

BIHAR AAPDA PUNARWAS EVAM PUNARNIRMAN SOCIETY



BIHAR AAPDA PUNARWAS EVAM PUNARNIRMAN SOCIETY, BIHAR

STATUTORY AUDIT REPORT

F.Y. 2016-17

KRA & Co.

Chartered Accountants

485/257 , Gorekhnath Compound , Behind Trishul Market

Boring canal Road , Near Hartali Mod , Bihar , Patna

Tel: 0612-2530030

Email: krapatna@gmail.com

EXTERNAL AUDITOR REPORT

FOR

BIHAR AAPDA PUNARWAS
EVAM PUNARNIRMAN SOCIETY

CREDIT NO. 5696-IN

FOR

THE PERIOD 01/04/2016 TO 31/03/2017

As Submitted By

KRA & Co
(Chartered Accountants)

485/257, Gorekhnath Compound, Boring Canal Road, Patna, Bihar 800001

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Sl. No.	PARTICULARS
1	Introduction – scope, nature and coverage of the audit including period covered, units audited.
2	Opinion of the auditor on the specified matters - Auditor Report
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7	Management Assertion Letter



EXECUTIVE SUMMARY

S.No	Observation	Implications	Relevant Annexure	Recommended Corrective Action
1	Short/Excess TDS Deduction	Statutory non compliance	Point no 1 to the Management Letter	Accurate Deductions and Timely Deposit of statutory deposits to be followed to avoid interest and penalty payments.
2	Short Vat Deduction	Statutory non compliance	Point no 2 to the Management Letter	Accurate Deductions and Timely Deposit of statutory deposits to be followed to avoid interest and penalty payments.
3	Short Retention Money Deducted	Procedural Non Compliance	Point no 3 to the Management Letter	To deduct retention money at the prescribed rates as per agreed terms and department policies.



INTRODUCTON

BIHAR AAPDA PUNARWAS EVAM PUNARNIRMAN SOCIETY (BAPEPS), as a society has started project in five districts of Bihar that is Supual, Madhepura, Saharsa, Purnea and Araria from March 2016.

BKBDP is the extension of Kosi Phase 1 project with additional component on Agriculture including, Animal Husbandry and shallow tubewell to be implemented in two more districts that is Purnea and Araria.

With the assistance of \$375mn World Bank, Bapeps is promoting the below mentioned objectives:

1. Improving flood risk management
2. Enhancing agricultural productivity & competitiveness
3. Augmenting Connectivity
4. Contingent Emergency Response
5. Implementation Support

Stages of Audit Adopted as per AAS – Standards of Auditing as promulgated by the Institute of Chartered Accountants of India (ICAI)

1. The Scope of Audit covers all the Project sources and applications of funds and the units that is SPMU, DPMUs and BPMUs of BAPEPS; and Nodal Offices and Divisional Offices of the sub-implementing implementing agencies namely the BPRNN, BRRDA, WRD, Department of Agriculture and Animal and Fish Resources Department.
2. Audit Documentation includes Audit Programme; Analysis of observations, discussions with the auditee, Management Letter, Checklists and others related documents.
3. As per SA 700, opinion and reporting on financial statements has been made.
4. Consolidated financial statements have been taken during the process of audit for financial analysis.
5. Procurement has been carried out by BAPEPS and sub implementing agencies in line with the agreed procedures documented in the procurement manual for the project agreed with the Bank. For this purpose, we had selected a sample of procurement cases under the project and checked procurement documents. Attached is the checklist for different procurements as **Annexure I (annex 2)**





K R A & CO.

