

INTEGRATED COASTAL ZONE MANAGEMENT PROJECT

WEST BENGAL

NGO: Tagore Society for Rural Development

Contents

Section I: Audit Scope and Approach:.....	2
Objective and Scope	2
Audit Approach	2
Section III: Observations in Detail -NGO	3
Section III: Observations in Detail -SHGs	5

Internal Audit Report for the period September 2012 to March 2014

Section I: Audit Scope and Approach:

Objective and Scope

We have completed the Internal Audit of the Project Expenditure incurred by Tagore Society for Rural Development. 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 III: Observations in Detail -NGO

During our visit, we verified the implementation of the project in terms of certain indicators enumerated in the agreement between SPMU and Tagore Society for Rural Development. Our observation on achievements of each indicator is given below:

Section 1: We observed that achievement of certain results were satisfactorily. These areas are mentioned below:-

Sl. No.	Result Areas	Indicators	Observation
1	Engagement and orientation of staff	1. All staff have been given adequate orientation of ICZM project 2. All staff have their job description	1. Adequate training for orientation of ICZM project has been conducted. 2. Job descriptions were properly defined for each staff.
2	Procurement of furniture and equipment	3. All furniture as per list as approved by SPMU have been purchased and in use at the office 4. All equipment as per list as approved by SPMU have been purchased and in use at the office 5. All furniture and equipment are properly recorded in the stock register.	3. All procurements have been done as per the specified procurement guideline. 4. Computers and laptops were purchased as approved by SPMU. 5. All the assets have been entered into the Fixed Asset Register with proper identification number.
3	Introducing ICZM project to the target areas – Target area means GP as allotted to your NGO	6. People in the areas are aware of ICZM project with its broad objectives	6. Meeting conducted as per contract.
4	Basic data base of CBOs (SHGs, CIGs, Club, etc.) including	7. Data base of all SHGs, CIGs, Club, cooperatives are available – name of CBOs, address, membership	7. Related Data base maintained.

Sl. No.	Result Areas	Indicators	Observation
	cooperatives of the target areas	number, activities of the CBOs, etc.	
5	Draft plan for next 10 months of the year	<p>8. A work plan of 10 month period is formulated in a participatory process This plan should be within the livelihood framework of ICZM project and the plan document should atleast contain:</p> <ul style="list-style-type: none"> ▪ Situational Analysis of the target area ▪ Objectives ▪ Strategies ▪ Activities (as per format suggested by SPMU) ▪ Budget (as per format suggested by SPMU) ▪ Review and monitoring process 	8. Available.

Section 3: Other Observation

Sl. No.	Observations	Impact	Recommendation	Management Comment
1.	On verification of Salary Register, we found that the Profession Tax was deducted as Rs 110/- each instead of Rs 130/- each in respect of Samiran Pradhan and Apan Nayak. Moreover Profession Tax challan was not available for our verification.	Statutory non-compliance.	Profession tax should be deducted according to current profession tax slab. Also copy of profession tax payment challan should be maintained at site office.	<i>Remaining balance as per new slab will be deducted and deposited to the Bank. Henceforth profession tax will be deducted & deposited as per new slab. Copies of all Challans are kept at site office.</i>
2.	On verification of payment vouchers of 'Internal Travel within Block GP',	Excess expenditure being charged under the head 'Internal Travel within Block	Expenditure so should be charged on actual basis.	<i>Vide reference of mail dated 05.04.13 and the submission thereof "NGOs may</i>



Sl. No.	Observations	Impact	Recommendation	Management Comment
	we observed that Rs. 4/km was being charged by TSRD for usage of motorcycle. However according to an e- mail between the Client (TSRD) and the Consultant (SPMU) dated 05/04/2013, it is mentioned that travel cost is to be charged on actual basis and not per KM basis.	GP'.		<i>be allowed to spend within the overall limit i.e. Rs.4,000 per month and also Rs.28,000 per annum, (annual available amount is Rs. 76,000) whether they use fuel run own/hired vehicle....” We did not exceed the stipulated amount under the head of accounts.</i>
3.	On cross verification of Challan with Supply order in respect Desktop and Camcorder purchased on 03/12/2013, we observed that the above items were purchased without any supply order. Moreover, a supply order was given to vendor in respect of above purchase on 24/12/2013, i.e. after delivery of items.	Violation Of procurement procedure.	Supply order should be issued to vendor before delivery of goods/material.	<i>The actual purchase order was issued on 24/11/2013 which was received by the Vendor on 26.11.2013 is an inadvertent mistake on our part in respect of the date of the Supply order. As it was kept in Head Office, could not be produced at the time of audit.</i>

Section III: Observations in Detail -SHGs

During our audit, we verified the transactions made by various SHGs under TSRD. We noticed that, during the period April to June 2013, transactions took place only in respect of following SHGs. Our observations in respect of each SHG are summarized below:

Name of SHG	Fund Disbursed (Rs.)	Fund Utilised (Rs.)	Purpose of expenses
Istananda Swambhar Gosthi	2,11,111.00	2,11,111.00	Erection of Tube well with Raised Platform.



Name of SHG	Fund Disbursed (Rs.)	Fund Utilised (Rs.)	Purpose of expenses
Baba Maheswar Self Help Group	2,11,111.00	2,11,111.00	Erection of Tube well with Raised Platform.
Maa Sarada Mahila Self Help Group	7,97,820.00	7,73,657.00	Construction of Brick Road. (Remaining amount of Rs. 24,163 has been returned to SPMU in March 2014. Reflection of the same entry is available in the books of SPMU on 27 th March, 2014)

We did not find any discrepancy in terms of expenses incurred as mentioned above.

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



(A Pathak)
Partner
Membership no.F 052434



Kolkata
June 27, 2014