

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

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## Internal Audit Report for the period 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 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 (IUFRR) and compliance with the financing agreement.

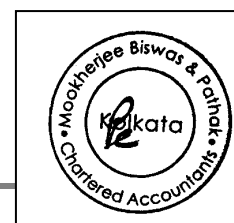
The specific objectives of the Internal Audit are to:

- 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: Observation in Detail

### A. Purchase of Sony LED TV

| Sl. No. | Observation   | Impact   | Recommendation   | Management Comment  |
|---------|---|--|--|---|
| 1.      | Regarding purchase of two nos. Sony LED TV costing Rs. 2,94,000/-, only two quotations were received from M/S S.S.Infotech dated: 18/01/12 and M/S Sony Centre dated: 15/03/12. Validity of the quotation was not mentioned in the quotation given by M/S Sony Centre. However, the items were purchased from M/S Sony Centre, based on purchased order no. 16-5/2012-13/ICZMP-MARC-DIGHA / PROCUREMENT / 141 dated 02/07/2012. | The price of television may fluctuate during this span of time. Best market price may not have been availed. | Validity should be mentioned in the quotation. Moreover, order should be placed after obtaining at least three quotations for availing best available market price as stipulated by clause 4.4(d) of the procurement manual. | There are three quotations received for purchase of two nos. Sony LED TV. Suppliers submitted quotations are (1) M/S S.S.Infotech dated: 18.02.12, (2) Anand & Co. Electronics Pvt.Ltd. dated: 12.03.12, (3) M/S Sony Centre dated: 15.03.12. As per query about validity of quotation has not mentioned in the quotation given by M/S Sony Centre, this was typo graphical error on the part of the supplier & the material has already been supplied by the supplier within the due date. |



**B. Procurement from Nemo's World**

| Sl. No. | Observation  | Impact                           | Recommendation  | Management Comment   |
|---------|--|----------------------------------|---|--|
| 1.      | We observed that Internal Power Heads were purchased from Nemo's World amounting to Rs. 7,957/- vide voucher no. 3 dated 30.04.2012. Date of invitation of quotation was 02.04.2012; however the quotation was issued by M/S Nemo's World on 25.01.2012. | Violation of Procurement Manual. | Valid quotation should be obtained and comparative statement should be prepared before selection of vendor. | Previously wrong quotation was attached in the file, now correct quotation of Nemo's World has been attached. This was a clerical mistake. |
| 2.      | We observed that Marine fishes were purchased from Nemo's World amounting to Rs. 9,350/- vide voucher no. 2 dated 30.04.2012. Date of invitation of quotation was 02.04.2012; however the quotation was issued by M/S Nemo's World on 25.01.2012.        |                                  |   |  |

For Mookherjee Biswas & Pathak  
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Chartered Accountants

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Kolkata  
October 08, 2012

