



## Auditor's Report on Project Financial Statements for the Financial Year 2019-20

To  
The Managing Director

Bihar State Educational Infrastructure Development Corporation Limited, Patna

### Report on the audit of the Project Financial Statements

#### Opinion

We have audited the accompanying Project Financial Statements of "Enhancing Teacher Effectiveness in Bihar Operation" financed by the International Development Association in accordance with the Financing Agreement and Implementing Entity Agreement both dated 16.01.2020 IDA Credit no. 5578 IN and implemented by Bihar State Educational Infrastructure Development Corporation. These financial statements comprise of the Interim unaudited financial report (IFR) for the period under audit, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "Project financial statements" – PFS).

In our opinion the accompanying PFS give a true & fair view of the cash receipts and disbursements for the year ended on March 31<sup>st</sup> 2020 and its cash flows for the year then ended in accordance with the Financial Agreement and Implementing Entity Agreement stated as above.

#### Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by Institute of Chartered Accountant of India (ICAI). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the implementing agency in accordance with the Code of Ethics issued by the ICAI and the ethical requirements stated in our letter of appointment no 256 dated 10.01.2019 for undertaking this assignment, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and-ICAI's Code of Ethics.

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



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## **Management's Responsibility for the Project Financial Statements**

The Project Management & Board of Directors of BSEIDC are responsible with respect to the preparation of these project financial statements in accordance with the Project Financing Agreement and Implementing Entity Agreement, accounting principles generally accepted in India, including the Accounting Standards. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Fund and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the project financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility for the Audit of Financial Statements**

Our responsibility is to express an opinion on these project financial statements based on our audit. We have taken into account the provisions of the Project Financing Agreement and Implementing Entity Agreement, the accounting and auditing standards and matters which are required to be included in the audit report.

We conducted our audit in accordance with the Standards on Auditing 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the project financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the project financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Management's preparation of the project financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the project financial statements.

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

## **Report on Other Legal and Regulatory Requirements**

Further to our opinion on the Project Financial Statements we report that in our opinion and to the best of our information and according to the explanations given to us, we believe that project





expenditure during the period of audit has been correctly reported in the Project Financial Statement. Further we also certify that:

- a. Project funds were utilized for the purpose for which they were intended.
- b. Project expenditure was exclusively financed through the project funds and no other sources of funds have been received for incurring those expenditure.
- c. Proper books of accounts have been maintained and Project expenditure reported in IFR is in agreement with the books of accounts,
- d. Project financial statement has been prepared on cash basis in accordance with the accounting policies disclosed in the audited annual financial statements of BSEIDC and applicable to the preparation of the Project financial statement
- e. Interim Financial Reports (IFR) submitted by the Project management can be relied upon to support applications for withdrawal of the loan, and adequate supporting documentation has been maintained to support these claims;
- f. The accounting and internal control systems underlying the project and oversight over the Project funds except for the possible effects reported in management letter from auditor were adequate and maintained throughout the audit period, and
- g. Procurements made by BSEIDC under the project had been undertaken in accordance with agreed procedures.

#### Other Matter

We have not audited the financial statement/s/information of Financial Statement of BSEIDC for the year ended 31<sup>st</sup> March 2020 which has been audited by another auditor and whose reports have been furnished to us.

For **Gupta Sachdeva & Co.**  
(Chartered Accountants)  
(Firm Reg. No.:006706N)

*Animesh*

**Animesh Kumar Jha**  
(Partner)  
(M. No.: 067831)



Date: 07/10/2021  
Place: Patna

UDIN - 21067831AAAAAUG212

Quarter ended 31.03.2020

Enhancing Teachers effectiveness in Bihar - TA component  
BSEIDCInterim Unaudited Financial Report  
Summary Sheet

For the period 01.01.2020 to 31.03.2020

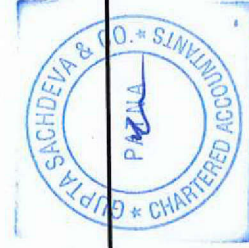
Date :

Amount ( RS.)

Category	Description	Gross Eligible expenditure	Re-imbursment %	Net Eligible expenditure	Source of Fund
1	Consultants services, Training and Workshops and Incremental opertaing costs for the project.	17,849,791.00	100%	17,849,791.00	Government of Bihar (State PL Account For TA(WB)
	Total	17,849,791.00		17,849,791.00	

Note : This is to certify that the expenditure is in agreement with the project books of accounts maintained at BSEIDC and all supporting documents including confirmation of delivery of output along with timesheet in case of individual consultants by D (R&T) and SCERT are available in office of BSEIDC.

