



DRAFT

2022

INTERNAL AUDIT REPORT

**PROGRAMME MANAGEMENT UNIT
OF
BANGLA SAHAYATA KENDRA**



**Bangla
Sahayata
Kendra**

Conducted By

**Finance (Internal Audit) Department
Government of West Bengal**



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Report Statistics

• Date of Entry Meeting	: 4 th August, 2022
• Date of Exit Meeting	: 19 th September, 2022
• Period of Audit	: November, 2021 to July, 2022
• Audit Conducted Between	: 4 th August, 2022 to 26 th August, 2022
• Report No.	: Not Applicable
• Date of Draft Report Submission	: 19 th September, 2022
• Date of Management Response	: 03/01/2023
• Date of Final Report Submission	:

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1. Executive Summary

Introduction: Bangla Sahayata Kendra (BSK) is a programme taken up by the Government of West Bengal with an aim to provide all the government services at the door step of citizens through a single portal integrated with all departments. Presently, 3561 BSKs has been set up across West Bengal in offices of the District Magistrate, Sub-Divisional Offices, Sub-Inspector Offices of School Education, different libraries, primary health care centres etc. A total 279 number of services are being provided through these BSKs including 97 paid services. All the services provided through BSK are free of cost, i.e., no amount is charged to citizens either as service charge or convenience fee.

Need for PMU: To exercise better supervision, control and management of BSKs, a Project Management Unit (PMU) has been constituted at the state level on dated 30/10/2021.

Value Proposition: Internal Audit of PMU was taken up by Finance (Internal Audit) Department on request of PMU. The audit has been covered for the period of November, 2021 to July, 2022. Being in the nascent stage of programme implementation, the BSK operations are yet

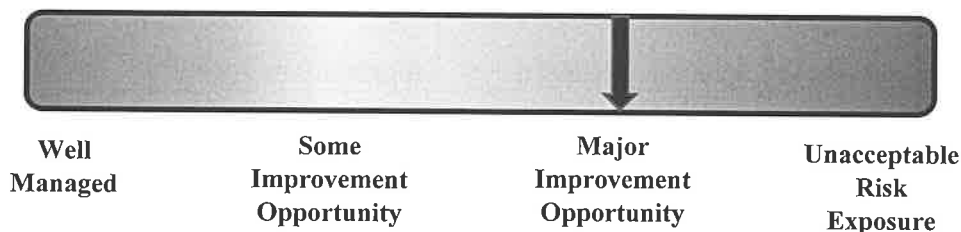
to mature and stabilise. In this initial stage of programme, the performance audit shall help the management to identify the major vulnerable areas of operations and its control assessment. The outcome of the audit shall help the management of PMU-BSK to identify major improvement opportunity areas in operation and risk management.

Methodology: Risk Based Internal Audit (RBIA), as given in Internal Audit Manual, Government of West Bengal, has been followed to identify the risk exposure of BSK operations at PMU level. The benefits of RBIA includes, *inter alia*, enhanced understanding of risk levels with greater risk compliance.

Coverage of Areas: The audit observations are classified broadly in to five areas. These are a) Transaction reconciliation of seed money; b) strategies, policies and procedures; c) information and communication technology; d) operational efficiency and e) financial and monetary framework.

Overall Rating: The overall outcome of the audit is that there are major improvement opportunities exist in BSK operations at

PMU level. This is shown in the following scale.



Risk-wise audit findings: Each of audit findings have been classified into critical, high, medium, low or advisory following residual risk computation. The broader area

wise and residual risk wise number of audit observations are summarised in the table below.

Broader Area of Operation / Resource Allocation	Critical	High	Medium	Low	Advisory	Total
Transaction Reconciliation of Seed Money	3	1	-	-	-	4
Strategies, Policies & Procedures	-	2	1	-	2	5
Information and Communication Technology (ICT)	1	1	2	1	-	5
Operational Efficiency	-	1	1	-	-	2
Financial & Monetary Framework	-	2	-	-	-	2
Total	4	7	4	1	2	18

Key messages:

- Strong Application Process Integration (API) is required for a greater number of services.
- The present location of BSKs may be reviewed scientifically so that citizens require fewer commutes to reach the BSK centre.
- Increased public awareness, training for DEOs to improve operational efficiencies and overall constant monitoring at PMU level may be made.

Conclusion: Overall, there are ample opportunities to improve present operational, technical and IT security condition at PMU level of BSK for better delivery of public services to citizens.

2. Background, Objective & Scope of Audit

To bring public services at the grassroots, the Government of West Bengal has set up Bangla Sahayata Kendras (BSKs) across the state. The BSKs provide public services free of cost through a single window system.

A Programme Management Unit (PMU) was constituted vide No. 22/BSK/BSK-10/2021 dated 30.10.2021 of the Personal & Administrative Reforms Department (P&AR) to exercise, superintendence, control and management of BSKs under the overall supervision of the Government Officers. Subsequently, a regulation namely 'Project Management Unit, West Bengal for Bangla Sahayata Kendra, 2021' has been enacted.

The State Nodal Officer of BSK-PMU vide his Memo No. 98-P&AR(BSK)/BSK-44/2022 dated 13.07.2022 requested to Finance (Internal Audit) Department to undertake internal audit of the Programme Management Unit (PMU). Accordingly, an Internal Audit has been conducted vide Memo. No. 152-F(IA)D/IA-3/05/22 dated 02.08.2022 of Special Secretary to the Govt. of West Bengal, Finance (Internal Audit) Department.

The objective of the internal audit is to provide independent assurance regarding management of key risks, effectiveness of existing internal controls, safeguarding key resources and suggest measures to strengthen the overall framework of PMU so as to achieve objectives of Bangla Sahayata Kendra. The scope of internal audit includes -

- assessment of strategic decisions, existing policies, existing standard operating procedures and internal control framework;
- examination of adequacy of financial transaction reconciliation system and review of existing financial reporting framework;
- review of financial transactions incurred for PMU and BSKs in compliance with stated procedures and norms;
- evaluation of key resources, review of existing system for safeguarding resources and appraise the economy and efficiency with which the resources are employed;
- examination of process involves at BSK center to provide services and the existing mechanism to integrate



financial and operational information with PMU;

- scrutiny of compliance to statutory laws for the time being applicable to PMU; and
- suggestion/advice for further strengthening of financial / technical / operational / compliance / others framework at PMU to achieve the objectives of BSK(s) and for better delivery of public service at large.

3. Methodology

The internal audit has been conducted following Risk Based Internal Audit (RBIA) method as given in Internal Audit Manual, Government of West Bengal. The benefits of RBIA includes, *inter alia*, enhanced understanding of risk levels with greater risk compliance.

Broadly the following steps have been performed to identify risk profile of PMU operations, its existing internal control design and control effectiveness.

Step 1: Identification of major areas of operations and resource allocation by PMU. An inherent risk matrix¹ is prepared on identified major areas of operations using likelihood and consequence rating. The basis of rating is shown in Appendix A. The matrix is shown in **Table 1**.

Step 2: Preparation of Control Assessment Matrix using control design adequacy and control operation effectiveness for each of audit objectives. The matrix is shown in **Table 2**.

Control design adequacy and control operation effectiveness are measured on a scale of 1 to 5 (Shown in Appendix B).

Step 3: Residual risk for each of the audit findings are determined applying inherent risk and control assessment as assessed in Step 1 & Step 2 respectively. Residual risk is classified as critical, high, medium and low (Shown in **Table 3**). Residual risk finding ratings along with their points are given in Appendix C.

There may be some findings which have no risk but have scope for further improvement. These findings are classified as advisory.

