

Speed Post



संख्या  
No.

भारतीय लेखा तथा लेखा परीक्षा विभाग  
कार्यालय, प्रधान महालेखाकार (लेखापरीक्षा), बिहार  
वीरचन्द पटेल मार्ग, पटना-800 001  
Indian Audit & Accounts Department  
Office of the Principal Accountant General (Audit), Bihar  
Birchand Patel Marg, Patna-800 001

दिनांक/Date : .....

To,

The Project Co-Ordinator NHP (Bihar-GW)-Cum-  
Principal Secretary  
Minor Water Resources Department,  
Govt. of Bihar,  
Vikas Bhawan,  
Patna-800015

e-Off. No. 600212/MOWR/CR

Date 09/09/19  
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT), BIHAR  
Date .....

Subject:- Audit Report in respect of World Bank assisted National Hydrology Project  
(NHP)-Bihar (GW) Loan No. 8725IN for the financial year 2018-19.

Sir,

With reference to your letter No. लोज०४१०/एन०एच०पी०/AG(Audit)-61/2019/112 dated 23-07-2019 on the subject cited above, I am enclosing herewith the Audit Report of World Bank assisted National Hydrology Project (NHP)- Bihar (GW) Loan No. 8725IN for the year 2018-19 purpose needed.

This issues with the approval of Principal Accountant General (Audit).

Yours faithfully,

SD/-

(Dr. Kavyadeep Joshi)  
Dy. Accountant General (Adma)

Memo No. FAW-1/2019-20/EAP/NHP/ 341

Dated: 04/09/2019

Copy along with a copy of Audit Report forwarded for information and necessary action to:-

- ✓ Secretary Govt. of India, Ministry of Water Resources, River Development & Ganga Rejuvenation, Shram Shakti Bhawan, Rafi Marg, New Delhi-110001
2. Under Secretary to Govt. of India, Ministry of Finance, Department of Economic Affairs, Fund Bank-V, New Delhi-110001.

एन.एच.पी., जल संसाधन, नदी विकास एवं गंगा संरक्षण मंत्रालय  
NHP, MOWR, RD&GR  
इ-ऑफिस/Date: 0327  
दिनांक/Dated: 25-19/2019

(Dr. Kavyadeep Joshi)  
Dy. Accountant General (Adma)



**Audit Report**

संख्या  
No.

भारतीय लेखा तथा लेखा परीक्षा विभाग  
कार्यालय, प्रधान महालेखाकार (लेखापरीक्षा), बिहार  
वीरचन्द पटेल मार्ग, पटना-800 001  
Indian Audit & Accounts Department  
Office of the Principal Accountant General (Audit), Bihar  
Birchand Patel Marg, Patna-800 001

To,

The Project Co-Ordinator NHP (Bihar-GW)-Cum-  
Principal Secretary  
Minor Water Resources Department  
Govt. of Bihar,  
Vikas Bhawan, Patna-800015

दिनांक/Date : .....

We have audited the accompanying financial statement of the **National Hydrology Project (NHP)-Bihar (GW) Loan No. 8725IN**, which comprise the Statement of Sources and Applications of Funds and the Reconciliation of Claims to Total Applications of Funds for the year ended March 31, 2019. 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 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 examines, 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 financial statements present fairly, in all material respects, the sources and application of **National Hydrology Project (NHP)- Bihar (GW) Loan No. 8725IN** for the year ended March, 31, 2019 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 expenditures as detailed in audit observations, appended to this audit report, expenditures are eligible for financing under the Loan/Credit Agreement. During the course of the Audit, SOE and the connected documents were examined and these can be relied upon to support reimbursement under the Loan/Credit Agreement as per **Appendix.**

This report is issued without prejudice to CAG's right to incorporate the audit observation in the Report of CAG of India for being laid before Parliament /State or UT Legislature.

(Dr. Kavyadeep Joshi)

Date:

Dy. Accountant General (Admn)



## Appendix

**Statement showing the details of expenditure incurred i.e. category wise, component wise for the year 2018-19 in respect of World Bank assisted National Hydrology Project- Bihar (Ground Water) (Loan No. 8725-IN),**

Components	Expenditure as per SOE Rs. (A)	Actual Expenditure as verified in audit Rs. (B)	Expenditure Disallowed in Audit Rs. (C)	Expenditure Admitted in Audit Rs. (D) = (B-C)
Component -A	583800.00	583800.00	583800.00	0.00
Component -B	0.00	0.00	0.00	0.00
Component -C	0.00	0.00	0.00	0.00
Component -D	171527.00	171527.00	17462.00	154065.00
<b>Total</b>	<b>755327.00</b>	<b>755327.00</b>	<b>601262.00</b>	<b>154065.00</b>

		Rs.
Expenditure admitted in Audit	(D)	154065.00
Bank share of audited expenditure	(E) = 50% of D	77032.50
Bank share claimed as per SOE	(F) = 50% of A	377663.50
Difference in claims	(G) = (F-E)	300631.00

### Audit Observation

#### **1. Procurement Manual not followed in purchase of IT equipment: Rs. 5,83,800.**

During the course of certification audit, it was observed that for the work of NHP, the IT equipments has been purchased through shopping method from M/S Infosec Credential Pvt. Ltd., Danapur, Patna-801503 vide their invoice no. GST/18-19/ISCI/281 dated 15.01.2019 for Rs. 583800/- by Nodal officer of the project without obtaining the approval of Principal Secretary & payment was made on 21.01.19.