(Chartered Accountants)

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krapatna@gmail.com

INDEPENDENT AUDITORS' REPORT

To,
The Members,
Bihar Aapds Punarwas Evam Puarnirman Society (BAPEPS)

We have audited the accompanying financial statements of Bihar Aapds punarwas Evam punarnirman Society (BAPEPS) which comprise the Balance Sheet as at 31 March 2017, and the Receipt and Payment Account and the Income and Expenditure Account for the year ended on that date, and a summary of significant accounting policies and other explanatory information under Bihar Kosi Basin Development Project (IDA Credit No 5696-IN)

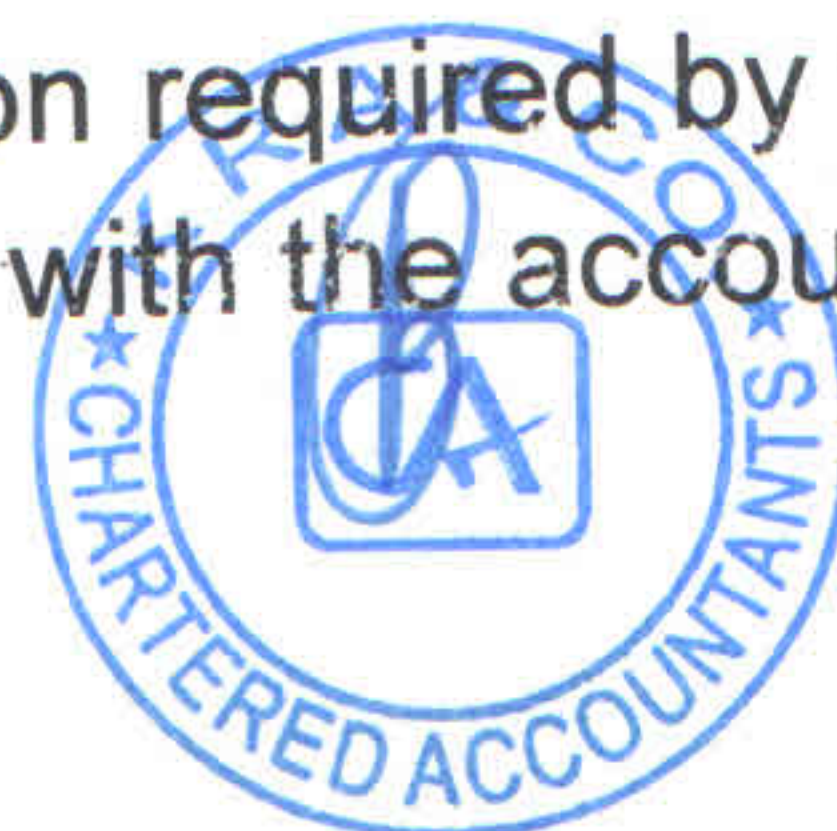
Management is responsible for the preparation of these financial statements that gives a true and fair view of the financial position, financial performance of the society in accordance with the Society's Registration Act, 1860. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that provides a true and fare view and are free from material misstatement whether due to fraud or error.

Our responsibility is to express an opinion on these financial Statements based relevant sample audit. We conducted our audit in accordance with Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us the financial statements read in conjunction with significant accounting policies, notes to accounts and schedule (1 to 8), give the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:



- I. In the case of Receipts and payments Account, the Receipts and Payments for the Society for the year ended on that date,
- II. In the case of Income and Expenditure Account, the income and expenditure of the Society for the year ended on that date,
- III. In the case of Balance sheet, of the state of affair of the Society as at March 31,2017,
- IV. In the case of a Statement of Significant Accounting Policies adopted for the preparation of the PFS and
- V. In the case of Explanatory Notes to the financial statements (not applicable)

In our opinion and to the best of our information and according to the explanations given to us, we confirm,

- I. The project funds were utilized for the purposes for which they were provided
- II. Expenditures, including assets created under the project, shown in the PFS are eligible for financing under the project legal agreements and there were exclusively financed through the project funds and no other sources of funds have been received by BAPEPS for incurring these expenditures
- III. Expenditures reported in the interim unaudited financial reports (IUFR) are in agreement with the books of account and IUFRs can be relied upon to support these claims
- IV. Procurement has been carried by BAPEPS and the implementing agencies in line with the agreed procedures as detailed in the project legal agreement and the procurement manual
- V. The project has an adequate internal control system (including its continuing implementation and effectiveness) and adheres to the provisions of the project legal agreements, the Financial Management, Procurement and operations manual in all material aspects
- VI. The books of account that provide the basis for preparation of the PFS are established to reflect the financial transactions of the project, and are maintained by the implementation agency and the BAPEPS.