¹ The Project management Unit (PMU) haven't prepared any Risk and Control Matrix to understand and Optimize PMU's risk profile. Therefore, an

independent inherent risk matrix has been prepared by auditors.

Table 1: Inherent Risk Matrix

	Consequence Rating					
		A	B	C	D	E
Likelihood Rating	5	M	H	H	C	C
	4	L	M	H	H	C
	3	L	M	M	H	H
	2	L	L	M	M	H
	1	L	L	L	M	H

(Note: L=Low Risk, M=Medium Risk, H=High Risk, C=Critical Risk)

Table 2: Control Assessment Matrix

	Control Operation Effectiveness Rating					
		1	2	3	4	5
Control Design Adequacy Rating	5	MA	SO	SA	W	W
	4	MA	SO	SO	SA	W
	3	U	MA	SO	SO	SA
	2	U	MA	MA	SO	SO
	1	U	U	MA	MA	MA

(Note: U=Unacceptable Risk Exposure, MA=Major Improvement Opportunity, SO=Some Improvement Opportunity, SA=Satisfactory, W=Well Managed)

Table 3: Residual Risk Ranking

Control Assessment	Unacceptable Risk Exposure	5	5	10	15	20
	Major Improvement Opportunity	4	4	8	12	16
	Some Improvement Opportunity	3	3	6	9	12
	Satisfactory	2	2	2	6	8
	Well Managed	1	1	2	3	4
		1	2	3	4	
		Low	Medium	High	Critical	
		Inherent Risk				

4. Detailed Audit Observations

Each of the audit observations are broadly classified in to five broader areas of BSK's operation / resource allocation. These are -

- a) Transaction Reconciliation of Seed Money (SBI e-Wallet);
- b) Strategies, Policies & Procedures;
- c) Information & Communication Technology (ICT);
- d) Operational Efficiency; and
- e) Financial & Monetary Framework.

The each of the detailed audit observations includes –

- an audit objective;
- criteria (what should exist? The rules / regulations / procedures / expectations / are the basis against which audit evidence is compared);

- condition (what exists? The condition identifies the nature and the extent of deviation from the criteria i.e., deviation from what should exist.);
 - consequence (what effect did it have?);
 - Root cause (Why did it happen?) and
 - Corrective action (What should be done?)
- under each of area mentioned above.

Moreover, each of the audit finding is classified according to residual risk rating as mentioned in step 3 of methodology section. Each of the findings are detailed below.

Transaction of Seed Reconciliation of Seed Money	A.1. Audit Objective: To verify that the initial seed money of R 3.60 crores is reconciled on real time basis at PMU level.		Risk Classification																	
			Critical																	
Strategies, Policies & Procedures	Criteria	The initial seed money should be reconciled automatically in BSK portal. The reconciliation mechanism should be strong adequate enough to avoid manual intervention and must be on real time basis.																		
	Condition	<p>Fund reconciliation may be made taking balances in parent account, all child account and all cash balances lying in the hands of Data Entry Operators (DEOs) of BSKs. Presently, there is no mechanism to reconcile the fund on real time basis through BSK portal. Moreover, the PMU does not follow any practice of manual reconciliation on daily / weekly / fortnightly interval. On our audit query, a reconciliation was made on dated 30.07.2022. On scrutiny of the same, a deficiency of R11,191/- was found. The reconciliation statement is shown below:</p> <table><tr><th>Particulars</th><th>Amount (R)</th></tr><tr><td>Closing balance of parent account</td><td>R 2,27,67,668.27</td></tr><tr><td>Add: Actual balances in child accounts</td><td>R 90,89,907.83</td></tr><tr><td>Add: Amount lying in the hands of DEO i.e., fund not yet refilled</td><td>R 47,88,653.13</td></tr><tr><td>Less: Interest credited in parent account till date</td><td>R5,93,790</td></tr><tr><td>Less: Excess refilled in child accounts</td><td>R 63,629.96</td></tr><tr><td>Total</td><td>R 3,59,88,809.27</td></tr><tr><td>Balance should be</td><td>R 3,60,00,000.00</td></tr><tr><td>Deficiency</td><td>Rs 11,190.73</td></tr></table>		Particulars	Amount (R)	Closing balance of parent account	R 2,27,67,668.27	Add: Actual balances in child accounts	R 90,89,907.83	Add: Amount lying in the hands of DEO i.e., fund not yet refilled	R 47,88,653.13	Less: Interest credited in parent account till date	R5,93,790	Less: Excess refilled in child accounts	R 63,629.96	Total	R 3,59,88,809.27	Balance should be	R 3,60,00,000.00	Deficiency
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Total	R 3,59,88,809.27																			
Balance should be	R 3,60,00,000.00																			
Deficiency	Rs 11,190.73																			
Information & Communication Technology (ICT)	Consequence	<p>If seed fund remains unreconciled for long time, the PMU may not know where the part of fund gets blocked. If large amount of fund remains in the hands of DEOs, the opportunity to provide more paid services are lost. Unreconciled fund may also reflect the wrong fund position at any point of time and any decisions based on the unreconciled fund may not may not give true picture.</p>																		
	Operational Efficiency																			
Financial & Monetary Framework																				

(Contd.)

Particulars	Amount (R)
Closing balance of parent account	R 2,27,67,668.27
Add: Actual balances in child accounts	R 90,89,907.83
Add: Amount lying in the hands of DEO i.e., fund not yet refilled	R 47,88,653.13
Less: Interest credited in parent account till date	R5,93,790
Less: Excess refilled in child accounts	R 63,629.96
Total	R 3,59,88,809.27
Balance should be	R 3,60,00,000.00
Deficiency	Rs 11,190.73

(Contd.)

Root Cause	<p>We were informed that SBI sends the daily transaction and refill report manually in spreadsheets after few days of actual transaction. Moreover, SBI doesn't send any such concise report which will show the actual balance of parent account, child accounts, and cash balances lying in the hands of DEO at the end of the day. To reconcile the seed fund, the PMU need to extract manually these balances from other daily reports. This causes inconvenience to reconcile the fund as manual operation on large set of data takes time.</p>
Corrective Action	<p>Till the time a real time reconciliation system is made, we recommend a daily basis reconciliation system with balances of parent account, all the child accounts and cash balance remain in DEO's hand. This report may be sent from SBI's end on daily basis in addition to other reports as per MoU² between SBI & PMU dated 08.11.2021.</p> <p>It is also advisable that PMU should check the reconciliation statement on daily basis and if any discrepancy is found, must be take up the issue with bank.</p>
Management Reply	<p>1) The matter of real time system generated reconciliation on a daily has already been taken up with SBI. PMU will exercise due monitoring for early compliance.</p> <p>2) The system of manual reconciliation has been initiated as advised.</p> <p>3) The excess credit Rs.10,785/-happened because the SBI had provided excess drawing power to the respective BSKs (Annexure -I list of BSKs encl.) and the remaining amount Rs.405.73/- shown in the draft report (Annexure-II list of BSKs encl.) as pending to be unreconciled due to arithmetical inaccuracy on SBI's end resulting total unreconciled amount of Rs. 11,190.73/-. The SBI has been intimated via mail dated 21.10.2022 with a direction to resolve and not to repeat such incidents. DEOs do not have individual e-wallets. BSKs have one e-wallet mapped with two DEOs for daily transactions. It is</p>

² Para 7.5 of MoU reads – Accounts shall be reconciled daily and any deviation shall be reported to the PMU/Nodal Department for necessary action. Till the time the reconciliation is completed, the child wallet involved is to be kept disabled.

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A.2. Audit Objective: To verify that SBI child account is used for transactions through BSK portal only.

Risk Classification

Critical

Criteria

SBI Child account should be enabled for transaction of services which are provided through BSK portal only.

