



M. L. PURI & COMPANY

Chartered Accountants

Office Address: 5th Floor, Bindeshwari Plaza, Kidwaipuri, Patna – 800001 Dial: +91
9308595501,0612-22521042
Email: mlpuripatna@gmail.com

To,
The Project Director,
BISPS-BRDS
Rural Development Department,
Patna

Sub: Management Letter

We have conducted the audit of the financial statements Bihar Integrated Social Protection Strengthening (BISPS) as at 31st March, 2017. We familiarized ourselves with Project documents, the internal guidelines and circulars applicable during the period under audit. We also reviewed the business of the project and evaluated the accounting systems and related internal controls of the project in order to plan and perform our 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation

The responsibility of the management includes the maintenance of adequate accounting records and internal controls for safeguarding of the assets of the Project and for preventing and detecting fraud or other irregularities.

The matters contained in this Management Letter are intended solely for the information of project's management, for such timely consideration and action as project's management may deem appropriate. They have all been considered by us in formulating the audit opinion expressed on the project financial statements in our audit report dated 09 January, 2018 and they do not alter the opinion expressed in that audit report.

Our observations are as follows:

1. Project office (BISPS) is situated at outside the Department of Rural Development Department. Only payment order files are being maintained at project office of BISPS and payment is being made on the basis of payment order. However, the main files are kept at department level. It is suggested that a copy of the concerned file should also be kept at project office.

We wish to take this opportunity to thank Project Management for the courtesies and cooperation extended to our audit teams.

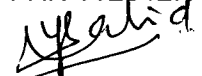
Thanking You.

Yours truly,

For M L Puri & Company

Chartered Accountants

FRN 002312N



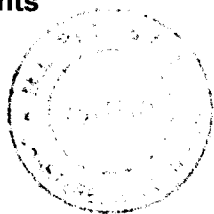
(Yaser Shahid)

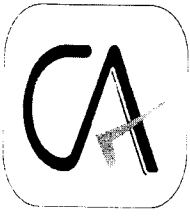
Partner

MN- 409176

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Branches: Mumbai, Jaipur, New Delhi, Faridabad, Patna





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INDEPENDENT AUDITORS' REPORT

To,
The Project Director,
BISPS-BRDS
Rural Development Department,
Patna

Report on the Financial Statements

We have audited the accompanying financial statements of the BISPS_BRDS Project financed under World Bank Loan No. 5349 –IN /IDA, which comprise the Statement of Sources and Applications of Funds and the Reconciliation of Claims to Total Applications of Funds for the year ended 31March, 2017, these statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

Project Management's Responsibility for the Financial Statements

The Project Management is responsible for the preparation of these financial statements that 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with National Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant 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.

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Opinion

In our opinion, the financial statements give a true and fair view of the Sources and Application of Funds and the financial position of BISPS-BRDS Project for the year ended March 31, 2017, in accordance with relevant national standards.

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 expenditures are eligible for financing under the IDA Credit Agreement (Cr.IDA-5349-IN). (b) The IFR submitted and procedure and internal controls involved in their preparation can be relied upon to support the withdrawals.

For M L Puri & Company
Chartered Accountants
FRN 002312N

(Yaser Shahid)
Partner
MN- 409176

Place: Patna
Date: 09.01.2018

Notes:

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

Reconciliation of Claims to Total Applications of Funds

Name of the Project BISPS

Loan / Credit / Grant No. IDA 5349-IN

Reconciliation of Claims to Total Applications of Funds Report for the year ended 31 March 2017

| Schedules | Amt (Rs./Million) | | |
|--|-------------------|-----------------------|-----------------|
| | Current Year | Previous Year 2015-16 | Project to date |
| Bank Funds claimed during the year | | | |
| • IUFR 1 , | 1.07 | 0.79 | 1.86 |
| • IUFR 2, | 2.58 | 0.88 | 3.46 |
| • IUFR 3 | 1.92 | 0.87 | 4.64 |
| • IUFR 4 | 2.97 | 0.88 | 4.98 |
| Total Bank Funds claimed (A) | 8.54 | 3.42 | 14.94 |
| Total Expenditure made during the year (B) | 12.20 | 4.89 | 21.35 |
| Less: Outstanding AC bills (C) | NIL | NIL | NIL |
| Ineligible expenditures (D) | NIL | NIL | NIL |
| Expenditures not claimed (E) | NIL | NIL | NIL |
| Total Eligible Expenditures Claimed (F)=(B)-(C)-(D)-(E) | 12.20 | 4.89 | 21.35 |
| World Bank Share @ 70% of (F) above (G) | 8.54 | 3.42 | 14.94 |
| Amount to be claimed /refunded (H)=(A-G) | NIL | NIL | NIL |

In term of our report of even date

For & on behalf of
M L Puri & Company
Chartered Accountants
FRN-002312N

Yaser Shahid

Partner

MN-409176

Place: Patna

Date: 09-01-2017



Controller Finance
BISPS-BRDS

Dy. Project Director
BISPS-BRDS

Annexure IA

Component Wise Expenditure Statement Report for the year ended 31 March,2017

| | | | | INR/Million |
|----------|---|---|----------------------------------|------------------------|
| | Component/ Activity | Expenditure Incurred till previous year | Expenditure for the year 2016-17 | Cumulative expenditure |
| | | (A) | (B) | (A) + (B) |
| 1 | Component 1 Strengthening Social Protection Capacity and System | 9.15 | 12.20 | 21.35 |
| A | Training and Capacity Building | 0.16 | 3.77 | 3.93 |
| B | Internet Expenses | 0.04 | 00 | 0.04 |
| C | Office Expenses | 0.35 | 0.03 | 0.38 |
| D | Rent | 1.27 | 2.68 | 3.95 |
| E | Salary | 7.29 | 4.75 | 12.04 |
| F | Telephone and Mobile Expenses | 0.04 | 0.03 | 0.07 |
| G | Travelling Expenses | NIL | 0.10 | 0.10 |
| H | Security Guard Expense | NIL | 0.21 | 0.21 |
| I | Recruitment & Counselling Expenses | NIL | 0.29 | 0.29 |
| J | Printing & Stationery | NIL | 0.05 | 0.05 |
| K | Electricity | NIL | 0.23 | 0.23 |
| L | Audit Fee | NIL | 0.06 | 0.06 |
| 2 | Piloting Innovation in Social Protection Delivery | NIL | NIL | NIL |
| | Total(1+2) | 9.15 | 12.20 | 21.35 |

In term of our report of even date

For & on behalf of
M L Puri & Company
Chartered Accountants

FRN-002312N



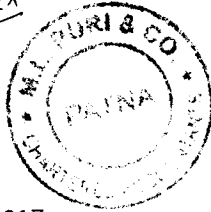
Yaser Shahid

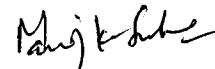
Partner

MN-409176

Place: Patna

Date: 09-01-2017




Manjiv Kumar
Controller Finance
BISPS-BRDS


Dy. Project Director
BISPS-BRDS