For KRA & CO
Chartered Accountants




Partner
M.No: 503150
Date: 30/12/2017
Place: Patna

Bihar Aapda Punarwas Evam Punarnirman Society
Bihar Kosi Basin Development Project (Credit No. 5696)

Balance Sheet as at 31st March 2017

As at 31 March, 2016		Liabilities		Schedule No	As at 31 March, 2017	Assets		Schedule No	As at 31 March, 2017
2,406,100,000.00	Grant from Government of Bihar - Unutilized Grant at the beginning of the year					Fixed Assets		2	-
-	Add : Grant received during the year				2,405,522,059.00	Current Assets, Loans & Advances -		3	306,108,864.00
-	Less: Grant Return to Plan. & Dev. Dept.				8,041,900,000.00	Balance with Banks		4	9,095,099,449.00
577,941.00	Less : Project Revenue Expenditure during the year				1,245,784,715.00	Cheques in Hand/Funds in Transit			-
-	Less : Project Capital Expenditure during the year				-	Cash in Hand			-
2,405,522,059.00	Unutilized Grant at the close of the Year				9,201,637,344.00				
-	Capital Fund			1	-				
577,941.00	Current Liabilities				199,570,969.00				
2,406,100,000.00	Total				9,401,208,313.00	Total			9,401,208,313.00

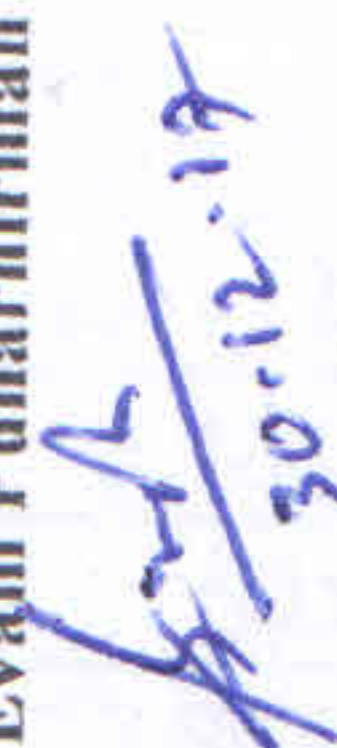
Significant Accounting Policies & Notes to Accounts

In terms of our report of even date

For and on behalf of
 For, KRA & CO. A & C
 Chartered Accountants

 Partner
 M No: 503150
 Place : Patna
 Date : 30/12/2017

For and on behalf of
 Bihar Aapda Punarwas Evam Punarnirman Society


 30.12.17
 उप निदेशक (वित्त)
 Deputy Director Finance

Bihar Aapda Punarwas Evam Punarnirman Society
Bihar Kosi Basin Development Project (Credit No. 5696)