As per MoU between Bank & P&AR Department dated 08.11.2021, the BSK operators will not have access to any e-commerce platforms / paid transactions from their BSK accounts other than those which are notified and specially enabled, i.e., through GRIPS, WBSEDCL and other payment platforms. [Para 1(b)]

Condition

On sample checking of child account bank statement and records at BSK portal, it was identified that many BSKs have made transactions through e-Wallet without using BSK portal. It was also informed that transactions can also be made using personal bank account for services provided through BSK. Moreover, without using either of BSK portal and SBI e-wallet a paid service may be provided using personal bank account of the DEO's. The following table summarises the observation.

Scenario	Use of BSK portal	Use of SBI e-wallet child account	Service Provision Possibilities
1	×	✓	Possible
2	✓	×	Possible
3	×	×	Possible

Few instances of such transactions are given below.

BSK Name	BSK Code	Transaction Amount (R)	Date of Transaction	Remarks
Basian Gramin Granthagar	UDR/L/R/00442	2,810	18/06/22	WBSEDCL Payment; Not routed through BSK Portal
Kanakpur RH	MUR/H/R/00900	2,231	13/07/22	-Do-
Bolpur-Sriniketan BDO	BIR/P/R/00994	4,903	17/08/22	Personal Payment.

(Contd.)

Consequence	Use of SBI Child account without routed through BSK portal results in unauthorised transactions. Moreover, use of child account for purposes other than BSK makes the system more vulnerable.
Root Cause	SBI e-Wallet child account does not restrict transaction request which are not initiated through BSK portal.
Corrective Action	SBI e-Wallet account must restrict transactions at BSK level which are not initiated through BSK portal.
Management Reply	<p>Presently it is the responsibility of the SBI to restrict unauthorised transactions through their portal and same has been mentioned in the MoU with SBI under point number 7.4. A formal email was sent also to SBI stating the concerned point on 21.10.2022 as well as an official letter vide memo no. 131-PAR/BSK-44/2022 dated-16-12-2022 has also been sent to SBI.</p> <p>It has been found during verification of the transaction report from May- July 2022, there is no such cases where transaction service category marked as “Blank”. Whereas the situation occurred in the period from Sept – Oct 2022 where some transaction service has been categorized as “Blank” and in addition to this, for the month of August 2022, BSK Operator ID/BSK operator name was missing in the transaction list. It is quite difficult for us to figure out/assess whether the “Blank” service status along with the transactions having without the BSK Operator ID/BSK Operator name was unauthorized transactions or any personal transactions made by DEOs without routed through BSK portal. In this regard, a mail has been sent to SBI requesting them to confirm the transaction service status in details. Formal reply still pending from SBI and they confirmed verbally that they are looking into this matter.</p> <p>PMU has followed up with DEOs in the monthly district-wise meeting held to resolve transaction related matters of BSKs. A pop-up alert on the portal on DEO landing page prohibited was included to stop unauthorized transactions. (pop-up publishing date 16/11/2022).</p>



Transaction Reconciliation of Seed Money	Strategies, Policies & Procedures	Information & Communication Technology (ICT)	Operational Efficiency	Financial & Monetary Framework
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A formal communication with District authorities has been made vide memo no. 132/(23)/PAR/BSK-44/2022 dated-16/12/2022 to restrict the DEOs in making such unauthorised payments. ✓

A.3. Audit Objective: To verify that DEOs at BSK level deposit exact amount of cash remains with them.		Risk Classification
		Critical
Criteria	The entire amount of cash receipt by DEOs must be paid in child account ideally within next day of transaction (T+1).	
Condition	On sample checking of child account bank statement, bank transaction report and daily refill report, it was observed that many DEOs are not paying the exact amount of cash they holding after making transactions. Also, large number of DEOs are paying lesser amount in bank than they received. However, many DEOs have paid excess amount than they have received from citizen.	
Consequence	Deposit of lesser amount in bank than the amount transacted in e-wallet results in auto sweep of fund from parent account to child account ³ . This reduces the opportunity to earn interest income in parent account. In other hand, excess amount deposit in child account by DEOs makes manual reconciliation more complicated and is completely unauthorised.	
Root Cause	DEOs deposit cash in bank account by simply filing deposit pay-in-slip. Bank personnel does not know the cash balance lying in the hands of DEOs and thus accept whatever deposit amount is mentioned in deposit slip.	
Corrective Action	A system generated pre-filled deposit challan with exact amount of transaction already made may be made available in DEO's login of BSK portal. The same amount shall be deposited by DEO in bank. The challan must be generated with a unique system generated challan number. This procedure shall solve the issue of less or excess deposit amount in bank. It is also recommended to develop a system to trigger a SMS to the DEO's mobile number with calculated amount, directing them to deposit the money on daily basis, if not deposited.	

³ The overdraft balance in child account becomes zero with auto-sweep of fund from parent account if the DEO does not deposit the transacted amount on the same day to bank. In the process, a maximum of R10,000/- will auto-sweep from parent account. Thereafter, payment can be made only when balance remains available in child account.



Transaction Reconciliation of Seed Money	Strategies, Policies & Procedures	Information & Communication Technology (ICT)	Operational Efficiency	Financial & Monetary Framework	Management Reply
					PMU, BSK is in process of setting up a system on the portal to monitor deposition of the cash within T+1 day. Also, banking partner SBI has been advised to trigger the matter from their system as well. A formal email has already been sent also to SBI stating the concerned point on 21.10.2022.

Transaction Reconciliation of Seed Money	Strategies, Policies & Procedures	Information & Communication Technology (ICT)	Operational Efficiency	Financial & Monetary Framework	A.4. Audit Objective: To check the procedure followed to enhance merchant limit in child accounts.		Risk Classification
							High
					Criteria	As a matter of policy, every child account linked to BSK has a maximum merchant limit of R10,000/- ⁴ . Once the transaction amount reaches to that amount, the DEOs shall raise a request for enhancement of merchant limit using their log-in credentials in SBI portal. Authorised persons sitting at PMU (Makers) shall verify the request of particular DEO and shall authorise for enhancement of merchant limit for that particular child account. The authorisation must be accepted by the DEO (Checker) to complete the process. An authorised merchant limit remains valid for 30 days from the date of initiation of request. In case of non-acceptance of authorisation, the limit gets expired and fresh request is made.	
					Condition	In most of the cases, the DEOs are not using SBI portal to request for enhancement of merchant limit. Rather, the grievance window in BSK portal is used by DEOs to request enhancement for merchant limit. Makers sitting in PMU identifies the BSK using grievance portal and gives authorisation of merchant limit using maker’s log-in credentials. In large number of cases, it was observed that limit has been authorised for more than two-three times, even though the earlier limit has not been exhausted. It is also observed that many BSK has not accepted the authorised limit resulting expiry of merchant limit. We were also told that selected bank officials also authorise merchant limit in addition to makers.	
					Consequence	Manual intervention for enhancement of limit consumes time and resources at PMU level. Moreover, authorisation of more than two limit signifies that limits were issued without verifying the actual requirement.	

(Contd.)

⁴ The limit has been enhanced to R25,000/- in general per BSK and R1,00,000/- per BSK which has exceeded a transaction value of R25,000/- in the month of July, 2022.

