

**BIHAR STATE EDUCATIONAL INFRASTRUCTURE  
DEVELOPMENT CORPORATION LIMITED**

**AUDIT REPORT & FINANCIAL STATEMENTS**


**PROJECT FUND**


**FUNDED BY WORLD BANK**

**PERIOD : Up to 31.03.2016**


BHAR STATE EDUCATIONAL INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED PATNA  
PROJECT FUND FUNDED BY WORLD BANK  
PERIOD : 07.08.2015 TO 31.3.2016  
MANAGEMENT LETTER FROM AUDITOR

(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.	No such deficiency were observed
(ii) Any identified internal control weakness related to the procurement process such as, over the bidding, evaluation and contract management domains	No any difficiency in the internal control system was observed
(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.	Financial agreements with contractors is made as per CPWD guidelines
(v) Report of the status of the financial management action plan(if any) agreed with BSIEDC	Financial management and action plan are in agreement with BSEIDC policy
(vi) Adequacy of FM staffing.	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.	This is first year as no such deficiency report.
(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.	The project estimated cost should be reviewed periodically.
(ix) Describe the sampling methodology followed in audit.	Test check has been carried out for the audit.

  
Senior Accounts officer

  
Managing Director

PATNA  
Date : 25.01.2017

For M.SALAH UDDIN & CO.  
Chartered Accountants  
F.R.No.000637C  
  
C.A M.SALAH UDDIN  
Proprietor  
M.No.070157  
M. SALAHUDDIN & CO.  
Chartered Accountants  
105, P. V. Complex, 1st Floor  
West Boring Canal Road,  
PATNA-800 001.

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# BIHAR STATE EDUCATIONAL INFRASTRUCTURE DEVELOPMENT CORPORATION LTD.

(A Govt. of Bihar Undertaking)

Shiksha Bhawan, Bihar Rastrabhasa Parishad Campus, Acharya Shiv Pujan sahay Path. Saidpur,  
Patna-800004

e-mail: bseidc1@gmail.com, Website: WWW.BSEIDC.in, Phone: 0612-2910314, Fax: 0612-2660256  
(CIN-U80301BR2010SGC015859)

Letter No-642

Date: 25.01.17

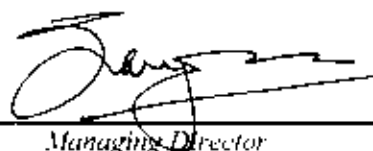
To,  
M/s M.SALAH UDDIN & Co.  
Chartered Accountants  
105, P.V. Complex, 1<sup>st</sup> Floor  
Patna-800001

This representation letter is provided in connection with your audit of the Project Financial Statement (PFS) of **Technical Assistance (TA) Component (the Project) of Enhancing Teacher Effectiveness in Bihar Operation under Credit No. 5578-IN** implemented through **Bihar State Educational Infrastructure Development Corporation (BSEIDC)** for the year ended on 31/03/2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the sources and uses of funds and of the expenditure for the year then ended. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the basis of accounting followed by us, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

- The project financial statements are free of material misstatements, including omissions.
- The proceeds of the Credit provided by the World Bank have been used only for the purposes for which they were granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.
- Project expenditures are eligible for financing under the Financing Agreement.
- There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the project financial statements.
- Procurement has been done as per the agreed procedures.
- We have made available to you all books of account and supporting documentation relating to the project.
- We have made available to you all procurement documents relating to the project.
- All complaints received and subsequent correspondence thereof has been made available.
- <<Any other significant and material matter>>
- The project has complied with the conditions of all relevant legal documents of the World Bank, including the Financing Agreement, Implementing Entity Agreement, the Minutes of Negotiations and Disbursement Letter and also the Project Appraisal Document.



Senior Accounts Officer



Managing Director

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# BIHAR STATE EDUCATIONAL INFRASTRUCTURE DEVELOPMENT CORPORATION LTD.