During the test check of related records, following points have been noticed:

(i) The department was invited the quotation on 29.11.2018 for purchase of IT equipments (Laptop-1, Mac Book Pro-2, Antivirus-1 and Printer A10- 2 no.). It was noticed that the department was quoted the Mac Book Pro. Mac Book Pro is a brand name of a product, which has made by a company APPLE. Quotation shouldn't be invited for a product with their brand name normally.

Further, these IT equipments were purchased by the department without assessment of necessity of NHP work. Necessity of Mac Book Pro, a high-value specialised product in lieu of a laptop was not mentioned in the available records.

(ii) As per para no. 3.4 of Procurement Manual of National Hydrology Project, "Shopping is a procurement method based on comparing price quotation obtained from several national suppliers, usually at least three to ensure competitive prices." During scrutiny of records, it



was observed that only two bidders were participated on invitation of a quotation. Reason for not inviting the re-quotation hasn't been mentioned in the available records.

(iii) As per conditions (no. 4) of Invitation for Quotation, "The registered manufacture of their authorized distributor/reseller should also attach a copy of valid PAN, GST Registration certificate and Brochure for product technical details and a photograph of the quoted product. Company Authorization and/ or Company registration paper/certificated and a proof for ISI/ISO standard products along with their quotation". Scrutiny of records revealed that both the bidders were not attached/submitted the above said documents. In spite of that the department was awarded the contract of supply. Reason hasn't been mentioned in the available records.

(iv) As per para no. 3.4 of Procurement Manual of National Hydrology Project, "Purchaser may exercise discretion in selection a quotation that is not the lowest price as far as there is good technical justification on the quality of the offered items. Scrutiny of records revealed that the bidders were not submitted the quotation of items with full description and department was also not evaluated the technical specification of Items by the appropriate authority/committee.

(v) As per the section 51 of GST Act (modified in Oct 2018), TDS is to be deducted at the rate of 2 percent on payments made to the suppliers of taxable goods and/or services, where the total value of such supply under an individual contract exceeds two lakh fifty thousand rupees. Scrutiny of records revealed that the department was not deducted the amount of GST (Rs. 11.676) against supply of IT equipments and payment of Rs. 5,83,800.

In reply project coordinator stated that:-

(i) It was envisaged before the purchase that sophisticated software related to Hydrology Work can be done in perfect compatibility of Apple.

(ii) However the observation of guidance given by the auditors is noted herewith dedicated compliance for Procurement Procedure.

(iii) Matter regarding production of PAN, GST Registration Certificate and brochure from supplier side will be strictly adhered to in future.

(iv) This will be ensured in the future procurements.

(v) GST in this purchase already been remitted by the supplier. However GST will be deducted from our end in all future purchases.

**Auditor's View** - As the Guidelines of Procurement Manual of National Hydrology project haven't been followed during the purchasing of IT Equipment. The amount of Rs 5,83,800.00 is being disallowed.

## **2. Excess payment in Travelling Allowance Bill – ₹17462/-**

A. During the course of Certification Audit, it was observed that Sh. Dhruv Narayan, Executive Engineer and Sh. Ajay Kumar Verma, Procurement Expert, NHP have submitted the Travelling Allowance claims on 19.09.2018 for Rs. 33873/- & Rs. 34257/- respectively for attending training at Indian Institute of Public Administration (IIPA), Indraprasth Estate, Ring Road, New Delhi during 27-29<sup>th</sup> August, 2018.

1. During the scrutiny of records, it was found that TA bill has been passed for Rs. 37108/- and 37492/- respectively for them. The excess amount Rs 3235/- for air fare of Delhi to



- Patna has been wrongly added to the claims made by officers while fare of air ticket of both way (Patna to Delhi and Delhi to Patna) of each person Rs. 9393 was already included in the claim. Hence, Rs. 3235\*2 i.e. total Rs. 6470/- was excess paid to officers.
2. It is also observed that excess distance claimed & passed in both TA bill for local transportation during above training resulting excess payment Rs 9696/-(4848\*2). Details are given below:-

Date	From	To	Distance show in bill (in KM)	Actual Distance (in KM)	Difference in distance (in KM)
26.8.2018	Delhi Airport	Hotel Delhi 55 Paharganj, Delhi	52	25	27
27.8.2018 to 29.8.2018 (3days)	Hotel Delhi 55 Paharganj, Delhi	IIPA	25x3	6x3	19x3
27.8.2018 to 29.8.2018 (3days)	IIPA	Hotel Delhi 55 Paharganj, Delhi	25x3	6x3	19x3
30.8.2018	Hotel Delhi 55 Paharganj, Delhi	SPMU Near J L Nehru Stadium	29	12	17
30.8.2018	SPMU Near J L Nehru Stadium	Hotel Delhi 55 Paharganj, Delhi	29	12	17
30.8.2018	Hotel Delhi 55 Paharganj, Delhi	Delhi Airport	52	25	27
Total			312	110	202

As excess claim passed for 202 km @ Rs. 24 per Km amounting to Rs. 4848/- for local transportation to abovementioned both officers. Total Rs. 9696/- (4848\*2) was excess paid to officers.