Transaction Reconciliation of Seed Money	Strategies, Policies & Procedures	Information & Communication Technology (ICT)	Operational Efficiency	Financial & Monetary Framework
Root Cause	As informed to us, most of DEOs are not aware about the procedure of enhancement of merchant limit request using SBI portal. Thus, they are making request using BSK grievance portal. Moreover, entire process of authorisation and acceptance of merchant limit is manual, at present.			
Corrective Action	We strongly recommend for designing an auto-authorisation of merchant limit in SBI portal once a pre-defined limit reaches in that particular child account. This would reduce the manual intervention to save resources both at PMU and BSK level. The management should also consider that authorisation of merchant limit facility must be available only with the authorised makers. The authority to enhance merchant limit may also be given to district authorities on trial basis.			
Management Reply	The acceptance of merchant limit by the DEOs has been regularised mostly. A mail communication has already been made with SBI in this regard on 21.10.2022. Verbal communication from SBI confirmed that they are in the final process of auto-authorization of merchant limit within few weeks or so. PMU, BSK constantly following it up with the Bank.			

Transaction of Seed Money	Strategies, Policies & Procedures	Information & Communication Technology (ICT)	Operational Efficiency	Financial & Monetary Framework	B.1. Audit Objective: To verify that the Project Management is independent to take financial and other strategic decisions.	
					Risk Classification	
					Advisory	
	Criteria	<p>The ‘Project Management Unit, West Bengal for BSK Regulations, 2021’ says that the PMU shall have power to acquire, hold and dispose of property and enter into contract for the purposes. (Regulation 14, Chapter IV).</p> <p>The regulation also says that the PMU shall open an independent savings bank account to receive state grants towards PMU funds. (Regulation 16, Chapter IV)</p> <p>The regulation further says the PMU shall constitute a fund to receive other grant viz. contribution and grants made by central / state / local authority, loans granted by state / central government / raised by PMU on its assets, sums received as gifts or contributions etc. (Regulation 16, Chapter IV</p>				
	Condition	<p>The PMU has not yet constituted any of the fund mentioned above. Any expenditure required for running BSKs and PMU are withdrawn by Drawing and Disbursing Officer (DDO) of P&AR Department from the finance department as and when required.</p> <p>The audit team finds that presently strategic decisions are taken in different department / cell / units in respect of operations of BSKs and PMU resulting decentralised monitoring and evaluation.</p> <p>The major strategic decisions have not been routed through the governing body of PMU.</p>				
	Consequence	<p>Decentralised evaluation and decision-making results in non-synchronisation of objectives of the programme. For example, the requirement of fund for DEOs posted in BSKs are released by the DDO in every quarter without knowing the actual number of DEOs posted in the district. Another example is that the PMU staffs are less aware about the advertisement made for BSKs in different print media.</p>				
	Root Cause	<p>Most of the personnel of top management of BSK are having dual charges. This obstructs them to focus dedicatedly in BSK strategies and operations.</p>				

(Contd.)

Transaction Reconciliation of Seed Money	Corrective Action	All the strategic and financial decisions must be taken centrally only by authorised personnel and that should be vetted by the Governing Body. Moreover, centralised evaluation and appraisal shall make the responsible person more accountable and obligatory.
Strategies, Policies & Procedures	Management Reply	<p>This has been brought to notice of P&AR Dept. which is the nodal department in this regard to reflect and take reasoned decision on the following issues-</p> <ol style="list-style-type: none"> 1. The DDO function - Presently performed by the Asstt. Secretary of the P&AR Deptt. 2. The Governing body meeting of PMU - Held on 05-07-2022 and will continue as per schedule. 3. Deploying officers/personnel dedicated to works related to BSK.
Information & Communication Technology (ICT)		
Operational Efficiency		
Financial & Monetary Framework		

Transaction of Seed Reconciliation of Seed Money	B.2. Audit Objective: To check the existing service rule / terms and conditions for service of employees of PMU and BSKs.		Risk Classification
			Medium
Strategies, Policies & Procedures	Criteria	Any appointment in BSK set-up, whether contractual or permanent, must be with certain terms and conditions which should be clearly laid down in the written form and must be followed to avoid future litigations.	
	Condition	There is no written service conditions / service rule for PMU contractual employees and DEOs posted in BSKs.	
	Consequence	Absence of such clear conditions leads to ambiguity among the employees and as such different treatment may be made in different offices / sections for same condition /situation.	
	Root Cause	Absence of any written rules / service conditions etc.	
Information & Communication Technology (ICT)	Corrective Action	The PMU must prepare the justifiable written rules / service conditions along with job responsibilities for each class of employees to avoid any future litigations.	
Operational Efficiency	Management Reply	There is a document stating terms and conditions of engagement of the contractual personnel to be engaged in the PMU is available and there is hardly any MOU/Notification stating the detailed job responsibilities as well as requirements of the contractual personnel engaged at Program Management Unit of Bangla Sahayata Kendra. Only some brief engagement conditions and work place competencies has been mentioned in the Notification No. 41/P&AR (BSK)/BSK-10/2021 dated 20.12.2021. PMU, BSK intends to explore the possibilities of expanding the job responsibilities of contractual personnel in the PMU and will come up with draft proposal in this regard by December 2022. In addition, PMU is in the process of formulating the job responsibilities of Accounts and Audit Officers as well with the same timeline mentioned above.	
Financial & Monetary Framework			

<div>Transaction Reconciliation of Seed Money</div> <div>Strategies, Policies & Procedures</div> <div>Information & Communication Technology (ICT)</div> <div>Operational Efficiency</div> <div>Financial & Monetary Framework</div>	B.3. Audit Objective: To check the Standard Operating Procedure (SoP) for PMU Operations.		Risk Classification High
	Criteria	Standard Operating Procedures (SoP) are written guideline for any section of operations / process. It is expected that any repetitive process / procedures are documented and followed by the organisation for smooth functioning.	
	Condition	The PMU has not prepared any SoP either for day-to-day operation or for inter operation synchronisation among various sections of PMU, except a standalone SoP made by technical section for Application Process Integration (API).	
	Consequence	Absence of SoP results in informal communication, approval and results in delay in repetitive work. Moreover, a formal SoP also helps to resolve issues within the PMU.	
	Root Cause	Absence of documentation of process flow.	
	Corrective Action	The PMU must prepare a holistic SoP in major areas of operations and integration of different sections within PMU so as to document the flow of work and being less informal.	
	Management Reply	PMU, BSK is in the process of drafting a Quality Manual containing all SoP that has to be taken up formally with the P&AR Department for further review and approval and the same is expected to be completed by January, 2023.	

Transaction Reconciliation of Seed Money	Strategies, Policies & Procedures	Information & Communication Technology (ICT)	Operational Efficiency	Financial & Monetary Framework	B.4. Audit Objective: To check the end-to-end transfer procedure for DEO(s) in BSK.		Risk Classification
							High
					Criteria	A comprehensive end-to-end process must exist to transfer any DEOs within or outside the district.	
					Condition	On scrutiny of documents, it was observed that at present no formal transfer policy is in place. We were informed that many DEOs have been transferred on the verbal instructions of Webel Technology Limited (WTL) with no information to either PMU or P&AR Department or the SBI. The transferred DEOs have been using their earlier log-in credentials of BSK portal and SBI account to continue their services in new place of posting. It is also observed that transfer order has been issued by WTL as well as P&AR Department.	
					Consequence	The existing procedure of transfer result in incorrect records of footfalls and number of services provided through BSK in Management Information System (MIS).	
					Root Cause	At present different authorities are issuing transfer order without information to other authority. Absence of any written procedures / steps makes the process completely informal.	
					Corrective Action	A complete written process must be made for transfer of DEOs. This may include centralised transfer order, prayer order for release by DEO, release order, joining prayer by DEO in new place of posting and joining acceptance order by appropriate authority. In case of approval of release order, the DEO must deposit the cash in hand in child bank account. A copy of release letter and joining acceptance letter may be send to the PMU and bank so that all the earlier log-in credential can be deactivated and new log-in credentials can be activated by appropriate authority. We have been informed that PMU is in the process of development of DEO module in BSK portal. The PMU may take a note of inclusion of above points while designing the module.	