(A Govt. Of Bihar Undertaking)

Shiksha Bhawan, Bihar Rastrabhasa Parishad Campus, Acharya Shiv Pujan Sahay Path, Saidpur, Patna-800004  
CIN:U80301BR2011SGC015859 E.Mail:bseidc1@gmail.com Website:www.bseidc.in Phone:0612-2910314 Fax:0612-2860256

Loan/credit No:-5578- Indian

Name of Project: Enhancing Teacher Effectiveness in Bihar Operation

This to certify that:-

## Certificate

1. The expenditure covered by the application are eligible for financing out of the proceeds of the loan/financing/grant in accordance with the terms of the related legal agreement(s)
2. The expenditures have not been financed previously from sources other than the borrower nor will the undersigned request financing for the expenditure from any other source in future.
3. The Project is not under SOE suspension due to non- production of audit report to World Bank, or any other reason.
4. List of prior review contract duly filled-in, along with W.B.R. No. as updated in client connection of World Bank, is enclosed. In case of "Nil" information, "Nil" certificate is attached.
5. There is no category where expenditure is overdrawn.
6. Treatment of taxes is as per the terms and conditions of Agreement and there is no ineligible expenditure beyond the scope of contract.
7. The amount claimed in this application has not been drawn earlier.
8. All IUFRRs as given in disbursement letter of World Bank duly signed by authorized signatory are attached.
9. The undersigned will make all records related to the expenditures covered by this Application for withdrawal available for review by auditors and by World Bank staff.
10. The Amount of advance requested is consistent with the planned projects expenditure furnished to World Bank.



Signature of

Authorized project Signatory

(Stamp)

No.	Checklist 1: Qualitative Aspects of Procurement	Observation
1(a)	Please review and comment on the record keeping system? Is retrieval of documents time consuming or are documents readily available?	Record Keeping of books account is proper on timely basis.
(b)	Whether any manual on procurement procedure have been prepared and are available on the website? If no, how the procurement procedure is guided?	Procurement has been published through newspaper and available on website of the company.
(c)	Are approved procurement plans available?	Yes
2	Whether the Bank's standard bidding documents are used for preparation of tenders etc.? If no, how the tenders are prepared?	Banks Standard bidding document are used in the preparation of tenders for project & for the programme According to approved Procurement policy of State/ BSEIDC.
3	Whether dedicated procurement staffs are in place? If no, Who handles the procurement?	Yes
4	Whether the staffs handling the procurement have exposure training related to the procurement?	Yes
5	Whether complete list of contracts issued is available? Whether these data are computerized?	Yes
6	Whether the procurement related documents are available systematically?	Yes
7	Whether internal approvals are taken for inviting quotations/placing orders?	All quotation and price order have been taken after the approval of respective person.
8	Whether financial negotiations are conducted frequently? If yes, under what circumstances and with whom (with all or lowest bidder)?	Yes, Financial negotiations are conducted frequently as per plan approved procurement plan of the company but negotiation not exercised since rates are below schedule rate.
9	Is there a procurement related compliant handling system	Yes



	in the agency? If yes, whether bidders are aware of the same?	605
10	Whether the agency discloses the bid opportunity, put the tender documents and contract award information on its website?	Yes
11	Whether a procurement plan is available? If yes, whether the actual progress is being monitored against the plan? If there are delays, what measures are being taken to cover the delays?	Yes, works are allotted with schedule time. This is monitored in the periodical review meetings.
12	Whether any procurement related irregularities were reported in the previous audit report? If yes, what actions have been taken in this regard?	Not Applicable
13	Whether there is separation of duties between various functions viz. indenting/receiving, procurement and releasing funds?	Yes
14	Feedback from procurement staff and other officials met on how to reduce delays and improve the process	Yes, feedback has been taken from staffs in this procedure.
	<b>Checklist : 2 Procurement of Works/Goods</b>	
1	Whether the method of procurement (based on the estimated value) adopted is in accordance with the Project Agreement and are these in line with the approved Procurement plan? If no, list the deviations (major/minor)	Yes, the method of procurement adopted is in accordance with the project Agreement and are these are in line with approved procurement plan.
2(a)	Whether bidding document used for this work is according to the standard model cleared with the Bank? If no, list the deviations from standards (major/minor)	Yes, bidding document used for this work is according to standard model cleared with the Bank.
2(b)	Are estimated costs for each procurement available. What is the basis for preparation of estimated cost and is market conditions taken into consideration while finalizing the estimated cost.	Yes, estimated cost is available. The estimated cost is based on programme appraisal document schedule rate of BSEIDC/State.
3	Whether price adjustment clause provided in the bid document? (Required when period of completion is more	Yes Price adjustment clause available in the bid documents.



