

INTEGRATED COASTAL ZONE MANAGEMENT PROJECT **WEST BENGAL**

PEA: University of Calcutta

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Internal Audit Report for the period January to March 2012

Section I: Audit Scope and Approach:

Objective and Scope

We have completed the Internal Audit of the Project Expenditure incurred by University of Calcutta. Our work was carried out in accordance with the agreement dated June 23, 2011 with SPMU, ICZM Project and Scope of Work stipulated therein. Our report includes an overview, scope and our observations, together with our proposed recommendations.

The global objective of the assignment will be to provide a professional opinion on the

- adequacy of applicable internal control framework and its adherence by the executing units, identifying areas of critical weakness and their improvement
- funds received and expenditure incurred by each Accounting Centre (AC) during the period under audit being in accordance with the laid down financial regulations, procurement procedure and other orders issued from time to time for this purpose.
- accuracy of Internal Unaudited Financial Reports (IUF) and compliance with the financing agreement.

The specific objectives of the Internal Audit are to:

- Provide the timely fiduciary assurance to State Project Management Unit (SPMU), ICZM Project, West Bengal that the Financial Management Systems and Internal Control procedures, as applicable to the Project Component IV, are being adhered to by the various executing units, and the financial reports being submitted by PEAs to the SPMU are in agreement with the books of account and can be relied upon to support the disbursements made by the Bank;
- Verify the procurement procedures adopted in the project;
- Obtain a professional opinion on the accuracy of the IUFs and compliance with financing agreements. The audit would cover all project activities including all sources and application of funds for the project. The Auditor will visit the various field offices for achieving the objective.
- At the request of SPMU, conduct special review of SPMU itself or any PEA as desired.

Audit Approach

Our approach to the internal audit started with an overview of activities through a study and documentation of the existing systems and procedures. We then identified, evaluated and tested the adequacy, efficiency and effectiveness of internal controls including standard policies and procedures laid down by the management (where applicable), for each of the areas included in the Scope of Work.

Testing of internal controls was carried out by checking a limited number of transactions for the period covered by the audit.



Apart from the test of controls and samples we also carried out various types of analytical reviews to understand as well as highlight unusual or significant trends in the business.

Our observations, resulting from the audit tests performed on a sample of transactions, are set out in the Detailed Observations of the audit report and include our recommendations for addressing these observations.

Section II: Observation in Detail

A. Fixed Asset Register (FAR)

Sl. No.	Observation	Impact	Recommendation	Management Comment
1.	On verification of Fixed Asset Register (FAR) we observed in three instances that, actual date of receiving asset could not be verified with respective challan of asset. Please refer to Annexure-I	Date of recording in FAR could not be confirmed.	Stamp of actual date of receiving should be affixed on challan to determine the actual date of receiving.	Corrections have been made. Actual date of the asset receive have been put in the challan by the receiver and also proper indent of the particular item has been received.

B. Bank Balance

Sl. No.	Observation	Impact	Recommendation	Management Comment
1.	Loss of Interest Income We observed that, PEA, CU has opened current account (0083050002905) in United Bank of India. We analyzed the daily bank balances for the month of March'2012, parked in current account and observed that CU has lost the Interest Income. For this purpose, we assumed rate of interest as 4% p.a. Please refer to Annexure-II for detailed bank balance analysis.	Loss of interest income of Rs.12641/-	Although the Financial Management Manual was silent on the issue of type of bank account, that a PEA can maintain, CU may open Saving Bank Account instead of Current Account like other PEAs.	The AC was opened by SPMU for all PEAs. This matter has already been taken up with UBI for necessary action.



C. Vouching

Sl. No.	Observation	Impact	Recommendation	Management Comment
1.	On verification of Bank Vouching we observed that, Fixed Assets amounting to Rs.1.99 lakhs were purchased during the period under audit was recorded under the head Other Cost (Overheads). However, on reviewing the Cost Table (Investment Cost) we observed that budget allocated for purchasing the asset is NIL. Please refer to Annexure-III	Violation of Cost Table.	Cost Table should be complied.	Corrections have been done as per cost table. Budget is allocated to purchase the asset as per procurement list. (Voucher no. 94 dt. 20.03.2012)

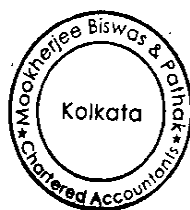
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Kolkata

June 29, 2012