

speed post

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संख्या No. FAW-I/2019-20/EAP/NHPLSW/3

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 : 04.9.2019



धनेश
18.9.19

अग्र (सु०)

To,

The Project Co-Ordinator, NHP (Bihar-SW)-Cum-
Additional Chief Secretary
Water Resources Department,
Govt. of Bihar, Sinchai Bhawan,
Patna-800015

CE(P&M)

16/9/19

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

Sir,

With reference to your office letter no. बा० प्र० सु० के०-12/2018-628 dated 13-08-2019 on the
subject cited above, I am enclosing herewith the Audit Report of World Bank assisted National
Hydrology Project (NHP)-Bihar (Surface water) Loan No. 8725IN for the year 2018-19 for purpose
needed.

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

Yours faithfully,

(Dr. Kavyadeep Joshi)

Dy. Accountant General (Admn)

सचिव

जल संसाधन विभाग

पत्र संख्या 4725

दिनांक 06.9.19

सरकारी प्रे० सं० 8731

दिनांक 18.9.19

मु० अभि० यो० एवं मोनिट०

जल संसाधन विभाग, पटना।

अभियंता प्रमुख (मुख्यालय)
जल संसाधन विभाग, बिहार, पटना
पत्र सं० 2375
16.9.19



संख्या
No.

1476
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 :

Audit Report

To,

The Project Co-Ordinator, NHP (Bihar-SW)-Cum-
Additional Chief Secretary
Water Resources Department,
Govt. of Bihar, Sinchai Bhawan,
Patna-800015

We have audited the accompanying financial statement of the **National Hydrology Project (NHP)-Bihar (SW) 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 (SW) 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.

Date:

(Dr. Kavyadeep Joshi)
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 (Surface Water) (Loan No. 8725-IN),

Components	Expenditure as per SOE Rs.	Actual Expenditure as verified in audit Rs.	Expenditure Disallowed in Audit Rs.	Expenditure Admitted in Audit Rs.
	(A)	(B)	(C)	(D) = (B-C)
Component -A	447220.00	447220.00	0.00	447220.00
Component -B	0.00	0.00	0.00	0.00
Component -C	0.00	0.00	0.00	0.00
Component -D	4865456.00	4865456.00	295257.00	4570199.00
Total	5312676.00	5312676.00	295297.00	5017419.00

		Rs.
Expenditure admitted in Audit	(D)	5017419.00
Bank share of audited expenditure	(E) = 50% of D	2508709.50
Bank share claimed as per SOE	(F) = 50% of A	2656338.00
Difference in claims	(G) = (F-E)	147628.50

Audit Observation

1. Use of Vehicle for Flood duty instead of National Hydrology Project (BR-01PG-3520)

During the course of Certification Audit, it was observed that hired Vehicle No. BR-01-PG-3520 was given to a sub-implementing agency, Dam Safety cell, Anisabad for NHP, but as per copy of log book, which has made available in the record; it has found that, during June, 2018 to Oct, 2018, this vehicle was used for flood duty. Details are given below:-

Sl. No.	Sanction Order No.	Date	Amount in Rs.	Period of flood duty	No. Of days	Amount of expenditure for flood duty (In Rs.)
1	638	12.7.18	30500	16.06.2018 to 0.06.2018	15	15250
2	792	27.8.18	30500	01.07.2018 to 9.07.2018	29	28532
3	918	11.10.18	30500	01.08.2018 to 1.08.2018	31	30500
4	919	11.10.18	30500	01.09.2018 to 0.09.2018	30	30500
5	1034	28.11.18	30500	01.10.2018 to 4.10.2018	14	13774
Total			152500		119	118556

On audit query, regarding reason for inclusion of expenditure amounting to Rs. 118556/- (incurred on vehicle deputed for flood duty) in claimed amount for the year 2018-19, the Joint Director stated that it is not true that the vehicle was ever used for flood duty. The Director, Dam safety cell was deputed to Jhanjharpur for flood duty from 15.06.18 to 15.10.18 and from the log book of the vehicle it is clear that the vehicle was stationed at Patna itself during this period i.e. from 15.06.18 to 15.10.18 and a separate vehicle was provided for flood duty. The vehicle remains unused for this period except that Dy. Director made visit to Dam site once (included in NHP) however as per the agreement the expenditure for monthly rent was incurred in this period. From the log book of the said vehicle, the running km is zero for the mentioned period and it has been already written that on flood duty which means that officer concerned has been deputed on another place thus the said vehicle was not used during that period. For record perusal the attested copy of log book is attached.