Management Reply	The term “ Transfer ” has been mentioned by the Internal Auditors in their draft report and in that context the term arises. The suggestion of shifting of DEOs is being considered as per administrative convenience and with approval from P&AR department accordingly.
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Transaction of Seed Reconciliation of Money
Strategies, Policies & Procedures
Information & Communication Technology (ICT)
Operational Efficiency
Financial & Monetary Framework

B.5. Audit Objective: To check distribution patten of BSKs for maximum coverage of geographical area.		Risk Classification																												
		Advisory																												
Criteria	While deciding location of BSK set-up, the most important consideration should be maximum geographical coverage and easy commutable location to BSK centre for citizens.																													
Condition	<p>Initially BSKs have been set up in the office premises belonging to the DM offices, SDO offices, libraries, Primary Health Centres, Municipalities and SI offices of School Education. However, it has been observed that good number of BSKs are geographically located close to each other or even within same premises. Audit team’s visit to DM office, South 24 Pargana reveals, two BSKs have been set up in the same building, one is in 2nd floor and the other is in 3rd floor. Also, visit to BDO office in Domkal reveals two different BSKs within the same premises. The data from website of BSK shows location of many such BSKs within close proximity of each other. Few such instances are given below.</p> <table><tr><th>District</th><th>Block/Munii cipality</th><th>Gram Panchayat/ Ward No.</th><th>No. of BSKs</th><th>Maximum Distance from GP HQ/Municipality</th></tr><tr><td>Birbhum</td><td>Nanoor</td><td>Chandidas Nanoor</td><td>5</td><td>0.5 KM</td></tr><tr><td>Alipurduar</td><td>Alipurduar II</td><td>Tatpara 1</td><td>4</td><td>0.7 KM</td></tr><tr><td>North 24 Pargana</td><td>Basirhat Municipality</td><td>Ward No. 7</td><td>4</td><td>0.2 KM</td></tr><tr><td>Maldah</td><td>English Bazar Municipality</td><td>Ward No. 8</td><td>4</td><td>0.2 KM</td></tr></table>					District	Block/Munii cipality	Gram Panchayat/ Ward No.	No. of BSKs	Maximum Distance from GP HQ/Municipality	Birbhum	Nanoor	Chandidas Nanoor	5	0.5 KM	Alipurduar	Alipurduar II	Tatpara 1	4	0.7 KM	North 24 Pargana	Basirhat Municipality	Ward No. 7	4	0.2 KM	Maldah	English Bazar Municipality	Ward No. 8	4	0.2 KM
District	Block/Munii cipality	Gram Panchayat/ Ward No.	No. of BSKs	Maximum Distance from GP HQ/Municipality																										
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Alipurduar	Alipurduar II	Tatpara 1	4	0.7 KM																										
North 24 Pargana	Basirhat Municipality	Ward No. 7	4	0.2 KM																										
Maldah	English Bazar Municipality	Ward No. 8	4	0.2 KM																										
Consequence	If two or more BSKs are located within close proximity of each other, it reduces more accessibility of common citizen to BSK centre. Secondly, we find a common tendency among DEOs to refer to other BSKs by saying the other one is located in next door.																													
Root Cause	Rational selection of location has not been made in many cases. Rather, office-wise selection of location has been preferred.																													

(Contd.)

Transaction Reconciliation of Seed Money	Strategies, Policies & Procedures	Information & Communication Technology (ICT)	Operational Efficiency	Financial & Monetary Framework	<table><tr><td>Corrective Action</td><td>BSKs which are located within close proximity to each other may be identified and shifted to other place where other citizens may get access. While designing such formulation, point-scoring method may be followed.</td></tr><tr><td>Management Reply</td><td>The matter of instituting newly created BSKs in GPs where there were no BSKs earlier, is in the process for approval by competent authority. BSKs are being relocated to GP headquarters to enhance foot fall at the BSKs.</td></tr></table>	Corrective Action	BSKs which are located within close proximity to each other may be identified and shifted to other place where other citizens may get access. While designing such formulation, point-scoring method may be followed.	Management Reply	The matter of instituting newly created BSKs in GPs where there were no BSKs earlier, is in the process for approval by competent authority. BSKs are being relocated to GP headquarters to enhance foot fall at the BSKs.
Corrective Action	BSKs which are located within close proximity to each other may be identified and shifted to other place where other citizens may get access. While designing such formulation, point-scoring method may be followed.								
Management Reply	The matter of instituting newly created BSKs in GPs where there were no BSKs earlier, is in the process for approval by competent authority. BSKs are being relocated to GP headquarters to enhance foot fall at the BSKs.								

Transaction of Seed Money	C.1. Audit Objective: To check the data back-up, protection and SLA with State Data Centre.		Risk Classification
			Medium
	Criteria	The PMU must have a strong data back-up, data protection and service level agreement for maintenance of its sensitive and large citizen centric database.	
	Condition	Presently, the PMU does not have any own server. It keeps all its data in West Bengal State Data Centre (WBSDC) in cloud architecture. As informed, four application servers and 2 database servers are maintained by WBSDC to provide application and database management services for BSK operation. No formal agreement has been executed by PMU for level of data back-up plan or data security. We were informed that the server space and operational efficiency with present server architecture are moderate at present. It is informed to us that no monetary consideration is involved in provision of services by WBSDC.	
	Consequence	Absence of formal agreement with WBSDC keeps PMU and overall BSK operation vulnerable in case of data disaster at SDC. Moreover, absence of Service Level Agreement (SLA) with SDC does not allow PMU to ask for higher level of service connectivity for BSK operation.	
Strategies, Policies & Procedures		Root Cause	
		We were informed that earlier, WBSDC was part of P&AR Department. As BSK programme was also looked after by P&AR Department, no formal agreement was needed at that time. Thus, no formal agreement or SLA was executed.	
Information & Communication Technology (ICT)		Corrective Action	
		Presently WBSDC comes under Department of information Technology and Electronics. PMU, being an independent unit, must have a service level agreement and data protection / back-up agreement. Hence, it is recommended to have a formal agreement. To upgrade the server's operational efficiency, the management may think about better server management options with cost considerations.	
Operational Efficiency			
Financial & Monetary Framework			



**Management
Reply**

BSK has the data backup policy. The all data is kept in the State Data Centre (SDC) and the data is being backup on daily basis. We have a complete recovering mechanism to recover the application as well as data. The detail of data back is attached in Annexure C1-A and Annexure C1-B.

Transaction of Seed Money	Strategies, Policies & Procedures	Information & Communication Technology (ICT)	Operational Efficiency	Financial & Monetary Framework	C.2. Audit Objective: To check the Application Process Integration (API) with different Departments / Organisation.	
					Risk Classification	
					Critical	
					Criteria	<p>API is necessitated to capture the BSK Operator's information into the Departmental website/portal and need to capture the BSK beneficiary's information in https://bsk.wb.gov.in and in the departmental website/portal for providing application status and for generation of MIS reports.</p> <p>The backbone of BSK operation is the strong API with different departments / organisation. Strong API is reflected by smooth migration between departments, less technical issues and overall smooth user experience.</p>
					Condition	<p>Presently, 277 number of services of 38 government departments are provided from BSK. This includes 71 information services, 97 paid services and 109 unpaid services.</p> <p>However, only 22 number of services have been integrated till date. For rest of the services BSK portal is working by hyperlinking URL of Departmental webpages and data entry for applications, its processing & service delivery details is being done subsequently through the Departmental Scheme Portals.</p> <p>Even in services where API is done, weak level of integration has been reported. For example, while making payment of electricity bill of WBSEDCL, many a times transaction failed resulting block of fund for a substantial period of time. Data received from PMU shows, between 28/07/22 to 10/08/22 transaction amount of R4,14,737/- was failed with WBSEDCL.</p>
					Consequence	<p>BSK portal cannot show the application status for non-API services. Also, lack of API means, different department can not recognise whether the application / request has been made through BSK portal or others. Also, end-to-end services cannot be provided through BSK portal. It is also learnt that large number of paid services have been failed because of poor API.</p>

(Contd.)