	than 12 months)	604
	Whether bill of quantities provides schedule of quantity for each slice separately and also one schedule for the combined work/goods?	Not Applicable
5	Whether the guidelines have been followed in fixing the Bid Security? If not, why? (No exemption should be permitted to any bidder or any class of bidders)	Yes
6	Whether any preference on price or other conditions allowed in the bidding document/award for any bidder or class of bidders? If yes, list the preferences.	No, This type of preference has not been allowed.
7	Whether the Cost of bidding documents is reasonable?	Yes
8	Whether the Notice inviting tender (NIT) published in National newspapers?	Yes
9	Whether minimum 30 days provided for sale of bid documents or from date of publication of NIT whichever is later?	Yes
10	If pre-bid conference was held, whether the minutes were prepared and circulated to all the prospective bidders?	Yes, Minutes follows corrigendum.
11	Whether the last date of receipt of bids and the date of opening of bids are different (Both should be the same)	Yes
12	Whether bids were evaluated as per the criteria given in the bid document?	Yes, bids were evaluated as per the criteria given in the given in the bid document.
13	Has award been made to the lowest responsive bidder? (Award should be made to the lowest responsive bidder.) If no, the reasons for ignoring lower offers	Yes after considering all aspect of technical and financial contract has to be awarded.
14	Were any negotiations held with the bidders after opening of bids? If yes, whether Bank's clearance was obtained	Not Applicable



	before holding negotiations and when? If Bank's clearance was not obtained why? (Bank does not favor any negotiations.)	603
15	Whether the award was made within the original bid validity?	Yes
15(i)	if no, what are the reasons for delay?	No delay found in this respect.
15(ii)	if extension of bid validity was sought, was that from all bidders and not from the lowest alone?	Not Applicable
15(iii)	Was the period of extension exceeded 8 weeks?	Not Applicable
15(iv)	If affirmative, was Bank's clearance obtained?	Not Applicable
16(a)	Has the contract award been published / disclosed? Were any complaints received?	No complain received after contract awarded or disclosed.
16(b)	Has the successful bidder furnished performance security in accordance with the conditions of contract?	Yes
17(a)	In case of works were the site handed over in time. Have the works or goods delivered within the time period indicated in the contract? If there has been delay has liquidated damages been deducted as per the provisions of the contract	Yes
17(b)	Whether Items received/work completed as per the schedule indicated in the contract document?	Yes
18	Whether payment released timely and as per the terms given in the contract?	Yes
19	Whether the assets procured are being utilized for the intended purpose?	Yes
20	Whether all the documents/records related to the contract were available?	Yes