*Anil* 7/10/21  
Head of Finance, BSEIDC



*[Signature]*  
MD BSEIDC



BSEIDC: TA expenditure Reporting for quarter ended 31.03.2020			IFR 2
Particulars	Quarter Ended	INR/Rupees	INR/Rupees
	31.03.2020 (INR/Rupees)		
	For 01.01.2020 to 31.03.2020	FY 2019-20	Cumulative
Opening Balance in bank account (A)	8,110,956.70	60,927,761.70	25,032,000.00
Additions: Interest received from S.B. Account ( B )		543,002.00	2,686,828.00
Receipt from PD account (PLA account)	320,000,000.00	320,000,000.00	420,128,000.00
other Income (if any)	-	-	-
Total Receipts (C)	328,110,956.70	381,470,763.70	447,846,828.00
Less : Expenditure against TA activity			
1. Consultant Services			
PMU support - Medhaj Techno Concept Pvt.Ltd.	16,611,688.00	36,675,992.00	57,029,535.00
Independent Verification Agency ( Sutra Consultancy )		3,054,049.00	14,061,351.00
SCERT Implementation Support Agency( ISA - IPE Global )		30,241,454.00	60,676,404.00
Programme Civil work Consultancy ( Rounak Consultancy )		-	-
Procurement for cloud hosting for SMC,SSC App.	1,068,183.00	1,068,183.00	1,068,183.00
IT Services for Programme.			89,090.00
S.K.Patodia( Financial Management manual )			401,800.00
Non conventional energy resource			
Enhancement on procurement and FM system and ToR for consultancy of ERP			
SCERT FM strenthening			
SCERT Program management			
SCERT - Programme Strengthening -SMC Survey ( CFBT )			1,479,375.00
SCERT Leadership Training			
SCERT midline and endline studies on Teacher performance (IPE Global)			
Impact evaluation studies			
Human resource management information system			
sruvey of SMC's			
verification agencies ( Sutra Consultancy)			
2. Training and workshop costs			2,549,963.00
3. Incremental operating costs (Centage by BSEIDC )			-
4. Reconciliation for the interim fund arrangement (Bank )			
5. Reconciliation for the interim fund arrangement (Bank )			
6. Audit Fees	169,920.00	169,920.00	229,920.00
Less : Expenditure other than TA activity ( bank charges)			41.30
Total Expenditure (D)	17,849,791.00	71,209,598.00	137,585,662.30
Closing Balance (C-D)	310,261,165.70	310,261,165.70	310,261,165.70
Closing balance as per bank statement Difference (if any)	3,911,734.70	3,911,734.70	3,911,734.70
Working Notes :			
1. The bank account statement should be provided along with IUFR.			
2. Any difference between closing balance as per IUFR and as per bank statement should be reconciled and statement provided alongwith. The difference arises due to Reconciled amount for Rs. 39,11,734.70			

*Am 31/03/20*  
Head of Finance, BSEIDC



*MD BSEIDC*  
MD BSEIDC

Quarter ended 31.03.2020

Enhancing Teachers effectiveness in Bihar - TA component  
BSEIDC

Interim Unaudited Financial Report

For the period 01.01.2020 to 31.03.2020

Date :

IFR - 3  
Rs. in Million

contractual Payments for the project Against Contracts Subject to the Association's Prior Review

S.No.	Contract Number & Date	Supplier/Consultant	Contract Amount	Date of WB's Non Objection to Contract	WBR No.	Component/Su b Component	Amount Paid to Supplier during Period		
							During the Quarter ( INR ) 31.03.2020	Commulative( INR ) 2019-20	WB's share of Amt paid during the Any Quarter and sought in the IFR
1	96 WB of 2017-18 Dt. 06.07.2017	Sutra Consulting Private Limited	USD 8,30,694/- or Rs. 5,39,20,347.54	04.07.2017		Consulting Service		3,054,049.00	14,061,351.00
2	79 WB of 2017-18 Dt. 20.06.2017	IPE Global	Rs. 16,44,99,000.00	30.05.2017		Consulting Service		30,241,454.00	60,676,404.00
3	275 WB of 2017-18 Dt. 09.03.2018	Medhaj Techno Concept Pvt. Ltd.	Rs.11,47,16,780.00	24.12.2017		PMU Support		36,675,992.00	47,908,088.00
4	78 WB of 2017-18	CFBT Education Service	RS. 32,87,500/-			SMC Survey			1,479,375.00
5	239 LS of 2017-18	M/s S.K.Patodia & A	RS. 5,74,000/-			Preparation of Financial management			401,800.00
	89 LS of 2016-17 Dt. 01.10.2016	Rounak Consultancy	Rate : @1.19% on total cost of civil work.			Civil work Consultancy			
						Total		16,611,688.00	69,971,495.00
									124,527,018.00

