

V. Rohatgi & Co.
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT



To
The CEO,
State Society for Ultra Poor & Social Welfare,
Patna-800001.

Report on the Financial Statements

We have audited the accompanying financial statements of **BIHAR INTEGRATED SOCIAL PROTECTION STRENGTHENING PROJECT of STATE SOCIETY FOR ULTRA POOR & SOCIAL WELFARE, BIHAR** financed under World Bank Loan No. 5349-IN, as at 31st March 2016 which comprise the Statement of Sources and Applications of Funds and Reconciliation of Claims to Total Applications of Funds for the year ended on that date annexed thereto. These financial statements are the responsibility of the Project's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Project Management Responsibility for the Financial Statements

The project management is responsible for the preparation of these financial statements so that these statements give a true and fair view of the financial position and financial performance of the project. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement whether due to fraud or error.



Auditors' Responsibility

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement. An audit includes examining, on test basis evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis of our audit opinion. Subject to our following observations and annexure attached herewith:

1. Prior period income has been incorporated in the books of accounts during the period under audit. Bank interest received for the financial year 2014-15 incorporated in books of accounts during the financial year 2015-16.

2. There are some accounts where facility of sweep FD has been taken by society but no transactions thereof have been entered in books of accounts of the society. Interest on sweep account and TDS deducted thereon has not been entered in books of accounts. Bank Interest and bank charges respectively credited and debited by bank during the year have not been accounted for in the books of accounts.

Entries outstanding in Bank Reconciliation Statement should be incorporated in Books of Accounts.

We report that:

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit.

b. In our opinion, proper books of account as required by the law have been kept by the society as far as appears from our examination of these books.

c. In our opinion, the financial statements give a true and fair view of the Sources and Application of Funds and the financial position of Bihar Integrated Social Protection Strengthening Project for the year ended 31st March, 2016.



In addition, (a) with respect to IFRs adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) expenditures as reported are eligible for financing under the IDA Credit Agreement (World Bank Loan No. 5349-IN). (c) The IFR submitted and procedure and internal controls involved in their preparation can be relied upon to support the withdrawals.

Date : 25/08/2016

Place : PATNA



FOR V. ROHATGI & CO.
(Chartered Accountants)

Reg No. : 000980C

ASHISH ROHATGI
(Partner)

M. No. : 401574

ANNEXURE OF OBSERVATIONS					
S.NO	PARTICULARS	OBSERVATION	ASSOCIATED RISK	RECOMMENDATION	MANAGEMENT'S COMMENT
1	ACCOUNTING OF BANK INTEREST	Prior period income has been incorporated in the books of accounts during the period under audit. Bank interest received for the financial year 2014-15 incorporated in books of accounts during the financial year 2015-16.	Financial statements are drawn on the principal of matching concept. All the expenses and incomes of a particular year need to be included in the books of accounts so that it reflects the correct position.	Society should prepare Bank Reconciliation Statement on monthly basis. The interest for the previous year should be booked in the same year.	Complied
2	ADVANCE FOR EXPENDITURE-BISPS	Society has given advances for expenditure such as field visit, contingency, administrative expenditure. Cases have been observed where excess settlement has been done vis-à-vis the guidelines. Case observed where old bill i.e more than 1 year old has been allowed for payment. The same has been rectified in the year 2016-17. Advance to petrol	The reconciliation/adjustment of old accounts may lead to issues in recovery of the same. Similarly excess settlement of expenses against advances may lead to issues in recovery of the same.	non-The advance paid to the vender should be adjusted in the running bill. The staff advances for expenditure should be adjusted as per rules.	Regarding old bill, generally society makes payment when submission of the expenses done or settlement of advances are done. Further, instruction will be given to all working staff to settle their advances and claim within 3 months from the date of expenditure or advance.



		pump is outstanding in the books of accounts since 2012-13.			The advance of 2012-13 lying with petrol pump is just a security money (advance) against which they provide us the petrol.
3	SWEEP ACCOUNT	There are some accounts where facility of sweep FD has been taken by society but no transactions thereof have been entered in books of accounts of the society. Interest on sweep account and TDS deducted thereon has not been entered in books of accounts.	Interest income has not been accounted for and hence leading to understatement of receipts in the books of accounts.	Interest Income and TDS should be accounted for in the books of accounts.	The sweep facility has been withdrawn.
6	PROCUREMENT	It has been observed that society is following the limit of Rs. 40.00 lacs fixed by World Bank for floating tenders for allotment of work but as per Bihar Financial Rules tendering process is to be followed for any allotment of work value of which exceeds Rs 1.00 lac.	Bihar Financial Rules are not being followed.	Bihar Financial Rules should be followed.	For BISPS project only World Bank Guidelines are being followed.



