

INTEGRATED COASTAL ZONE MANAGEMENT PROJECT

WEST BENGAL

PEA: Sunderban Infrastructure Development Corporation Limited

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Internal Audit Report for the quarter 1st October to 31th December, 2016

Section I: Audit Scope and Approach:

Objective and Scope

We have completed the Internal Audit of the Project Expenditure incurred by Sunderban Infrastructure Development Corporation Limited. 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. Documentation of Statutory Dues

Sl. No.	Observation	Impact	Recommendation	Management Comment
1.	At the time of our visit, we were unable to verify some documents related to statutory dues paid during the period. Please refer Annexure-I for details.	We are unable to frame opinion regarding fulfillment of statutory compliances.	Necessary documents for statutory compliance should be available for verification.	Documents are available and will be shown in next Audit.

B. Review of Bank Guarantees provided by Contractors/Vendors

Sl. No.	Observation	Impact	Recommendation	Management Comment
1.	We have reviewed the bank guarantees submitted by the vendors/contractors. we have observed that: <ul style="list-style-type: none"> All the bank guarantees are valid till date; In both of the cases, there are certain delays in amendment of bank guarantees. Please refer Annexure-II for details.	Amendment not made before expiry.	Amendment of bank guarantees should be made before the expiry.	It has been noted for future guidance and it is pertinent to mention here that all mobilization advance except Rs. 7,88,452/- for construction of Eco Camp Complex have been recovered till date.

For Mookherjee Biswas & Pathak
Firm Registration no.301138 E
Chartered Accountants

P Chakrabarti

(P Chakrabarti)
Partner
Membership no. F61643
Kolkata
Date: December 11, 2017