Schedules to the Balance Sheet

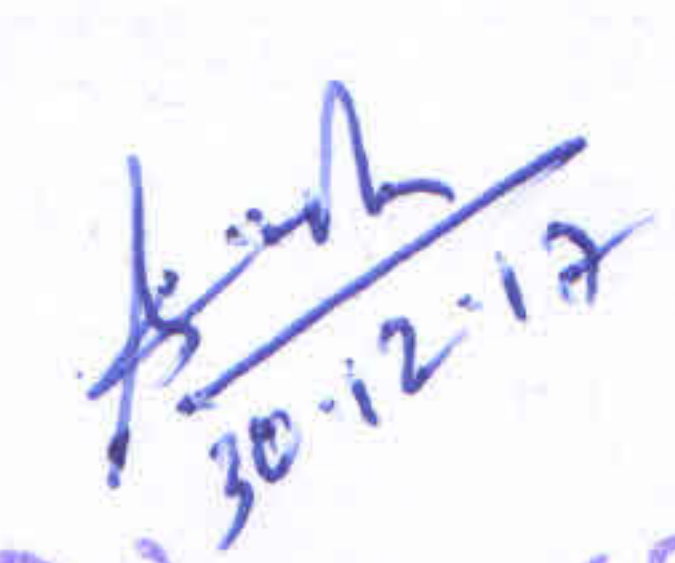
Schedule 1 - Current Liabilities

Particulars	(Amount in Rs.)		
	As at 31st March 2016	During the year	As at 31 March, 2017
Loan from BKFRP	577,941.00	-	577,941.00
Labour Cess	-	5,116,751.00	5,116,751.00
Royalty (BRPNL)	-	12,122,407.00	12,122,407.00
Royalty (MD)	-	3,464,519.00	3,464,519.00
Royalty (Credit)	-	605,550.00	605,550.00
VAT (BRPNL)	-	23,885,764.00	23,885,764.00
Maintenance Cost	-	6,677,436.00	6,677,436.00
Bank Interest (SPMU)	-	73,335,136.00	73,335,136.00
Retainment Money	-	4,077,446.00	4,077,446.00
Retainment Money (Credit)	-	70,285,960.00	70,285,960.00
Total	577,941.00	198,993,028.00	199,570,969.00

Schedule 2 - Fixed Assets

Particulars	As at 31st March 2016	Purchased during the Year	Adjustments/ disposal during the Year	As at 31st March, 2017
a. Project Management				
	-		-	-
Computer & Printers (SPMU)				
Furniture & Fixture				
	-	-	-	-
Electric Equipment				
	-	-	-	-
b. Emergency Response				
Total	-	-	-	-




 30-12-17
उप निदेशक (वित्त)
 वि. आ. पु. पु. सो., बिहार, पटना

**Bihar Aapda Punarwas Evam Punarnirman Society
Bihar Kosi Basin Development Project (Credit No. 5696)**

Schedule 4 - Balance with Banks

(Amount in Rs.)

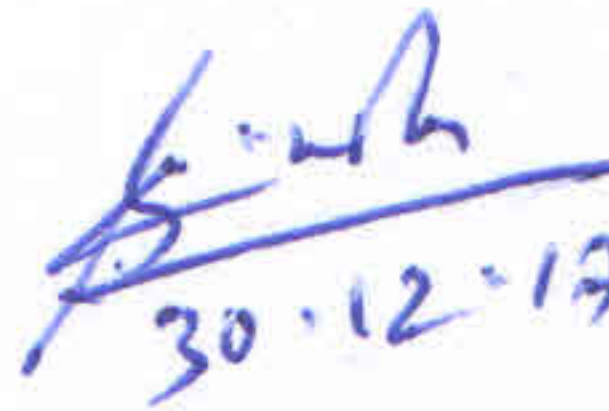

Particulars	As at 31 March,2016	As at 31 March,2017
Balance with bank (SPMU)		
CBI- A/C No- 3521752345	1,500,000,000.00	15,184,200.00
State Bank of India A/c no. 35623198288	906,100,000.00	8,050,982,450.00
BKBDP Parent Account (Canara Bank)	-	2,500,000.00
BKBDP Parent Account BRPNL (Canara Bank)	-	213,778,274.00
BKBDP Parent Account BRPNL (CBI)	-	16,689,984.00
BKBDP Parent Account (Canara Bank) A/c No. 44078	-	234,152,079.00
Canara Bank A/c No. 44059	-	561,812,462.00
Total	2,406,100,000.00	9,095,099,449.00

Schedule 3 - Advances & Other Current Assets

(Amount in `)

Particulars	As at 31 March,2016	As at 31 March,2017
Advance to Contractors		
1st Secured Advance (BRPNL)	-	111,028,639.00
2nd Secured Advance (BRPNL)	-	8,925,642.00
Equipment Advance (BRPNL)	-	26,581,281.00
Equipment Advance (RWD)	-	9,110,142.00
Mobilisation Advance (BRPNL)	-	92,484,686.00
Mobilisation Advance (RWD)	-	9,414,134.00
Advance to RWD	-	48,564,340.00
Total	-	306,108,864.00