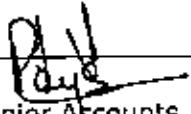


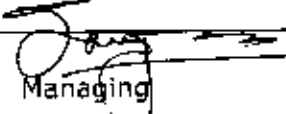


Checklist 3: Selection of Consultants		
	Whether the method of selection adopted is in accordance with the Project Agreement / approved procurement plan	Yes <span style="float: right;">602</span>
2	Whether the terms of reference include the following?	
(i)	Concise statement of objectives	Yes
(ii)	Outline of tasks to be carried out	Yes
(iii)	Schedule for completion of tasks	Yes
(iv)	Support/ inputs to be provided by the employer	Yes
(v)	Final outputs required from the consultant	Yes
(vi)	Review procedures	Yes
3	Whether the terms of reference have been reviewed and cleared with the Bank?	Not Applicable
4	Whether the cost estimate has been prepared (Cost estimate, or budget, should be based on borrower's perception of the assignment requirements in terms of level and type of personnel, period to be spent in the field and in the home office, physical inputs and other items required for the services.)	Yes
5	Whether a short list of the consultants/ consultant firms has been drawn? (The short list should have 6 consultants)	Yes
6	Whether the draft letter of Invitation with draft or contract according to the Bank's standard document? If not/reasons thereof.	Yes
7	Whether the minimum time was provided for submission of proposals	Yes
8	Whether the proposals were evaluated as per criteria set out in the Letter of invitation.	Yes
9	Whether the financial proposals opened in presence of technically qualified consultants?	Yes



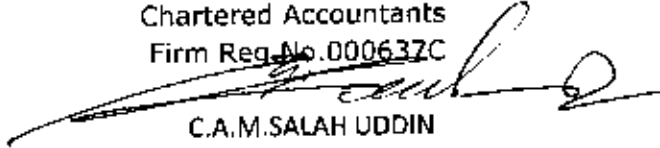
	Whether the financial negotiations were held with the highest ranked firm (financial negotiations are not allowed if price is a factor for selection)	Not Applicable <span style="float: right;">64</span>
11	Whether proposals were evaluated as per the criteria given in the RFP document?	Yes, proposals were evaluated as per the criteria given in the RFP
12	Has award been made to the highest ranked consultant? (Award should be made to the consultant scoring highest rank based on evaluation of technical and financial proposals)? If no, the reasons for ignoring the highest ranked proposal?	Yes
13	Has the contract award been published / disclosed and were any complaints received?	No complain has been received.
14	Whether the award was made within the original proposal validity? If no, what are the reasons for delay?	Yes the award was made within the original proposal validity.
15	Whether the assignment completed as per the schedule indicated in the contract document?	Yes
16	What controls are present for verification of invoices before releasing payment? (For e.g. in case of time based contract how are the man days, reimbursable expenses etc verified?)	Before releasing payment to vender, all invoice has been verified in all respects as per agreement, completion on schedule & verification of concern engineer report etc.
17	Whether payment released timely and as per the terms given in the contract?	Yes, Payment released as per timely.
18	Whether all the documents/records related to the contract were available?	Yes all the documents /Records related to contract were available.

  
Senior Accounts  
officer

  
Managing  
Director

PATNA  
Date : 25.01.2017

For M.SALAH UDDIN & CO.  
Chartered Accountants  
Firm Reg.No.000637C

  
C.A.M.SALAH UDDIN  
Proprietor  
Membership No.070157

**M. SALAHUDDIN & CO**  
Chartered Accountants  
108, P. V. Complex, 1st Floor  
West Boring, Canal Road  
PATNA 800 001

600

# M.SALAH UDDIN & CO.

CHARTERED ACCOUNTANTS

105,P.V.Complex, 1st floor  
West Boring Canal Road  
Patna – 800 001  
Mob No.9334118125

email: [salahuddin\\_ca@yahoo.com](mailto:salahuddin_ca@yahoo.com)

## AUDITOR'S REPORT

We have audited the enclosed project financial statement of Bihar State Educational Infrastructure Development Corporation Limited Patna pertaining to World Bank funded Project Fund expenditure for the period ending on 31<sup>st</sup> March,2016 and we report that :

- the Projects funds were utilized for the purpose for which they were intended and expenditure reported through IFRs and claimed through withdrawal applications rendered under the Project are eligible within the legal agreements;
- Proper books of accounts have been maintained and Project expenditure reported in the IFR is in agreement with the books of accounts;
- IFRs submitted during the period under audit are supported by adequate by adequate detailed documentation maintained in BSIEDC'S offices to support claims to the World Bank for reimbursement of expenditure incurred;
- the accounting, and internal control systems underlying the project and oversight over the Project funds were adequate and maintained throughout the audit report; and
- Procurements made by BSIEDC under the project had been undertaken in accordance with agreed procedures.