Auditor's views- As per reply, the vehicle was idle & not used during the period for NHP. Hence amounting Rs.118556/- is being disallowed.

2. Use of two Vehicle by FMISC at the same time without approval

As per available records, three hired vehicles were used by three sub-implementing agencies of the project as under:

- (i) FMISC : BR-01-PH-7282/BR-01-PF-2652/BR-01-PJ-5074
- (ii) Dam Safety Cell : BR-01-PG-3520
- (iii) Hydrology Directorate: BR-01-PG-5153

Out of above mentioned vehicles, vehicle listed at sl. no. (iii), BR-01-PG-5153, has been surrendered by Hydrology directorate on 30.09.2018 & after that the said vehicle has been also used by FMISC. So, onwards Oct, 2018, two vehicles were used by FMISC. For which expenditure amounting to Rs. 176701/- as under, has been included in the SOE:

Sl. No.	Sanction order no.	Date	Amount in Rs.	Month	Particulars
1	1047	30.11.2018	30500	Oct-2018	Vendor payment
2	1059	3.12.2018	9391	Oct-2018	Fuel reimbursement
3	1	1.1.2019	30500	Nov-2018	Vendor payment
4	39	8.1.2019	4600	Dec-2018	Fuel reimbursement
5	67	18.1.2019	30500	Dec-2018	Vendor payment
6	116	11.2.2019	30500	Jan-2019	Vendor payment
7	150	25.2.2019	4600	Jan-2019	Fuel reimbursement
8	209	25.3.2019	5610	Feb-2019	Fuel reimbursement
9	215	25.3.2019	30500	Feb-2019	Vendor payment
		Total	176701		

On Audit query regarding necessity of two vehicles for FMISC for this project at the same period, **the Joint Director stated that** the said vehicle has been surrendered to the FMISC by the Joint Director, Hydrology Directorate after his retirement from that post. Regular posting of officer as Joint Director was not done by the Department and additional Charge of another officer has been taken for that post. He has a Govt. vehicle for his original post. During that period in anticipation of regular posting, that vehicle has been used by Mr. Balram Gupta, Deputy Director, who is the DDO of FMISC and he is a senior procurement officer related to the World Bank Procurement procedure of FMISC, who not only look after the Bihar Kosi

Basin Development, World Bank Project but also support to the National Hydrology Project. Since the Vehicle was already hired for the period; the monthly rental has to be paid. So, the vehicle was used by the Procurement Specialist. It is not presumed as a case of irregularity. Hence, it is requested to drop this para.

Auditor's views- Providing of two vehicle to FMISC at the same time hadn't been approved by higher authority. Further, for taking approval of Additional Chief Secretary for renewal of agreement of vehicle vendor, Joint Director, FMISC noted in the concerned file on 29.10.2018 (during the use of two vehicles by FMISC), that three vehicles had been used by three separate office i.e. FMISC, Dam safety cell and Hydrology Directorate. Hence amounting Rs.176701/- is being disallowed.

3. Passing of fuel bills of vehicles without scrutiny

As per the quotation & executed agreement, fuel cost will be borne by the department. During test check of records of fuel bills payment, it has been seen that reimbursement regarding fuel expenses has been made to the concerned officers on production of fuel bills by them, total amounting to Rs. 175036/- for the year 2018-19. Fuel bills have been passed without considering the running distance of vehicles (as per log book), so that fuel bill claims may be authenticated regarding their consumption. No any mechanism has been adopted for scrutiny of fuel bills claims submitted by officers.

Hence, reimbursement of fuel bills claims amounting Rs.1,75,036/- for the year 2018-19 hasn't been made in transparent way.

