

INTEGRATED COASTAL ZONE MANAGEMENT PROJECT

WEST BENGAL

PEA: Department of Disaster Management

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Internal Audit Report for the quarter October to December, 2013

Section I: Audit Scope and Approach:

Objective and Scope

We have completed the Internal Audit of the Project Expenditure incurred by Department Disaster Management. Our work was carried out in accordance with the agreement dated June 21, 2013 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. Car Hire Charges

Sl. No.	Observation	Impact	Recommendation	Management Comment																
1.	<p>On verification of following vouchers mentioned below:</p> <table border="1"> <thead> <tr> <th>Voucher Number</th> <th>Date</th> <th>Amount</th> <th>Vendor</th> </tr> </thead> <tbody> <tr> <td>5</td> <td>08.11.2013</td> <td>30,120/-</td> <td>Malay Mitra</td> </tr> <tr> <td>6</td> <td>08.11.2013</td> <td>41,557/-</td> <td>Sanjoy Ghosh</td> </tr> <tr> <td>7</td> <td>10.12.2013</td> <td>47,548/-</td> <td>Sanjoy Ghosh</td> </tr> </tbody> </table> <p>We observed that total Rs 1,19,225 /- paid for car hiring charges and fuel charges. Our observation are as follows:-</p> <p>i) The above expenditure was booked under Vehicle Rent a/c. However no such provision was made in the cost table as approved by the World Bank. Moreover no prior approval was taken from World Bank before release of such payment.</p> <p>ii) These cars were exclusively used by the Joint Secretary of DMD for her normal day to day work. However, as per</p>	Voucher Number	Date	Amount	Vendor	5	08.11.2013	30,120/-	Malay Mitra	6	08.11.2013	41,557/-	Sanjoy Ghosh	7	10.12.2013	47,548/-	Sanjoy Ghosh	<p>Violation of World Bank guideline for payment of non project expenditure from project fund. Also violation of Statutory Obligation.</p>	<p>Unauthorized expenditure should be recovered from the concerned Department. Non project expenditure should not be paid from project fund.</p>	<p>(i) No details item wise expenditure has been elaborated in the Cost Table for Disaster Management. The expenditure falls under institutional operating costs and does not require further approval from the world bank.</p> <p>ii) The vehicles were used for official work and field visits related to ICZM Project. The expenditure falls under institutional operating costs</p>
Voucher Number	Date	Amount	Vendor																	
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Sl. No.	Observation	Impact	Recommendation	Management Comment
	the World Bank Guidelines, this facility can be availed by the Nodal officer (i.e. Jt. Secretary of DMD) only for the purpose field visit under this project.			and is reimbursable.

For Mookherjee Biswas & Pathak
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Chartered Accountants



(A Pathak)
Partner
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Kolkata
June 27, 2014