



**INDIAN AUDIT AND ACCOUNTS DEPARTMENT  
O/o The PRL. ACCOUNTANT GENERAL (AUDIT)  
ANDHRA PRADESH , HYDERABAD 500 004**



**Report of the Comptroller and Auditor General of India**

To

**The Director,  
Ground Water and Water Audit Department  
Vyasa Bhavan, Hanumanpet,  
Vijayawada – 520003  
Andhra Pradesh**

**Report on the Project Financial Statements**

We have audited the accompanying financial statements of the World Bank assisted **“National Hydrology Project (NHP), Andhra Pradesh Ground Water”** financed under **World Bank Loan No.8725-IN** which comprise the Statement of Sources and Applications of Funds and the Reconciliation of Claims to Total Applications of Funds for the year ended **31<sup>st</sup> March 2018**. These statements are the responsibility of the Project’s Management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We have conducted our audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Project Financial Statements present fairly, in all material respects, the sources and applications of funds of **“National Hydrology Project (NHP), Andhra Pradesh Ground Water for the year ended 31<sup>st</sup> March 2018** in accordance with Government of India accounting standards.

In addition, in our opinion, (a) with respect to SOEs, adequate supporting documentation has been maintained to support claims to the world bank for reimbursements of expenditure incurred; and (b) except for ineligible expenditure of **Rs.8,50,000/-** as detailed in audit observations, appended to this audit report for the year **2017-18**, the expenditures are eligible for financing under the Loan/Credit Agreement. During the course of the audit, SOEs and the connected documents were examined and these can be relied upon to support reimbursement under the Loan/Credit Agreement as per **Annexures A,B & C** No separate management letter is issued along with this report.

This report is issued without prejudice to Comptroller and Auditor General of India's right to incorporate the audit observations in the Report of Comptroller and Auditor General of India being laid before Parliament/State or UT Legislature.



**SR. DEPUTY ACCOUNTANT GENERAL (SS)**



प्रधान महालेखाकार (लेखापरीक्षा) का कार्यालय  
आन्ध्र प्रदेश, हैदराबाद - 500 004.

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT)**  
**ANDHRA PRADESH, HYDERABAD - 500 004.**

**AUDIT CERTIFICATE**

The Expenditure Statement/Financial Statement relating to World Bank assisted “National Hydrology Project” (NHP), for AP Ground Water and Water Audit Department (Loan No.8725-IN)” for the year ended 31<sup>st</sup> March 2018 attached hereto have been audited in accordance with the regulations and standards of audit of the Comptroller and Auditor General of India and accordingly included such tests of accounting records, internal checks and controls and other auditing procedures necessary to confirm.

- a) that the resources were used for the purpose of the project and
- b) that the expenditure statements/financial statements are correct

During the course of the audit referred to above, Statement of Expenditure (SOE) (for an amount of **Rs.2,66,11,816/-** and the connected documents were examined and these can be relied upon to support reimbursement under the aforesaid loan/credit agreement.

On the basis of the information and explanations that have been obtained as required and according to the best of our information as a result of the test audit it is certified that no expenditure has been met regarding implementation (and operations) of the project for the year **2017-18**.

This certificate is issued without prejudice to CAG’s right to incorporate any further/detailed audit observations if and when made in the Report of CAG of India for being laid before Parliament /State Legislature.

Yours faithfully,

**(R.SRIDHAR)**

**Sr. Deputy Accountant General/SS**



**Annexure-A**

**Statement showing the details of expenditure incurred i.e. category wise, component wise for the year 2017-18 in respect of World Bank assisted National Hydrology Project (Loan No.8725-IN) of AP Ground Water and Water Audit Department**

Sl. No	Name of the component	SOE Figure	Actual Expenditure verified in Audit	Expenditure Disallowed in Audit	Expenditure Admitted in Audit
		Rs.	Rs.	Rs.	Rs.
1	<b>Component 'A'</b> Water Resources Monitoring Systems	14740031	14740031	Nil	14740031
2	<b>Component 'B'</b> Water Resources information systems	Nil	--	--	--
3	<b>Component 'C'</b> Water Resources Operations and Planning Systems	Nil	--	--	--
4	<b>Component 'D'</b> Institutional Capacity Enhancement	11871785	11871785	850000	11021785
	<b>Grand Total</b>	<b>26611816</b>	<b>26611816</b>	<b>850000</b>	<b>2,57,61,816</b>

