

INTEGRATED COASTAL ZONE MANAGEMENT PROJECT**WEST BENGAL****PEA: Calcutta University****Contents**

Section I: Audit Scope and Approach:.....	2
Objective and Scope	2
Audit Approach	2
Section II: Observations in Detail	3
A. Vouching Observations	3
B. Cash Payment in excess of Rs. 5,000/-.....	4



Internal Audit Report for the quarter 1st October to 31st December, 2014

Section I: Audit Scope and Approach:

Objective and Scope

We have completed the Internal Audit of the Project Expenditure incurred by Calcutta University (CU). 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. Vouching Observations

Sl. No.	Observation	Impact	Recommendation	Management Comment
1	<p>A payment was made to M/s Shukla Refrigeration for AMC of 5 Air Conditioners on 09/10/2014 vide voucher number 169 amounting to Rs. 17,000/-.</p> <p>Quotations were received for 6 air conditioners. Rate quoted in L1 was as under:-</p> <ul style="list-style-type: none"> Rs. 3,000/- per split air conditioner totaling to Rs. 12,000 for 4 nos. split AC. Rs. 2,500/- per window air conditioner totaling to Rs. 5,000/- for 2 nos. window AC. <p>Therefore total quotation of Rs. 17,000/- was received for all 6 air conditioners.</p> <p>However, AMC was finally taken for 5 air conditioners (2 windows and 3 split). Accordingly, payment should have been made for Rs. 14,000/- instead of Rs. 17,000/-.</p>	<p>Excess payment made Rs. 3,000/- without receipt of adequate service.</p>	<p>Amount of Rs. 3,000/- should be recovered from the service provider.</p>	<p>There was a typographical error in the order copy which was misprinted of 3 split air conditioner instead of 4 machines. But the total 6 nos. machine & amount of Rs.17, 000/- was correct.</p> <p>Now the order copy has been corrected. As the order was for 6 machines amounting to Rs.17, 000/- as per the party quotation and they are giving service to 6 machines. So, there is no need to ask the service provider for any refund.</p>



B. Cash Payment in excess of Rs. 5,000/-

Sl. No.	Observation	Impact	Recommendation	Management Comment
1	On verification of the vouchers, we found that in some instances cash payments were made to contractors/ service providers in excess of Rs. 5,000/- in a single day. Please refer to Annexure-I for details.	Violation of world bank guidelines.	Any payment made to contractors/ service providers in excess of Rs. 5,000/- should be by Cheque/NEFT.	<p>The expenditure was made for refreshment of participants and guests attended in the workshop cum seminar organized by ICZM Project, Dept. of Biochemistry, and University of Calcutta.</p> <p>As the workshop was organized in very short notice, so did not have the time to raise query and collect quotation and make the order in proper way.</p> <p>So, we had to collect food packets from local food supplier who was not agreed to accept any cheque payment.</p> <p>Initially, we ordered for 23 packets of lunch box and the numbers of participants for workshop was increased and we had to purchase food several times according to the number of registered participants. That is why we have received 4 nos. bills each amounting less than Rs.5, 000/- in same date from one service provider and paid in cash.</p>

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Kolkata
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