*Ans* 21/03/20  
Head of Finance, BSEIDC



*Ans*  
MD BSEIDC



Quarter ended 31.03.2020 BSEIDC: IUFR details wrt TA

Description of activities	Expenditure during quarter ended 31.03.2020		Expenditure during F.Y. 2019-20		Cumulative Expenditure		
	D (R&T)	BSEIDC	BSEIDC	SCERT	BSEIDC	SCERT	Total
1. Payment to PMU Consultants		16,611,688.00	36,675,992.00		57,029,535.00		57,029,535.00
2. Training and workshop costs (for Principals & Accountants of TEIs)					2,549,963.00		2,549,963.00
3. Incremental Operating Cost (Centage by BSEIDC)							
4. Audit Fees		169,920.00	169,920.00		229,920.00		229,920.00
5. ICT Hardware & Media Content					89,090.00		89,090.00
5. Verification Agency (Sutra)					14,061,351.00		14,061,351.00
6. SCERT Midline agency			30,241,454.00		62,155,779.00		62,155,779.00
7. Preparation of Financial management manual					401,800.00		401,800.00
8. Bank Charges					41.30		41.30
7. Procurement for Cloud Hosting		1,068,183.00	1,068,183.00		1,068,183.00		1,068,183.00
Total expenditure		17,849,791.00	68,155,549.00		137,585,662.30		137,585,662.30

Note: This is to certify that the expenditure is in agreement with the project books of accounts maintained at BSEIDC and all supporting documents including confirmation of delivery of output along with timesheet in case of individual consultants by D (R&T) and SCERT are available in office of BSEIDC.

Claim reconciliation

Period	Expenditure reported	Claim amount	Anno unit disbu	WA/RF details
Retroactive period (01.07.2014 to 06.08.2015) Prospective period		3,040,641.00		
07.08.15 to 31.03.2016		1,679,033.00		
April'2016 to June'2016		2,254,598.00		
July'2016 to Sept'2016		1,321,291.00		
Oct'2016 to Dec'2016		819,774.00		
Jan'2017 to Mar'2017		30,000.00		
April'2017 to June'2017		1,607,958.00		
July'2017 to Sep'2017		659,716.00		
Oct'2017 to Dec'2017		2,055,207.30		
Jan'2018 to Mar'2018		11,020,731.00		
April'2018 to June'2018		(939,554.00)		
July'2018 to Sept'2018		17,651,393.00		
Oct'2018 to Dec'2018		15,216,028.00		
Jan'2019 to Mar'2019		9,959,248.00		
April'19 to June'19		6,927,489.00		
July'19 to Sept'19		23,476,938.00		
Oct'2019 to Dec'2019		22,955,380.00		
Oct'2019 to Dec'2019		17,849,791.00		
TOTAL CLAIM		137,585,662.30		



*[Signature]*  
M. D. BSE IDC

*Anuj H 10/11/20*  
Head of Finance BSEIDC

**BIHAR STATE EDUCATIONAL INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED, PATNA**  
**PROJECT FUND FUNDED BY WORLD BANK**

**PERIOD : 01.04.2019 TO 31.3.2020**

**OBSERVATION & RECOMMENDATION FROM AUDITOR TO MANAGEMENT.**

Head	Observation	Management Comment	Recommendation
i) Accounting Record	Record Keeping system is proper and adequate.	NA	
ii) Procurement Manual	BSEIDC does not have its own procurement manual till date.	For this, procurement is guided by the World Bank procurement procedure (refer PAD).	BSEIDC should have its own procurement manual, so that Procurement procedure and method will be strictly followed.
iii) Training to Procurement Staffs	Trained staff Available	NA	Training session should be held at regular interval.
iv) Complaint handling system		NA	
v) Bid validity	N/A, Since no contract awarded during 2019-20.	N/A, Since no contract awarded during 2019-20.	
(i) Observations on deficiencies/weakness on the accounting records, systems, and controls that were examined during the course of the audit and management's response to these together with specific recommendations for improvement.	1. Trained procurement staff was not placed in procurement committee. 2. As informed by management, no tender has been floated during the FY 2019-20. Hence, in absence of such bid documents we are unable to comment on the same.		
(ii) Any identified internal control weakness related to the procurement process such as, over the bidding, evaluation and contract management domains.			
(iii) Elaboration of the audit qualifications, if any, made in the audit report.	Nil		
(iv) Degree of compliance of the financial covenants in the financial agreements.	N/A, since no contract awarded during 2019-20.		
(v) Report of the status of the financial management action plan (if any) agreed with BSEIDC	Financial management and action plan are in agreement with BSEIDC policy.		
(vi) Adequacy of FM staffing.	FM staffing is adequate.		
(vii) Adequacy of compliance with previous audit findings/recommendations in the Audit Report/ Management Letter and status of any issues which remain to be addressed and any issues which recurred.	We have referred to the previous audit report and have not come across any such Procurement related Irregularities.		
(viii) Bring to the Management's attention any matter (s) that might have a significant impact on the implementation of the project or that the auditor considers necessary and pertinent.	1. BSEIDC should have its own procurement manual 2. Training session for procurement staffs should be held at regular interval. 3. Contracts must be completed within scheduled time line.		
(ix) Describe the sampling methodology followed in audit.	Random sampling method has been followed to carry out the audit.		

*[Signature]*  
 Senior Accounts officer

For GUPTA SACHDEVA & CO.  
 Chartered Accountants  
 F.R.No.006706N  
*[Signature]*  
 ANIMESH KUMAR JHA  
 Proprietor  
 MRN - 067831



PATNA  
 Date: 07/10/2021