 30.12.17
उप निदेशक (वित्त)
 वि. आ. पु. पु. सो., बिहार, पटना


Bihar Aapda Punarwas Evam Punarnirman Society
 Bihar Kosi Basin Development Project (Credit No. 5696)
Income & Expenditure Account for the Financial Year ended 31st March 2017

(Amount in Rs.)							
For the Year ended 31st March, 2016	Expenditure	Schedule No	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016	Income	Schedule No	For the Year ended 31st March, 2017
-	Main Project Expenditure -		-	577,941.00	Fund Received to the extent utilised during the year		1,245,784,715.00
-	Improving Flood Risk Management		751,903,667.00	-			-
-	Reconstruction of Road		492,386,743.00	-			-
-	Reconstruction of Bridges		-	577,941.00			1,245,784,715.00
-	Contingent Emergency Response		-	-			-
-	Improving Emergency Response Capacity		-	-			-
577,941.00	Project Management and Technical Assistance	5	1,494,305.00	-	Less: Expenditure in Fixed Assets transferred to Capital Fund Account	2	-
577,941.00	Total		1,245,784,715.00	577,941.00	Total		1,245,784,715.00

Significant Accounting Policies & Notes to Accounts
 In terms of our report of even date

For and on behalf of
 For, KRA & CO.
 Chartered Accountants
 Partner
 M No: 503150
 Place : Patna
 Date : 30/12/2017

For and on behalf of
 Bihar Aapda Punarwas Evam Punarnirman Society
 30.12.17
 उप निदेशक (वित्त)
 Deputy Director - Finance
 बिहार कृषि विकास, बिहार, पटना

Bihar Aapda Punarwas Evam Punarnirman Society
Bihar Kosi Basin Development Project (Credit No. 5696)
Schedules of Income & Expenditure Account

Schedule 5

(Amount in `)

Project Management and Technical Assistance	For the period Year 31st March, 2017		For the Year ended 31st March, 2016
Administrative & Salaries (SPMU)	-		
Consultancies & Technical Services (SPMU)	-	1,402,933.00	-
Training and Exposure Visits (SPMU)	724,773.00		
Advertisement Expenses (SPMU)	678,160.00		
Administrative Salaries (BPMU)	-		
Contingency Expenses (SPMU)	-		
Contingency Expenses (DPMU)	-	-	577,941.00
Contingency Expenses (BPMU)	-		
Vehicle & Mobility Cost (SPMU)	91,372.00		
Vehicle & Mobility Cost (DPMU)	-	91,372.00	-
Vehicle & Mobility Cost (BPMU)	-		
Bank Charges (SPMU)	-		
Bank Charges (DPMU)	-		
Bank Charges (BPMU)	-		
Total		1,494,305.00	577,941.00



[Signature]
 30.12.17
 उप निदेशक (वित्त)
 वि. आ. पु. पु. सो., बिहार, पटना

Receipts & Payments Account for the Financial Year ended 31st March 2017

(Amount in Rs.)

For the Year ended 31st March, 2016	Receipts	Schedule No	For the Year ended 31st March, 2017	Payments	Schedule No	For the Year ended 31st March, 2017
-	Opening Balance -		-	Main Project Expenditure		-
-	Cash in Hand		-	Improving Flood Risk Management		751,903,667.00
-	Cash at Bank	3	2,406,100,000.00	Reconstruction of Road		492,386,743.00
-	Fund in Transit		-	Reconstruction of Bridges		-
	Funds Received During the year			Contingent Emergency Response		-
2,406,100,000.00	Grant in Aid from Govt. of Bihar		8,041,900,000.00	Improving Emergency Response Capacity		-
				Project Management and Technical Assistance		1,494,305.00
577,941.00	Other Fund		577,941.00			-
	Loan from BKFRP		-			-
	Receipts during the year	6	199,570,969.00	Fixed Assets purchased during the year	2	1,245,784,715.00
				Payments during the year	7	306,686,805.00
				Closing Balance -		-
				Cash at Bank		9,095,099,449.00
				Fund in Transit		-
				Cash in Hand		-
2,406,677,941.00	Total		10,647,570,969.00	Total		10,647,570,969.00

