenditure are in all such cases as are authorised by law;
- (f) to ascertain the total unpaid liabilities of the Board of Councillors and whether these can be met out of the municipal fund when falling due;
- (g) to examine overdue debts, if any;
- (h) to verify cash balance and securities of the Municipality;
- (i) to value assets and liabilities of the Municipality;
- (j) in the case of findings that the accounts of the Municipality are not complete, to report the matter to the Chairman and with the approval of the Chairman to complete the accounts; and
- (k) such other matters as may be determined by the Chairman.

**5. Audit fee.**—The Audit Officer shall be paid by the Municipality concerned such fee for conducting internal audit or for completing accounts, as specified in clause (i) of rule 4, as may be determined by the Chairman of the Municipality concerned.

**6. Duties of the Chairman, Vice-Chairman and the officials of the Municipalities during internal audit.**—The Chairman, Vice-Chairman, Executive Officer, Secretary, Finance Officer or the other officials of the Municipality at the time of internal audit, shall cause to be produced all accounts, registers, documents and subsidiary papers which may be called for by the Audit Officer/s or appointed for the purpose and shall produce the cash balance and the balance of cash imprest for verification before the said auditing officers.

**7. Code of conduct for the Audit Officer/s appointed for conducting internal audit.**—The following shall be the code of conduct for the Audit Officer/s appointed by the Chairman under rule 3 :—

- (i) the Audit Officer/s must abide by the ethics and etiquette of the profession;
- (ii) he/they shall never attempt to mislead the authority concerned through falsehood or misinterpretation;
- (iii) he/they shall, in all his representations, oral or written, before the authority concerned, never state anything which he/they does not believe to be true;
- (iv) he/they shall not disclose anything; which may cause substantial loss or injury to the local authority or the State; and

- (v) he/they shall assist the local authority or the State, as far as practicable, in arriving at a correct decision and supply any information relating to any case as may be required by such authorities for the purpose of any enquiry.

**8. Revocation of appointment.**—The Chairman may revoke any appointment of Audit/Officer/s as specified in sub-rule (3) of rule 3, for—

- (i) violation of any provision of these rules and the Act; or
- (ii) violation of any code of conduct, set forth in rule 7; or
- (iii) failure to carry out the directions or instructions of the Chairman in accordance with the Act and these rules; or
- (iv) misconduct :

Provided that before issue of the order of revocation of appointment, the Audit Officer/s concerned shall be given an opportunity of being heard by the Chairman with a notice of not less than fifteen days.

**9. Report of the Audit Officer/s.**—(1) After completion of internal audit of the accounts of any Municipality, the Audit Officer/s concerned shall submit his/their report to the Chairman and the Director concerned together with the statement of accounts for the period, in respect of which he/they was entrusted for auditing.

(2) A Municipality shall rectify the defects, if any, pointed out in the internal audit report and submit to the Director a report of compliance within thirty days from the date of receipt of the internal audit report.

(3) Where the Director is of opinion that the defects pointed out in the internal audit report have not been fully rectified by the Municipality, he may direct the Municipality to rectify the defects still persisting in the accounts and to submit a further report of compliance with explanations within thirty days from the date of receipt of such direction, and the Municipality shall rectify such defects and submit a further report of compliance accordingly.

**10. Appointment of Audit Officer/s by the State Government.**—Notwithstanding anything contained in these rules, the State Government may appoint Chartered Account/s or Audit Firm/s having qualified personnel, from the panel prepared by the State Government for the purpose, on contract basis or otherwise, for helping any Municipal Authority for conducting of internal audit of the account of funds of the Municipality.

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