7	PROCUREMENT	It has been observed that Gmail ids of employees are being used by officials for communication during the process of procurement.	Trail of communication will be lost if the person handling the procurement is not available with the organization.	Official mail ids should be used for communication during process of procurement.	Official mail id for employees has been created and employees are advised to communicate through official mail only.
8	FINANCE & ACCOUNTS	Staffing strength in the accounts department is not commensurate with the volume of transactions.	Timely updation of books of accounts.	Staffing strength should be commensurate with the volume of transactions.	The process of appointment of additional staff is in progress.

Date : 25/08/2016

Place : PATNA

Dr. Manoj

Finance Manager Specialist

Financial Management Specialist
SSUPSW, Bihar, Patna

Ashish Rohatgi

Project Director

Chief Executive Officer (CEO)
SSUPSW, Bihar, Patna



FOR V. ROHATGI & CO.

(Chartered Accountants)

FRN-000980C

Ashish Rohatgi
Ashish Rohatgi

(Partner)

M. No. : 401574

Annexure I

Annexure on sources and application of funds

**Name of the Project: Bihar Integrated Social Protection Strengthening Project
Grant No.5349-IN**

**Statement of Sources and Applications of Funds
Report for the year ended 31st March'2016**

In Rs.

Particulars	Current Year (2015- 16)	Project till previous year end 31.03.2015	Project to date
Opening Balance*	25846758	3633915	3633915
Receipts			
Funds from Government through Budget (These will include external assistance received by Government for the project.)	178000000	35000000	213000000
Others			
Sale of Bid Documents	88300	41937	130237
Bank Interest	218785	545100	763885
Total Receipts (A)	178307085	35587037	213894122
Expenditures by Component			
A. Component 1 Strengthening social protection capacity and systems	24259736	13374194	37633930
B. Component 2 Piloting innovations in social protection delivery	0	0	0
C. Project Management.	0	0	0
Total Expenditures (B)	24259736	13374194	37633930
Closing Balance	179894107	25846758	179894107

Note:

We have verified the supporting documents for expenditure incurred during f.y. 2015-16 and no deficiencies observed. Previous year figures as provided by management were compared with IUFR and no variation observed.

For V. Rohatgi & Co.
Chartered Accountants
(FRN-000980C)

(Ashish Rohatgi)
Partner
(M.No-401574)



Financial Management Specialist
SSUPSW, Biha. na

Chief Executive Officer (CEO)
SSUPSW, Bihar, Patna

Annexure on sources and application of funds

Name of the Project: Bihar Integrated Social Protection Strengthening Project

Grant No.5349-IN

**Component Wise Expenditure Statement
Report for the year ended 31st March'2016**

In Rs.

	Component/ Activity	Expenditure Incurred till previous year (A)	Expenditure for the year (B)	Cumulative expenditure (A) + (B)
1	Component 1 Strengthening social protection capacity and systems			
a	Goods	81390	92236	173626
b	Consulting Services	96250	11695062	11791312
c	Salaries	5042115	6925037	11967152
d	Other Operating Cost	8154439	5547401	13701840
		13374194	24259736	37633930
2	Component 2 Piloting innovations in social protection delivery	0	0	0
	Total(1+2)	13374194	24259736	37633930

Notes:

1. The expenditure as mentioned above should match with the expenditure reported in Annexure 1.

For V. Rohatgi & Co.
Chartered Accountants
(FRN-000980C)

(Ashish Rohatgi)
Partner
(M.No-401574)



V. Rohatgi
Financial Management Specialist
SSUPSW, Bihar, Patna

Ashish Rohatgi
Chief Executive Officer (CEO)
SSUPSW, Bihar, Patna

Name of the Project: Bihar Integrated Social Protection Strengthening Project

Loan No.-5349-IN

Reconciliation of Claims to Total Applications of Funds

Report for the year ended 31st March'2016

Particulars	Schedules	Amount (Rs.)		
		Current Year	Project till Previous Year Ended 31.03.2015	Project To Date
Banks Fund claimed during the year				
-IUFR 1		2991557	2705774	5697331
-IUFR 2		2172465	1983199	4155664
-IUFR 3		6877800	1201710	8079510
-IUFR 4		4939993	3471253	8411246
Total Bank Funds Claimed (A)		16981815	9361936	26343751
Total Expenditure made during the year (B)		24259736	13374194	37633930
Less: Outstanding AC bills (C)	II	0	0	0
Ineligible Expenditures (D)	III	0	0	0
Expenditures not claimed (E)	IV	0	0	0
Total Eligible expenditures claimed (F) = (B)-(C)-(D)-(E)		24259736	13374194	37633930
World Bank Share 70% of (F) above (G)		16981815	9361936	26343751
Amount to be claimed/refunded (H)=(A-G)		0	0	0

For V. Rohatgi & Co.
Chartered Accountants
(FRN-000980C)

Ashish Rohatgi
(Ashish Rohatgi)
Partner
(M.No-401574)



Dr. Naray
Financial Management Specialist
SSUPSW Bih

Rajendra
Chief Executive Officer (CEO)
SSUPSW, Bihar, Patna