Root Cause	<p>We have been informed that earlier software developer from Chief Minister's Office in collaboration with WTL used to look after the development and integration related work of BSK portal. However, after the PMU become functional, no formal handover of documents has been made. As a result, the PMU finds it extremely difficult to integrate portal of different departments' with BSK portal.</p>
Corrective Action	<p>A strong and robust API shall provide end-to-end services with updated MIS. Hence, with top priority API may be completed for more services. Strong API may also help to deliver services following The West Bengal Right to Public Services Act, 2013.</p>
Management Reply	<p>PMU is completing the API integration process with departments. PMU, BSK has prepared robust API V 4.0 (https://bsk.wb.gov.in/download/API_V_4.0.pdf) for end-to-end delivery service. PMU, BSK shall focus more on MIS report preparation as a top priority.</p> <p>The scope of the API Integration process is to integrate the Bangla Sahayata Kendra online portal with all the departments of the Government of West Bengal so that citizens can seamlessly get online services from (1) BSK Centre, (2) BSK portal, and (3) BSK Mobile App at the doorsteps. In addition, there will be a timeline for each service integration.</p> <p>All the departments of the Government of West Bengal can integrate with BSK Portal</p> <p>Departmental online service(s) only be included with BSK Portal</p> <p>BSK Portal delivers service to the citizen using an End-to-End delivery model</p> <p>Delivery material like e-certificate / receipt / acknowledgment can be available through BSK Portal</p> <p>Each service integration is having Service Level Agreement (SLA)</p> <p>The citizen can get a digitally signed certificate from BSK Centre / Portal.</p>



Financial & Monetary Framework	Operational Efficiency	Information & Communication Technology (ICT)	Strategies, Policies & Procedures	Transaction Reconciliation of Seed Money	<p>The updated report of API integration is attached in Annexure C2-A</p>
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<div>Transaction Reconciliation of Seed Money</div> <div>Strategies, Policies & Procedures</div> <div>Information & Communication Technology (ICT)</div> <div>Operational Efficiency</div> <div>Financial & Monetary Framework</div>	C.3. Audit Objective: To check the degree of protection of computer systems installed in BSKs.		Risk Classification High
	Criteria	Every computer system installed in BSK centre must be protected from virus threats.	
	Condition	On our visit to 2 BSKs to understand operational flows of BSK portal and SBI Bank Account, we have noticed that none of the computer system were protected with anti-virus software.	
	Consequence	Clicking a malicious link can infect the entire computer system with a destructive virus that can shut down the network, wipe hard drives, and spread to other resources through the internet. This may result in disruption in providing public services. WTL is responsible to provide all technical assistance to BSKs.	
	Root Cause	Lack of proper supervision and monitoring by Webel Technology Limited (WTL) to render facility management services.	
	Corrective Action	It is advisable to install anti-virus software in each computer system installed in each BSK centre to protect the system from any harmful virus attack, as each of the computer system is making banking transactions. A Comprehensive Annual Maintenance Contract (ACMC) & Facility Management Services (FMC) has already been agreed with WTL to provide support of BSKs for hardware / software / network / portal related issues. Following this contract, the WTL should take corrective and preventive steps at each BSKs.	
	Management Reply	PMU will monitor and follow up WTL for installation of anti-virus in each machine and update on regular basis and also for AMC.	

Transaction of Seed Money	C.4. Audit Objective: To check the MIS, segregating nature of paid services through BSK.		Risk Classification
			Low
Strategies, Policies & Procedures	Criteria	BSK portal and system architecture must be strong enough to identify nature of services provided where transactions are involved. This will help the management to identify which BSK is providing what kind of paid services.	
	Condition	Presently, BSK portal cannot segregate a paid service according to its purpose of payment. Even daily transaction report send by bank does not segregate the service for which the transactions are made except for payment of WBSEDCL and CESC.	
	Consequence	PMU cannot identify a paid transaction according to its nature of payment. Thus, the PMU can't say which type of paid service have been provided from BSK. This also stops PMU from identifying services which have been used in BSK and which are not at all used in BSK.	
	Root Cause	As there is no API for large number of services in BSK portal, the BSK portal or SBI cannot identify the services for which the payment has been made.	
	Corrective Action	API for services may be made with MIS reporting facility to help identifying the paid services through BSK.	
	Management Reply	PMU will complete the API integration for MIS reporting facility for paid service transaction. All the Services in the BSK portal are linked based. Some of the services have API and some of the services are forwarded link only. BSK has a complete plan regarding the integration completion timeline. The detail status of with timeline is attached there with in Annexure C4-A.	
Information & Communication Technology (ICT)			
Operational Efficiency			
Financial & Monetary Framework			

Transaction Reconciliation of Seed Money	Strategies, Policies & Procedures	Information & Communication Technology (ICT)	Operational Efficiency	Financial & Monetary Framework	C.5. Audit Objective: To check the knowledge of DEO regarding introduction of new services / updations on existing services / newer developments for BSK operations.	
					Risk Classification	
						Medium
					Criteria	The DEOs being the front-line persons to provide services through BSK platform must have sound and updated knowledge in respect of any decisions which may impact their service provisioning to common citizens. It is expected that DEOs get updated information about new services added / deleted or any change in existing service provision to the extent relevant to them.
					Condition	Presently, there is no mechanism followed at PMU level to inform DEOs regarding any addition or change in service provision through BSK portal.
					Consequence	Lack of updated information at DEOs end, results in less aware about new service introduction. Also, any modification in existing service provisioning, if not informed to DEOs, may result in use of outdated process which may not work.
					Root Cause	The PMU does not inform about updated information relevant to DEOs in any way.
					Corrective Action	The PMU may inform new development to DEOs either through SMS in their registered mobile number or through pop-up message in BSK portal. A training on the updated subject, if assume required, may also be made available coordinating District Technical Coordinator or Sub Divisional Coordinator.
					Management Reply	PMU has developed a common dashboard for DEOs and in the 'notification' section all the information is scrolled that is visible to all the DEOs. For capacity building and training is very essential for development of BSK. BSK has already conducted number of meetings, training, seminar etc to share the technical information and increase the quality of service. In the month of September 2022, BSK conducted training on cyber security for all the DEOs. A synoptic and detailed report is attached with in the Annexure C5-A, Annexure C5-B and Annexure C5-C



Transaction of Seed Reconciliation of Seed Money	D.1. Audit Objective: To check the number of BSKs making no transaction.		Risk Classification
			Medium
Strategies, Policies & Procedures	Criteria	BSKs are expected to provide services including paid services. It is expected that all the BSKs have become operational and have started providing paid services as well.	
	Condition	A sample checking of transaction data for the month of July, 22 reveals, 327 number of BSKs have not made any transaction.	
	Consequence	It is learnt that in all these BSKs DEOs have been deployed and non-provisioning of paid services for some reason or other keeps the BSK resource idle.	
	Root Cause	On scrutiny, we were informed that most of these BSK operator have not either received their log-in credentials or have been facing some issues with SBI child account.	
	Corrective Action	As informed, the PMU has already taken up the issue with respective BSKs. Constant monitoring and support may be provided from PMU, district technical coordinator and sub-divisional coordinator to provide these BSKs the platform to make paid services.	
Information & Communication Technology (ICT)	Management Reply	The exact number has already been mentioned in the last line of the management reply and the then figure was 102. The current figure stands as on 04/12/2022 is 46 nos. BSKs.	
Operational Efficiency			
Financial & Monetary Framework			

Financial & Monetary Framework	Operational Efficiency	Information & Communication Technology (ICT)	Strategies, Policies & Procedures	Transaction Reconciliation of Seed Money
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D.2. Audit Objective: To check the average holding of seed money for BSK operation.