A. Further, Shri Dhruv Narayan, Executive Engineer has submitted the Travelling Allowance claims for Rs. 21896/- for attending second meeting of hydrological information system management group in New Delhi on 30<sup>th</sup> July 2018.

During the scrutiny of records, it was found that excess distance claimed & passed in TA bill for local transportation during above training resulting excess payment Rs 1296/-. Details are given below:-

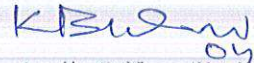
Date	From	To	Distance show in bill (in KM)	Actual Distance (in KM)	Difference in distance (in KM)
29.07.2018	Delhi Airport	Hotel Delhi 55 Paharganj, Delhi	52	25	27
30.07.2018	Hotel Delhi 55 Paharganj, Delhi	Delhi Airport	52	25	27
Total			104	50	54

As excess claim passed for 54 km @ Rs. 24 per KM amounting to Rs. 1296/- for local transportation to above mentioned officer.

Hence, total excess payment paid on account of TA claims comes to amounting to Rs. 17462/- (6470+9696+1296).

In reply project coordinator stated that action regarding recovery of excess payment of Rs. 17462/- may be initiated.

**Auditor's view**-Excess payment in Travelling allowance Bill Rs 17462.00 is being disallowed.

  
 05/09/19  
 Senior Audit Officer/FAW



Example of a Statement of Sources and Application of Funds  
(Projects implemented by by core government departments)

Name of the project  
Loan/Credit/Grant No.  
Statement of Sources and Applications of Funds  
Report for the year ended :- 2018-19

Particulars	Current Year	Previous Year	Project to date
<b>Opening Balance, (if cash balances are controlled by the entity) (A)</b>	96,05,000.00	16,05,000.00	
<b>Receipts</b>			
Funds received from Government through Budget (These will include external assistance received by Government for the project.)	-	80,00,000.00	80,00,000.00
Funds received directly by project implementing Authority through external assistance	-	-	-
Beneficiary Contribution (if any)	-	80,00,000.00	80,00,000.00
<b>Total Receipts (B)</b>	-		
<b>Total Sources (C = A + B)</b>	96,05,000.00	96,05,000.00	
<b>Expenditures by Component</b>			
A.	5,83,800.00	-	5,83,800.00
B.	-	-	-
C.	1,71,527.00	-	1,71,527.00
D.	7,55,327.00		7,55,327.00
<b>Total Expenditures</b>			
<b>Closing Balance, (if cash balances are controlled by the entity) (C - D)</b>	88,49,673.00	96,05,000.00	

Note :-

- Information about the basis of preparation of the financial statements with regard to the Financial Rules and Codes applicable.
- The above figures will be based on monthly/quarterly abstract accounts prepared by the accounts compiling offices, duly reconciled by the respective DDOs, with details of unreconciled amounts to be furnished.
- Name of accounting units whose financial statements are aggregated to prepare the consolidated accounts.
- Any other project specific Note.



## Sample Reconciliation of Claims to Total Applications of Funds

Name of the project  
Loan/Credit/Grant No.  
Reconciliation of Claims to Total Applications of Funds  
Report for the year ended :- 2018-19

Particulars	Schedules	Amount (Rs. '000)		
		Current Year	Previous Year	Project to date
Bank Funds claimed during the year (A)	I	7,55,327.00	-	7,55,327.00
Total Expenditure made during the year (B)		7,55,327.00	-	7,55,327.00
Less: Outstanding AC Bills (C)	II	-	-	-
Ineligible expenditures (D)	III	-	-	-
Expenditures not claimed (E)	IV	-	-	-
Total Eligible Expenditures Claimed (F) = (B) - (C) - (D) - (E)		7,55,327.00	-	7,55,327.00
World Bank Share@ x% of (F) above (G)		7,55,327.00	-	7,55,327.00

CFAO

Project Director

Date

Date

## Note :-

1. Total expenditure made during the year (B above) must be the same as as the Total Expenditures shown on the Statement of Sources and Applications of Funds (D on the Statement of Sources and Applications of Funds)
2. Outstanding AC Bills (C above ) reflect funds drawn against AC bills that have been booked as expenditure but not settled by the end of the year (ie, unsettled advances). The project should show in Schedule II the opening balance of unsettled AC bills drawn during the year, AC bills settled during the year, and AC bills unsettled at the end of the year.
3. Expenditures not claimed ( E above ) may reflect timing differences for eligible expenditures incurred during the year but claimed after the year end.
4. Amounts A and G above must be equal.