

**INTEGRATED COASTAL ZONE MANAGEMENT PROJECT
WEST BENGAL**

PEA: Forest Department Directorate

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Internal Audit Report

for the quarter 1st October to 31st December' 2015

Section I: Audit Scope and Approach:

Objective and Scope

We have completed the Internal Audit of the Project Expenditure incurred by Department Of Forest. 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. Adjustment without Utilization Certificate

Sl. No.	Observation	Impact	Recommendation	Management Comment
1.	We observed that adjustment of advance payment to FPC/EDC have been made without receipt of the respective Utilization Certificates. <i>Please refer to Annexure-I for details.</i>	Possibility of wrong utilization of project fund.	Utilization certificate must be collected from those FPCs/EDCs before adjustment of advance.	Necessary action has been taken by Department and continues follow up with Range Officer for collection of Utilization certificate from respective FPCs/EDCs. Very shortly all UC will be incorporated.



B. Bill not available

Sl. No.	Observation	Impact	Recommendation	Management Comment
1.	We observed that Rs.6,700/- was incurred vide voucher no.53 dt.03/12/2015 towards awareness program for plantation where 35 packets of lunch were ordered @ Rs.180/- amounting to Rs.6,300/-, however no bill was available for our verification.	Expenses can't be justified.	Bill should be obtained from the vendor.	Payment made to vendor after approval in the "estimate, note sheet and voucher" as per practice followed by Forest Dept. and bills are collected after release of payment to the food supplier. In this instant case, the cash memo/bills will also be collected and attached with the voucher.

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

P Chakrabarti



(P Chakrabarti)
Partner
Membership no. F61643

Kolkata
August 10, 2016

Annexure-I			
Forest Directorate			
No Utilization Certificate			
Adjustment Voucher Number	Voucher Date	FPC/EDC Name	Adjustment Amount (Rs.)
15	4-Nov-15	Paschim Godadharpur F.P.C	465,000.00
16	30-Nov-15	Kadirabad F.P.C	14,896.00
17	9-Dec-15	Paschim Godadharpur F.P.C	128,320.00
18	9-Dec-15	Paschim Godadharpur F.P.C	71,680.00
19	9-Dec-15	Jaldha Tajpur F.P.C	320,000.00
20	23-Dec-15	Meidinagar F.P.C	91,714.00
21	23-Dec-15	Arakbari E.D.C	129,156.00
22	23-Dec-15	Dhobaghat Bamunchak F.P.C	12,578.40