PATNA  
Date : 25.01.2017

For M.SALAH UDDIN & CO.  
Chartered Accountants  
Firm Reg.No.000637C

  
C.A.M.SALAH UDDIN  
Proprietor

Membership No.070157

**M. SALAHUDDIN & CO.**  
Chartered Accountants  
105, P. V. Complex, 1st Floor  
West Boring Canal Road  
PATNA - 800 001

PROSPECTIVE PERIOD(07.08.2015 to 31.03.2016)

Enhancing Teachers effectiveness in Bihar - TA component  
BSEIDC

Interim Unaudited Financial Report

Summary Sheet

For the period 07.08.2015 TO 31.03.2016 ( Prospective Period).....

Date :

IFR - I

Amount { RS.}

Category	Description	Gross Eligible expenditure	Reimbursement %	Net Eligible expenditure
2	Consultants services, Training and Workshops and Incremental operating costs for the project.	1,679,033.00	100%	1,679,033.00
	Total	1,679,033.00		1,679,033.00

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.

Head of Finance, BSEIDC

MD, BSEIDC

Note :- Interim Fund arrangement for the project at BSEIDC LTD , Dept. of Education, Govt. Of Bihar

PATNA

Date: 25.01.2017

For M.SALAH UDDIN & Co.  
Chartered Accounts

**M. SALAHUDDIN & CO.** F.R.No.000637C

Chartered Accountants  
108, P. V. Complex, 1st Floor, M.SALAH UDDIN

West Borhing, Central Road Proprietor

Patna - 800 001 M.No.70157

Page No. 01/001

PERIOD(07.08.2015 TO 31.03.2016)

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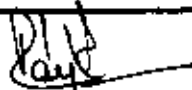
BSEIDC: TA expenditure Reporting

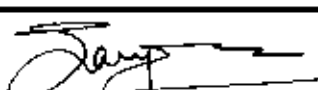
IFR 2

Particulars	Prospective Period	for the Year ( INR /Rupees )	Cumulative
	07.08.2015 to 31.03.2016	Upto 31.03.2016	
Opening Balance In bank account (A)	0.00	0.00	0.00
Additions (B)			
Receipt from PD account	0.00	0.00	0.00
Other Income (if any) Interim fund Arrangement	1,679,033.00	4,719,674.00	4,719,674.00
Total Receipts (C)	1,679,033.00	4,719,674.00	4,719,674.00
Less : Expenditure against TA activity (Add rows as applicable)			
1. Consultant Services			
PMU support	1,679,033.00	4,719,674.00	4,719,674.00
ICT hardware and media content			
Non conventional energy resource			
Enhancement on procurement and FM system and ToR for consultancy of ERP			
SCERT FM strengthening			
SCERT Program management			
SCERT ICT and continuous professional development (CPD)			
SCERT Leadership Training			
SCERT midline and endline studies on Teacher performance			
Impact evaluation studies			
Human resource management information system			
Survey of SMC's			
Verification agencies			
2. Training and workshop costs			
3. Incremental operating costs			
Less : Expenditure other than TA activity			
Total Expenditure (D)	1,679,033.00	4,719,674.00	4,719,674.00
Closing Balance (C-D)			
Closing balance as per bank statement Difference (if any)	0.00	0.00	0.00


Working Notes :

1. The bank account statement should be provided along with IUFRR.
2. Any difference between closing balance as per IUFRR and as per bank statement should be reconciled and statement provided along.