Risk Classification

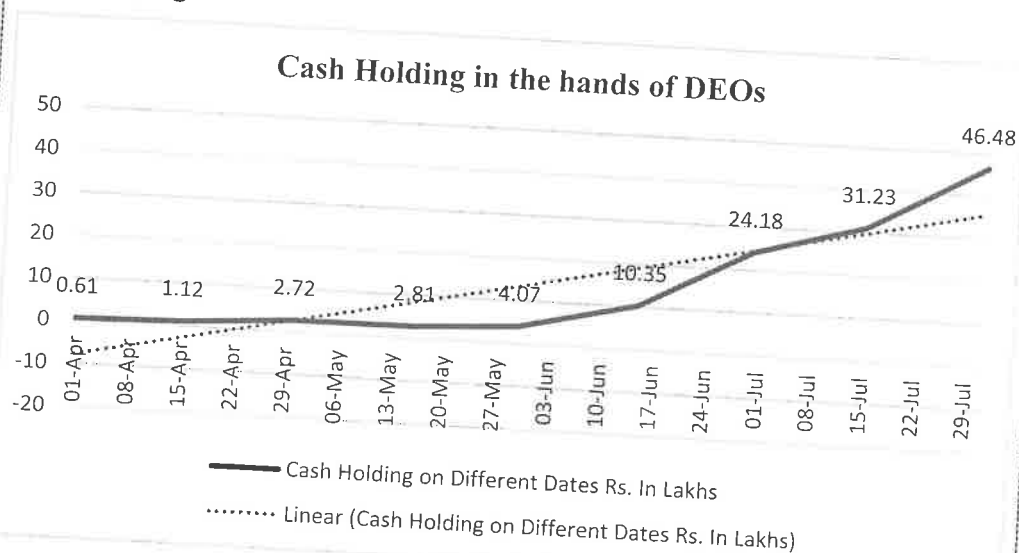
High

Criteria

The seed money with which paid services are provided using SBI child account, need to be replenished by DEOs at the earliest to provide continuous and uninterrupted services at BSK level. Though there is no guideline from the management, but it is expected that cash holding in the hands of DEOs are paid to the bank on the same day of transactions. If DEOs hold more amount of cash in their hand, then it may be assumed that BSK has lost that amount of transaction opportunity. Hence, the ideal operation model should not allow any cash holding by DEOs at BSK level.

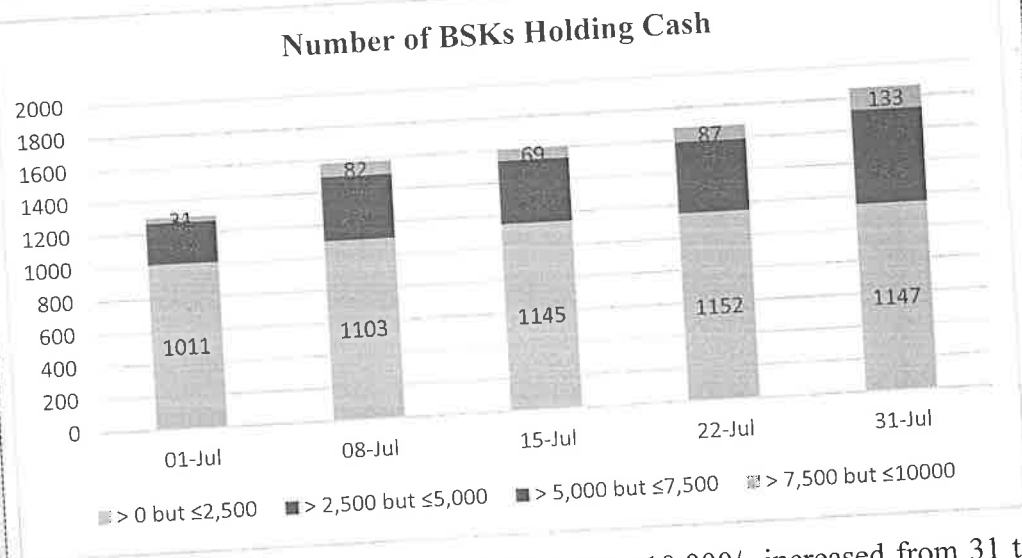
Condition

Data related to cash holding by DEOs (April, 22 to July, 22) revealed an upward rising trend since the month of April, 2022 onwards. The daily average holding of fund for the month of July, 22 was R35.38 lakhs. This is shown in the following figure.

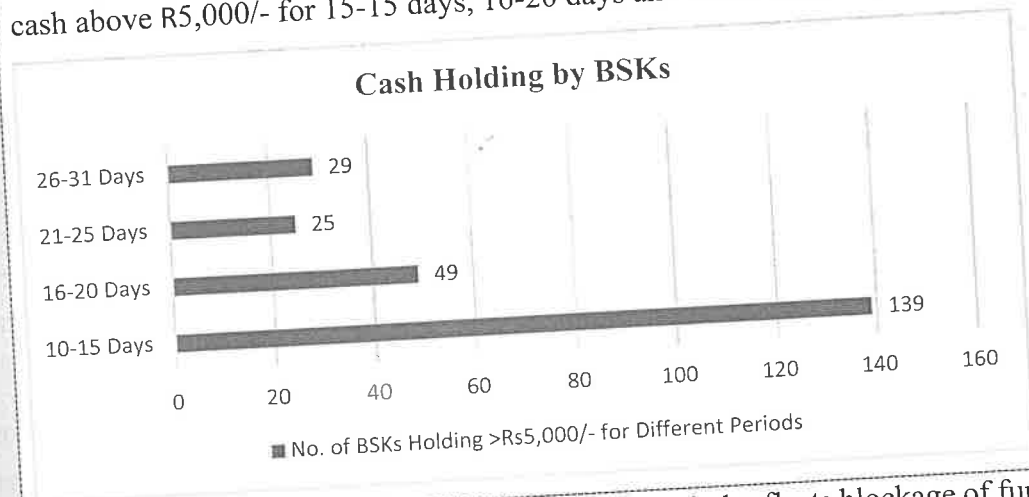


Further on analysis of data, it is found that 679 BSKs were holding no cash during the month of July, 22. Whether these BSKs were made any transactions or not, could not be found for lack of data compilation. The following chart

shows number-wise BSKs holding cash in different cash range.



The number of BSKs holding > R7,500/- but ≤10,000/- increased from 31 to 133 during July, 22. Similarly, number has increased in other ranges also. Analysis of cash holding on time basis shows 29 BSKs hold more than R5,000/- for 26-31 days during the month of July. Similarly, 139, 49 and 25 BSKs hold cash above R5,000/- for 15-15 days, 16-20 days and 21-25 days respectively.



Consequence	Large amount of cash holding for a longer time period reflects blockage of fund and may help in opportunity loss for transaction-based service.
Root Cause	There is no such auto-mechanism in BSK portal which can analyse cash holding by DEOs on real time basis.
Corrective Action	Our recommendations mention in Audit Findings Point No. A.3. given in Page No. 15 may be referred. In addition, BSK portal may develop an auto alert facility at PMU log-in to indicate period of cash holding by BSKs.

