

INTEGRATED COASTAL ZONE MANAGEMENT PROJECT
WEST BENGAL

PEA: West Bengal State Rural Livelihood Mission (Anandadhara)

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Internal Audit Report for the quarter 1st January to 31st March, 2018

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 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.

Section II: Observations in Detail

A. Physical verification report of Cluster & SHGs

During this audit we have visited three G.P.s i.e. Dhaspara Sumatinagar I, Muriganga I and Muriganga II .Detailed observations are given below.

Name of the G.P	Dhaspara Sumatinagar I	Management Comment
Name of the Cluster	Baba Kapilmuni Sangha Mahila Swanirbhar Gosthi Samabay Samity Ltd.	No Comment
Opening Fund Balance of the cluster as on 1 st April, 2017	Rs. 1,62,997/-	No Comment
Fund received from WBSRLM during 2017-18	Rs. 14,00,000/-	No Comment
Fund received from other sources during 2017-18	Rs. 3,24,426/-	No Comment
Loan principal amount recovered from SHGs by cluster during 2017-18	Rs. 55,52,185/-	No Comment
Interest Income from SHGs against loan disbursed during 2017-18	Rs. 3,47,352/-	No Comment
Loan Amount Released to SHGs from cluster during 2017-18	Rs. 68,80,000/-	No Comment
Expenditure incurred during 2017-18	Rs.2,36,598/-	No Comment
Closing Fund Balance of the cluster as on 31 st March, 2018	Rs. 6,70,362/-	No Comment
Cash in Hand as on 31 st March, 2018	Rs. 6,949/-	No Comment
Bank Pass Book balance of Cluster as on 31 st March, 2018	Rs. 6,32,313/-	No Comment
Difference between bank book and passbook	Rs. 31,100/-	No Comment
BRS prepared by Cluster (Yes/No)	No	Now BRS available along with cheque register
Books of Account of cluster for 2017-18	Maintained	No Comment
Documents of loan disbursement to SHGs	Available	No Comment

Vouchers of operational expenditure of cluster	Available	No Comment
Loan application documents of SHGs	Available	No Comment
No. of SHGs selected for audit	15	No Comment
No. of SHGs physically present for audit	9	No Comment
No. SHG physically absent for audit	6	No Comment
No. of Bank Pass Book available for physically present SHGs	7	No Comment
Specify name of SHG if Pass Book not Available	1. Laxmimata S. Gosthi 2. Basanti M. SHY	No Comment
Resolution for selection of the authorised signatories of Bank operation	Available	No Comment
If not Available, mention the SHG Name with reason	Not Necessary	No Comment
Documents of loan disbursement to SHG members	Available	No Comment
Meeting resolution for loan disbursement	Available	No Comment
Other observations, if any	<i>However, Sonar Modina SGSY has not produced the above mentioned documents so; we were unable to comment on the adequacy of CIF disbursement rollover process for this particular SHG.</i>	<i>Now all Books of Accounts are ready for verification of the said SHG</i>

Name of the G.P	Muriganga I	Management Comment
Name of the Cluster	Nabarun Samaj Unnyan Sangha Mahila Swanirbhar Gosthi Samabay Samity Ltd.	No Comment
Opening Fund Balance of the cluster as on 1 st April, 2017	Rs. 5,56,403/-	No Comment
Fund received from WBSRLM during 2017-18	Rs. 20,00,000/-	No Comment
Fund received from other sources during 2017-18	Rs. 5,35,302/-	No Comment
Loan principal amount recovered from SHGs by cluster during 2017-18	Rs. 99,55,700/-	No Comment
Interest Income from SHGs against loan disbursed for 2017-18	Rs. 7,01,857/-	No Comment
Loan Amount Released to SHGs from cluster for 2017-18	Rs. 1,12,45,000/-	No Comment
Expenditure incurred during 2017-18	Rs. 4,22,984/-	No Comment

