

INTEGRATED COASTAL ZONE MANAGEMENT PROJECT WEST BENGAL**PEA: Zoological Survey of India****Contents**

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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 Zoological Survey of India. 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 (IUFR) 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 IUFRs 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. Financial Management Manual

Sl. No.	Observation	Impact	Recommendation	Management Comment
1.	As stated in clause 7.2 of Financial Management Manual that "Activity wise Statement of Expenditure (IA -1)" should be sent by all the PEA's to SPMU for each month within 7 days of following month. However, we observed that IA-1 form for the month of January'2012 was not submitted till completion of our audit.	Violation of Financial Management Manual.	Financial Manual should be complied.	DUE TO NET PROBLEM WE CAN NOT PROVIDE IA-1. REPORT HAS ALREADY BEEN SENT TO SPMU.
2.	As stated in Para 6.5.5.1 of Financial Management Manual, under the head Maintenance of General Ledger that "...Fixed Asset Register should be prepared wherein all particulars of the assets acquired or constructed should be posted from the proper accounts immediately after the payment. " However, in two cases we observed that Fixed Asset purchased amounting to Rs.6,550/- were not included in Fixed Asset Register(FAR).Please refer to Annexure I for details.	Violation of Financial Management Manual.	Financial Manual should be complied.	Policy in this respect has been framed, but the same is awaiting approval of the competent authority.



B. Advance for Expenses

Sl. No.	Observation	Impact	Recommendation	Management Comment
1.	As per Office Order No. 179/ICZMP/7A-04/2011-2012(26) in relation to clause Adjustment /Deductions of Advance Payment stated that “ The unspent amount must have to be deposited into the cash section immediately but not later than 7 working days after completion of the tour.” However, we observed in three instances where advances were adjusted after 29 days of completion of training programme. Moreover, we observed in three cases that further advance was sanctioned without adjusting the previous advance. Please refer to Annexure II for details.	Violation of Order.	<ul style="list-style-type: none"> • Unspent amount of advance should be deposited within 7 stipulated days. • Succeeding advance should be given only after adjusting the previous advance. 	The advance was taken for the training purposes. During the training lots of persons of different reputed organizations were involved for which the concerned persons were busy handling post-training meetings, organizing feedbacks, press related things etc. of the training for which it was delayed. However it was submitted thereafter. From now onwards the succeeding advances will be given only after previous adjustment.

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