8 Significant Accounting Policies & Notes to Accounts

In terms of our report of even date

For and on behalf of & Co. Chartered Accountants
Partner
M No: 503150
Place : Patna
Date : 30/12/2017

For and on behalf of
Bihar Aapda Punarvas Evam Punarnirman Society

उप निदेशक (वित्त)
Deputy Director (Finance)

Bihar Aapda Punarwas Evam Punarnirman Society
Bihar Kosi Basin Development Project (Credit No. 5696)

Schedules forming part of the Receipt & Payment as at 31st March 2017


Schedule 6 - Receipt During the Year

Particulars	(Amount in `)	
	As at 31 March, 2016	As at 31 March, 2017
Labour Cess	-	5,116,751.00
Royalty (BRPNNL)	-	12,122,407.00
Royalty (MD)	-	3,464,519.00
Royalty (Credit)	-	605,550.00
VAT (BRPNNL)	-	23,885,764.00
Maintenance Cost	-	6,677,436.00
Bank Interest (SPMU)	-	73,335,136.00
Retainment Money	-	4,077,446.00
Retainment Money (Credit)	-	70,285,960.00
Total	-	199,570,969.00

Schedule 7 - Payment during the Year

Particulars	(Amount in `)	
	As at 31 March, 2016	As at 31 March, 2017
Advance to Contractor		
Advance to Contractor (BRPNNL)		257,544,524.00
Advance to RWD		48,564,340.00
Payment to BKFRP		577,941.00
Total	-	306,686,805.00




 30.12.17
उप निदेशक (वित्त)
 वि. आ. पु. पु. सो., बिहार, पटना

BIHAR AAPDA PUNARWAS EVAM PUNARNIRMAN SOCIETY (BAPEPS)

Schedule- 8

Statement of Significant Accounting Policies:

1. Overview of the project:

Bihar Aapda Punarwas Evam Punarnirman Society (BAPEPS) is implementing a \$375mn World Bank assisted BKBDP in five Districts of Bihar I.e. Supaul, Madhepura Saharsa, purnia and Araria. The same is an extension of Kosi Phase 1 project.

2. Basis of preparation of Financial Statement :

The Financial Statements have been maintained on double entry system adopting cash basis of accounting except:

Financial Statements are prepared in accordance with the Generally Accepted Accounting principles including Accounting Standards followed in India to the extent applicable

Preparation of the financial statements are in conformity with the Generally Accepted Accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses for the year. Estimates are based on assumptions that management believes are reasonable under the circumstances.

3. Revenue Recognition:

Fund received from Government of Bihar has been recognized as income to the extent of the revenue expenditure made during the year and the unutilized balance is carried forward in the balance Sheet.

Interest earned on balances in project bank accounts and other incomes (such as tender fees etc.) arising from the project are recognized as liability in the Balance Sheet and dealt with as decided by the Governing Body.

4. Bank Account:

Balance at Bank has been shown for dedicated bank accounts opened in the name of BAPEPS.

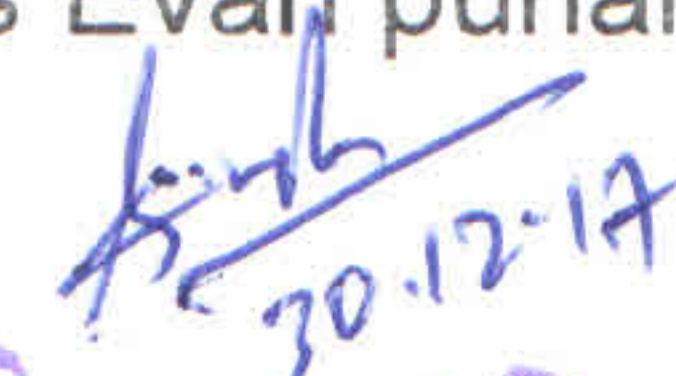
For KRA & Co

Chartered accountants


Partner
M.No:503150

For and on behalf of

Bihar Apada punarwas Evan punarnirman Society


30.12.17
उप निदेशक (वित्त)
Sunil Kumar Singh
Deputy Director(Finance)