

INTEGRATED COASTAL ZONE MANAGEMENT PROJECT

WEST BENGAL

PEA: Department of Disaster Management

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Internal Audit Report for the quarter January to March, 2013

Section I: Audit Scope and Approach:

Objective and Scope

We have completed the Internal Audit of the Project Expenditure incurred by Department of Disaster Management. 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: Observations in Detail

A. Fixed Asset

Sl. No.	Observation	Impact	Recommendation	Management Comment
1.	<p>On verification we observed that payment was made vide Voucher no.3 dated 20/03/2013 amounting to Rs. 1, 94,000 for purchase of 2 nos of MacBook. This procurement was not included in the cost table / procurement plan and no approval from World bank has been obtained.</p> <p>Further in the letter bearing Ref No. 620/ICZMP-WB/3P-01/2012-13(02) dated 08/11/2012 the Additional Project Director has approved for purchase of 2 nos of laptops in response to the email dated 2/11/2012 by Nodal Officer / Additional Secretary of Department of Disaster Management. However, the approval letter was silent in respect of cost of laptop.</p> <p>During our visit we could not verify the above assets physically. Therefore, we made a further request through e-mail to the Joint Secretary to make an arrangement for our verification. But we haven't received</p>	<ul style="list-style-type: none"> • Procurement without appropriate approval • Assurance for Physical existence of assets cannot be reported 	Procurement of any assets outside cost table / procurement plan should be approved by world bank	<p>Appropriate action has been taken to incorporate the same in the cost table.</p> <p>There has already approval for purchase of 2 nos of laptops by the Additional Project Director. There is no need for approval of cost of laptop.</p> 

	any reply to our above e-mail.			The two laptops have already at the chamber of Principal Secretary & Joint Secretary. In government offices, stock register is maintained for verification which the internal auditor has already seen.
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For Mookherjee Biswas & Pathak
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Chartered Accountants

Pareng Chakrabarti



(P Chakrabarti)
Partner
Membership no.F 061643

Kolkata
July 16, 2013