On audit query, the Joint Director stated as per the contract the fuel cost to the vehicle has to be provided by the department under the project cost i.e. under the NHP. The fuel used and the distance covered by the vehicle has been mentioned in the Log Book. Based on the entry of distance and quantity of fuel, the voucher has been passed by the competent officer considering the average distance of 8 km to 10 km per litre of fuel depending upon the uses of A.C as well as traffic condition after verification of the officers. The quotation received from the vehicle provider. It was about average running of 8 km per litre with AC which was approved & then agreement was signed. For perusal, the photocopy of quotation is attached. Since the log book of the vehicle is the measurement book of the consumable fuel and based on the entry the voucher has been passed therefore the reimbursement of the fuel bills are correct.

Auditor's view- On perusal of concerned file, such type of checks haven't been found.

KTB 04/09/19
Senior Audit Officer/FAW

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

Name of the project: National Hydrology Project
Loan/Credit/Grant No.: 8725-IN
Statement of Sources and Applications of Funds
(Implementing Agency: Bihar SW, WRD, Govt. of Bihar)
Report for the year ended:2018-2019

Particulars	Amt.(In ₹)		
	Current Year (2018-2019)	Previous Year (2017-2018)	Project to Date 31.03.2019
Opening Balance, (if cash balances are controlled by the entity) (A)	2,77,08,896.00	28,60,000.00	0.00
Receipts			
Funds received from Government through Budget (These will include external assistance received by Government for the project.)	0.00	2,50,00,000.00	278,60,000.00
Bank Interest	10,94,630.00	6,08,462.00	17,03,092.00
Funds received directly by Project Implementing Authority through external assistance	Nil	Nil	Nil
Beneficiary Contribution (if any)	Nil	Nil	Nil
Total Receipts (B)	10,94,630.00	2,56,08,462.00	2,95,63,092.00
Total Sources (C = A+B)	2,88,03,526.00	2,84,68,462.00	2,95,63,092.00
Expenditures by Component			
Component A (Water Resources Data Acquisition System/Water Resources Monitoring System).	4,47,220.00	Nil	4,47,220.00
Component B (Water Resources Information System).	Nil	Nil	Nil
Component C (Water Resources Operation and Planning System).	Nil	Nil	Nil
Component D (Institutional Capacity Enhancement).	48,65,456.00	7,59,566.00	56,25,022.00
Total Expenditures (D)	53,12,676.00	7,59,566.00	60,72,242.00
Closing Balance, (if cash balances are controlled by the entity) (C-D)	2,34,90,850.00	2,77,08,896.00	2,34,90,850.00

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.
- Names of accounting units whose financial statements are aggregated to prepare the consolidated accounts.
- Any other project specific note.

Estate Officer Cum, D.D.O.
WALMI, Patna

निदेशक (मु. अभि.)
जल एवं भूमि प्रबंधन संस्थान
फुलबारी शरीफ, पटना

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Annexure 2

Sample Reconciliation of Claims to Total Applications of Funds

Name of the project: National Hydrology Project

Loan/Credit/Grant No.: 8725-IN

Reconciliation of Claims to Total Applications of Funds

(Implementing Agency: Bihar SW, WRD, Govt. of Bihar)

Report for the year ended: 2018-2019

	Schedules	Amt. (In ₹)		
		Current Year (2018-2019)	Previous Year (2017-2018)	Project to Date 31.03.2019
Bank funds claimed during the year (A)	I	26,56,338.00	3,79,783.00	30,36,121.00
Total Expenditure made during the year (B)		53,12,676.00	7,59,566.00	60,72,242.00
Less:				
Outstanding AC Bills (C)	II	0.00	0.00	0.00
Ineligible expenditures (D)	III	0.00	0.00	0.00
Expenditures not claimed (E)	IV	0.00	0.00	0.00
Total Eligible Expenditures Claimed (F) = (B) - (C) - (D) - (E)		53,12,676.00	7,59,566.00	60,72,242.00
World Bank Share @ 50% of (F) above (G)		26,56,338.00	3,79,783.00	30,36,121.00

CFAO

Project Director

Signature
Estate Officer Cum, D.D.O.
WALMI, Patna

Signature
जल एवं भूमि प्रबंधन संस्थान
फुलवारी शरीफ, पटना

Signature
अपर मुख्य सचिव
जल संसाधन विभाग,
बिहार, पटना

Note:-

1. Total expenditure made during the year (B above) must be the same 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 (i.e. unsettled advances). The project should show in Schedule II the opening balance of unsettled AC bills, 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.