Closing Fund Balance of the cluster as on 31 st March, 2018	Rs. 20,81,278/-	No Comment
Cash in Hand as on 31 st March, 2018	Rs. 17,22,335/-	No Comment
Bank Pass Book balance of Cluster as on 31 st March, 2018	<i>Bank Pass Book not available</i>	Bank Pass Bok had been lost. Now periodical Bank Statements are being received from Bank.
Difference between bankbook and passbook	Not possible	Now reconciled
BRS prepared by Cluster (Yes/No)	Not possible	Now prepared
Books of Account of cluster for 2017-18	Maintained	No Comment
Documents of loan disbursement to SHGs	Available	No Comment
Vouchers of operational expenditure of cluster	Available	No Comment
Loan application documents of SHGs	Available	No Comment
No. of SHGs selected for audit	26	No Comment
No. of SHGs physically present for audit	8	No Comment
No. SHG physically absent for audit	18	No Comment
No. of Bank Pass Book available for physically present SHGs	8	No Comment
Specify name of SHG if Pass Book not Available	Not Necessary	No Comment
Resolution for selection of the authorised signatories of Bank operation	Available	No Comment
If not Available, mention the SHG Name with reason	Not Necessary	No Comment
Documents of loan disbursement to SHG members	Available	No Comment
Meeting resolution for loan disbursement	Available	No Comment
Other observations, if any	<i>We were only able to verify the receipts and payments accounts, profit and loss a/c and balance sheet of cluster which was signed by the Secretary. However, no confirmation of the closing bank balance as on 31st March, 2018 was available for our verification.</i>	<i>Presently all records are available up to 31st March'2018</i>

Name of the G.P	Muriganga II	Management Comment
Name of the Cluster	Sagar Sangam Sangha Mahila Swanirbhar Gosthi Samabay Samity Ltd.	No Comment
Opening Fund Balance of the cluster as on 1 st April, 2017	Rs. 3,67,959/-	No Comment
Fund received from WBSRLM during 2017-18	NIL	No Comment
Fund received from other sources during 2017-18	Rs. 4,43,164/-	No Comment
Loan Amount Recovered from SHGs by cluster for 2017-18	Rs. 79,65,200/-	No Comment
Interest Income against SHG for 2017-18	Rs. 5,93,174/-	No Comment
Loan Amount Released to SHGs from cluster for 2017-18	Rs. 80,70,000/-	No Comment
Expenditure incurred during 2017-18	Rs. 2,94,328/-	No Comment
Closing Fund Balance of the cluster as on 31 st March, 2018	Rs. 10,05,169/-	No Comment
Cash in Hand as on 31 st March, 2018	Rs. 4,56,467/-	No Comment
Bank Pass Book balance of Cluster as on 31 st March, 2018	Rs. 5,60,697/-	No Comment
Difference between bank book and passbook	Rs. 11,995/-	No Comment
BRS prepared by Cluster (Yes/No)	No	Now BRS available along with cheque register
Books of Account of cluster	Maintained	No Comment
Documents of loan disbursement to SHGs	Available	No Comment
Vouchers of operational expenditure of cluster	Available	No Comment
Loan application documents of SHGs	Available	No Comment

No. of SHGs selected for audit	21	No Comment
No. of SHGs physically present for audit	6	No Comment
No. SHG physically absent for audit	15	No Comment
No. of Bank Pass Book available for physically present SHGs	6	No Comment
Specify name of SHG if Pass Book not Available	Not Necessary	No Comment
Resolution for selection of the authorised signatories of Bank operation	Available	No Comment
If not Available, mention the SHG Name with reason	Not Necessary	No Comment
Documents of loan disbursement to SHG members	Available	No Comment
Meeting resolution for loan disbursement	Available	No Comment
Other observations, if any	<i>However Maa Santoshi SGSY, passbook balance not updated till 31st March,2018 & cashbook not brought so cash balance details as on 31st March,2018 could not be verified during audit.</i>	Now updated Bank Pass Book and the Cash Book are available

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

P Chakrabarti

(P Chakrabarti)
Partner
Membership no. F61643

Kolkata
November 30, 2018