**Total amount disallowed - Rs.8,50,000/-**

  
**Sr. Dy.Accountant General (SS)**

**Annexure – B**

**Statement showing the details of disallowances made from the expenditure incurred, during the year 2017-18 in respect of World Bank assisted National Hydrology Project (Loan No.8725-IN) of AP Ground Water and Water Audit Department**

<b>District/Unit Office</b>	<b>Amount disallowed (Rs)</b>	<b>Reasons for disallowance</b>
World Bank assisted National Hydrology Project (Loan No.8725-IN)	850000=00	Excess payment towards hired vehicles

  
**Sr. Dy.Accountant General (SS)**

### Annexure – C

Statement showing the details of disallowances made from the expenditure incurred during the previous years now released during the year 2017-18 in respect of World Bank Assisted National Hydrology Project (NHP), Andhra Pradesh Ground Water and Water Audit Department

Sl.No	Name of the Division/unit	Year of Disallowance	Amount Now Released	Balance disallowance amount
	-----NIL-----			

  
Sr. Dy.Accountant General/SS

**AUDIT OBSERVATIONS (DISALLOWANCES) ON CERTIFICATION  
AUDIT OF NATIONAL HYDROLOGY PROJECT (NHP) , ANDHRA  
PRADESH GROUND WATER AND WATER AUDIT DEPARTMENT FOR  
THE YEAR 2017-18 (LOAN No.8725-IN)**

*Dates of Audit: 05-06-2018 to 13-06-2018 (07 working days)*

**PART-I**

**Overview:**

The Government of India introduced National Hydrology Project (Loan No.8725-IN) to improve and expand Hydrology Data and Information Systems, strengthen water resources operation and planning systems and enhance institutional capacity for water resources management. Accordingly, the Ministry of Water Resources, River Development & Ganga Rejuvenation has signed Memorandum of Agreement with Andhra Pradesh Ground Water Department which is the implementing agency in Andhra Pradesh. Funds flow from the Centre is in the form of Grants in Aid. National Hydrology Project is having a duration of 8 years and the department has prepared Project Implementation Plan with a budget of Rs.80.00 crore for Andhra Pradesh.

**Para-I. Excess payment to the hired vehicle to the tune of Rs.8.5 lakh**

As seen from the records during the year 2017-18 an amount of Rs.36,08,000/- was incurred as expenditure under Component-D towards Hiring of Private Vehicles (upto 6/17 and paid an amount of Rs.25000/- to each vehicle and from 7/17 onwards paid an amount of Rs.35000/- to each vehicle). However, it was seen from the approved Annual Work Plan (AWP) for the year 2017-18 under National Hydrology Project (NHP) an amount of Rs.25000/- per month per vehicle was approved by the Ministry of Water Resources (MoWR), RD&GR vide Lr.No.X-96011/1/2016/NHP/4253-4254, dt.28/7/17.

As per the conditions of the MoWR all the expenditure should be based on the approved Annual Work Plan only and any deviation from the Work plan shall not be ordinarily permissible.



However, Audit noticed that contrary to the above condition the Project Implementing unit has paid the cost of hiring of vehicle charges at Rs.35000/- each vehicle from 7/2017 onwards which has resulted in excess payment towards hiring of vehicle charges which works out to Rs.8,50,000/- ( 85 vehicles x 10000).

When the reasons for payment of higher rates for hired vehicles contrary to the above condition and also whether any permission was obtained for payment of higher rates ie.,Rs.35000/- per month per vehicle from the MoWR were called for, it was replied that hire charges of the vehicles are being followed as per the State Government approved rates as the hire charges of vehicles were increased by state government from Rs.25000/- to Rs.35000/- w.e.f. 07/2017 and further stated that approval was taken from MoWR for number of vehicles and not for hire charges.

The reply of the PIU is not acceptable, as it is a deviation from the approved annual work plan. Ratification orders from the MoWR may be taken under intimation to audit.

  
**Sr. Dy. Accountant General (SS)**