

INTEGRATED COASTAL ZONE MANAGEMENT PROJECT
WEST BENGAL

PEA: Institute of Environmental Studies And Wetland Management

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Internal Audit Report for the quarter April to June, 2012

Section I: Audit Scope and Approach:

Objective and Scope

We have completed the Internal Audit of the Project Expenditure incurred by Institute of Environmental Studies And Wetland Management (IESWM). 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 (IUFRR) 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 IUFRRs 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: No Service Contact for R.S. Services

Sl. No.	Observation	Impact	Recommendation	Management Comment
1.	We observed that no service contract for hiring of 2 persons i.e. one receptionist and one sweeper cum helper was entered with M/S R S Services with IESWM. Only an office order no. 298A-IESWM/3P-137/2011-12(394A) dated: 03-01-2012 was passed.	Violation of service procurement rule.	For obtaining outsourced services, the process of service contract arrangements should be followed.	M/S R.S. Services was engaged by the institute after following all the procurement formalities of Govt. of West Bengal for providing security services, work-keeping and allied staff. As the ICZM project, W.B. has been housed in this institute and its volume has increased



Sl. No.	Observation	Impact	Recommendation	Management Comment
				<p>manifold. There arose a need for additional manpower for one receptionist and one sweeper. Accordingly, these two persons were engaged after taking approval of the competent authority of the Project.</p>

For Mookherjee Biswas & Pathak
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Chartered Accountants

P Chakrabarti

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Partner
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Kolkata
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