

INTEGRATED COASTAL ZONE MANAGEMENT PROJECT

WEST BENGAL

PEA: Sunderban Infrastructure Development Corporation Limited

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Internal Audit Report for the quarter 1st January to 31st March, 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 (IUFRR) 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 IUFRRs 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. Incomplete documentation

Sl. No.	Observation	Impact	Recommendation	Management Comment
1.	<p>On verification of contract no. NIL dt. 21st November, 2012 between SPMU (the Client) & HYDEA SpA, Italy and M/S. Ghosh & Bose Associates, Kolkata (the Consultants), we observe that:</p> <ul style="list-style-type: none"> As mentioned in Para 29 clauses (VI) of contract documents, a “Monthly Report” should be submitted by Joint consultant i.e. HYDEA SpA And Ghosh, Bose & 	Incomplete documentation	Report should be obtained from the consultant as stipulated in contract document.	<ul style="list-style-type: none"> All monthly reports submitted by the consultant is available to SIDCL and all documents had been supplied to the internal audit

Sl. No.	Observation	Impact	Recommendation	Management Comment
	<p>Associates Pvt. Ltd., however no such report for this period was available for our verification.</p> <ul style="list-style-type: none"> As mentioned in Para 29 clauses (VI) of contract documents, a “Statement of budget requirement for next two quarters” should be submitted along with monthly progress report. This document was also not available for our verification. 			<p>team whatever is demanded.</p> <p><i>Auditor’s Comment:</i> <i>No signed report by the consultants was available for our verification.</i></p> <ul style="list-style-type: none"> Not submitted by the consultant.

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

P Chakrabarti



(P Chakrabarti)
 Partner
 Membership no. F61643

Kolkata
 November 22, 2016