  
Senior Accounts  
Officer

  
Managing  
Director

PATNA  
Date: 25.01.2017

For M.SALAH UDDIN & Co.  
Chartered Accounts  
F.R.No.000637C  
  
C.A. M.SALAH UDDIN  
Proprietor  
M.No.70157  
M. SALAH UDDIN & CO  
Chartered Accountants  
105, P. V. Complex, 1st Floor  
West Boring Canal Road,  
Patna - 800 001

PROSPECTIVE PERIOD(07.08.15 To 31.03.2016)

Enhancing Teachers effectiveness in Bihar - TA component  
BSE/DC

Interim Unaudited Financial Report

Date :


For the period 07.08.2015 TO 31.03.2016 ( Prospective Period).....

IFR - 3  
Rs. in Million

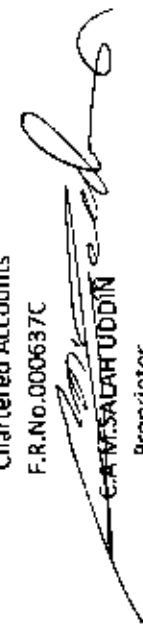
contractual Payments for the project Against Contracts Subject to the Association's Prior Review

S.No.	Contract Number & Date	Supplier/Consultant	Contract Amount	Date of WB's Non Objection to Contract	WBR No.	Component/Sub Component	Amount Paid to Supplier during Period			WB's share of Amt paid during the Quarter and sought in the IFR
							During the Quarter	Commulative		
1							Nil	Nil	Nil	Nil
Total							Nil	Nil	Nil	Nil

  
Senior Accounts  
Officer

  
Managing  
Director

For M.SALAH UDDIN & Co.  
Chartered Accounts  
F.R.No.000637C

  
M.SALAH UDDIN  
Proprietor  
M.No.70157

PATNA  
Date: 25.01.2017

M. SALAH UDDIN & CO  
Chartered Accountants  
105, P. V. Colony, 2nd Floor,  
West Boring, Patna Road.  
PATNA - 800 001

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ROSPF: (V) 31 RIOD (07.08.2015 To 31.03.2016)

BSEIDC : IUFR details wrt TA

Description of activities	For 07.08.2015 TO 31.03.2016 (Prospective)			For 01.07.14 to 06.08.2015 (Retroactive)			Cumulative Expenditure					
	D (R& T)	BSEIDC	SCERT	Total	D (R& T)	BSEIDC	SCERT	Total	D (R& T)	BSEIDC	SCERT	Total
1. Payment to PMU Consultants	0.00	1,679,033.00	0	1,679,033.00	0.00	2,009,677.00	2,709,997.00	4,719,674.00	0.00	2,009,677.00	2,709,997.00	4,719,674.00
<b>Total expenditure</b>	<b>0.00</b>	<b>1,679,033.00</b>	<b>-</b>	<b>1,679,033.00</b>	<b>-</b>	<b>2,009,677.00</b>	<b>2,709,997.00</b>	<b>4,719,674.00</b>	<b>-</b>	<b>2,009,677.00</b>	<b>2,709,997.00</b>	<b>4,719,674.00</b>

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**

claim details : For TA- Total Allocation USD 25 million

Period	Expenditure reported in	Claim amount	Amount disbursed	WA/RF details
April 2014 to 6th Aug 2015		3,040,641.00	0.00	
7th Aug 2015 to 31.03.2016		1,679,033.00	0.00	
<b>TOTAL CLAIM</b>		<b>4,719,674.00</b>	<b>0.00</b>	

*[Signature]*  
 Managing Director

Senior Accounts Officer

For M.SALAH UDDIN & Co.  
 Chartered Accounts  
 F.R.No.000637C

*[Signature]*  
 M.SALAH UDDIN  
 Proprietor

M.No.70157  
 M.No.70157

PATNA  
 Date: 25.01.2017

**M. SALAH UDDIN & CO**  
 Chartered Accountants  
 106, P. V. Complex, 1st Floor  
 West Bengal, India  
 Kolkata - 700017