Financial & Monetary Framework	Operational Efficiency	Information & Communication Technology (ICT)	Strategies, Policies & Procedures	Transaction Reconciliation of Seed Money
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Management Reply	<p>It has been observed that the average cash holding is comparatively less as compared to the volume of transactions. The matter has already been raised with the district authorities to ensure the minimum cash holding time at DEOs end. The detailed graphical analysis in support of the reply is annexed herewith. The analysis mentioned in the draft Internal Audit report under point D2 may be reconsidered. (Annexure Attached)</p>
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Transaction of Seed Money Reconciliation of Seed Money Strategies, Policies & Procedures Information & Communication Technology (ICT) Operational Efficiency Financial & Monetary Framework	E.1. Audit Objective: To verify that all payment of BSK operation have been made from respective Head of Account (HoA).		Risk Classification
			High
	Criteria	A HoA is the classification of expenditure according to its nature. Salary of DEOs located in different BSKs allotted from P&AR Department to the offices of District Magistrate under the HoA 42-2235-02-001-00-023-02-00-V. Actual payment is made from there only.	
	Condition	We were informed that during the FY 2022-23 an amount of R1,11,65,283/- has been expended by various DDOs as wages of DEO under the HoA 42-2235-02-001-00-023-28-02-V in negative allotment instead of 2235-02-001-00-023-02-00-V. The genuineness of the expenses has not been verified by the audit as bills were prepared by different DDOs across the state.	
	Consequence	It reflects lack of overall supervision in financial control.	
	Root Cause	We were informed that this has happed erroneously and have been subsequently rectified with issue of allotment to correct HoA.	
	Corrective Action	The management should be more cautious so that this type of incident does not recur in future.	
	Management Reply	The P & AR Department has taken note the matter. Formal Note Sheet dated 26-09-2022 as well as e-mail dated 11.10.2022 stating the matter requires administrative intervention as per the recommendation of Internal Auditors for classification of Head of Accounts and allied matters has been communicated with the P&AR department.	

Financial & Monetary Framework	Operational Efficiency	Information & Communication Technology (ICT)	Strategies, Policies & Procedures	Transaction Reconciliation of Seed Money	E.2. Audit Objective: To check the Asset Register of BSK.	
					Risk Classification	
						High
					Criteria	The PMU being the monitoring and overall supervising unit for overall programme of BSK, need to maintain a combine fixed asset at both at district level and state level.
					Condition	Presently, the PMU does not maintain any fixed asset register for any assets located in different BSKs. For PMU office premises, a list of fixed assets available on 01.09.2022 was provided to us. However, these assets did not have any identification and serial number. The list does not mention the date of purchase of the asset and component-wise fixed assets. The intangible assets should also be capitalised.
					Consequence	The PMU shall not have any information about fixed assets located in BSKs. Absence of marking and serial number of assets at PMU office results in difficulty in identification of assets
					Root Cause	The PMU has not prepared any fixed assets register except the one list of assets at PMU.
					Corrective Action	PMU should take initiative to identify and prepare the asset register with complete details and asset tagging. Any addition or deletion in the register should have dual signatory authority for better control. It is advisable to have a physical verification of all fixed assets at least once in every three years.
					Management Reply	Since all the fixed assets located at PMU, BSK has been provided by PWD, so the fixed assets register may be maintained by the PWD. The process for keeping records of fixed assets have already started at PMU, BSK. A formal communication vide memo no. 132/ (23)/PAR/BSK-44/2022 dated -16/12/2022 has been sent to all the district authorities of BSK for maintaining fixed assets register as well as send a report to PMU, BSK in this regard.

Appendices






Appendix A: Basis of Rating of Likelihood and Consequences

Consequence Definition	Risk Factors ⁵				Likelihood Definition
	Financial	Technical	Operations	Programme management	
A: Insignificant The incident has little significance.	1 Financial Loss – Small increase in expenditure not in line with budget	1 Insignificant technical issues that can be fix up without hampering operation	1 No operational issues or low-level operational issue that can be worked around	1 Programme runs on time, budget and quality	1: Rare The occurrence of the event is only anticipated in rare conditions
B: Minor The incident might endanger a portion of the programme.	2 Monetary or financial statement impact - < Rs.1 lakh	2 Minor technical issues which can be restored in a day or two	2 Minor operational issue that can be quickly remediated and return to operation as usual	2 Programme has minor issues with time, budget or quality	2: Unlikely Typically, the occurrence is not likely to happen.
C: Moderate The situation might put numerous programme elements at risk.	3 Monetary or financial statement impact - Rs.1 lakh to Rs.5 lakh	3 Moderate level technical issues; includes data security, SLA malfunction, major virus attack	3 Moderate level operational issues; may include small a part of programme as non-functional, minor statutory non-compliance	3 Programme has moderate issues with time, budget, quality or probity	3: Possible The event may occur
D: Major The event may threaten achievement of programme objectives	4 Monetary or financial statement impact - Rs.5 lakhs to Rs.10 lakhs	4 Major security issues; includes weak SLA, network, major breach of security, data loss, short to mid-term	4 Substantial operational issues; likely to include continuity, statutory non-compliance, public	4 Programme has substantial issues with time, budget, quality or probity	4: Likely The event is likely to occur

⁵ The components of risk factor shown in the above table are inclusive in nature. The list is only illustrative. The inherent risk factor, being mostly subjective in nature, is a matter of auditor's judgement.

E: Severe The incident can prevent programme goals from being met.	5 Monetary or financial statement impact -> Rs.10 lakhs	operational disturbance 5 Programme threatening issues; includes security, privacy and long-term operational incapability	embarrassment, major media attention 5 Programme threatening operational issues; includes continuity, public embarrassment, long lasting widespread media coverage	5 Programme has severe issues with time, budget, quality or probity	5: Almost certain The event is either taking place or is anticipated to take place.
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Appendix B: Measurement of Control Design Adequacy and Control Operation Effectiveness

Rating		Control Design Adequacy Assessment	Control Operation Effectiveness Assessment
Well- Managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness
Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may be put control objectives at risk	Non-conformance may put control objectives at risk
Unacceptable Risk Exposure		No control design or control design is sub optimum, leaving opportunity for error or abuse	Significant control non-conformance leaves opportunity for error or abuse

Appendix C: Residual Risk Rating & Points

Residual Risk Rating	Points
Critical	15 – 20 points per findings
High	9 – 12 points per finding
Medium	4 – 8 points per finding
Low	1-3 points per finding
Advisory	No points.

Glossary

Seed Money is the initial fund deposited in SBI parent account by P&AR Department.

Inherent Risk is the risk to an entity in the absence of any direct or focused actions by management to alter its severity.

Residual Risk is the risk remaining after management has taken action to alter its severity. Residual risk can be thought of as a weighted risk ranking, considering both the inherent risk, and the impact of implemented controls in addressing the risk.

Control Design Adequacy is evaluation of established control by management for any areas or process of operation in an organisation.

Control Operation Effectiveness is measurement of effectiveness of established control design based on facts, observation, interviews, assessment etc.

Control Assessment is the outcome of assessment with control design adequacy and control operation effectiveness measured in a scale which is best to the auditor's judgement.

Disclaimer

PMU is responsible for developing and maintaining trustworthy systems for risk management, internal control, governance, as well as for preventing and identifying fraud and irregularities. The PMU's obligations with regard to the design and administration of these systems should not be construed from internal audit work.

Even when performed carefully and professionally, internal audit procedures cannot guarantee the absence of fraud. Because of this, it is not advised to only

depend on our internal auditing systems to spot suspected fraud, defalcations, or other anomalies.
