

Government of India

Indian Audit and Accounts Department
Principal Accountant General (Audit)
Himachal Pradesh, Shimla-171 003



भारत सरकार

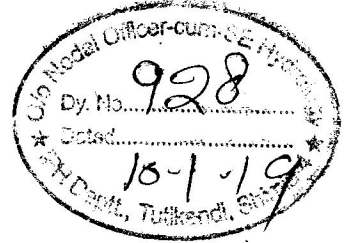
भारतीय लेखा तथा लेखा परीक्षा विभाग
प्रधान महालेखाकार (लेखापरीक्षा)
हिमाचल प्रदेश, शिमला-171 003

संख्या: कास-II/ले०प०/ई०ए०पी०/11/सर्टिफिकेट/2018-19/4223

दिनांक:-04/01/2019

सेवा में

परियोजना समन्वयक,
राष्ट्रीय हाइड्रोलॉजी प्रोजेक्ट-एवं अधीक्षण अभियंता,
सिंचाई एवं जन स्वस्थ विभाग
हिमाचल प्रदेश, नया बस स्टैंड, टूटीकंडी शिमला



विषय:- विश्व बैंक सहायता प्राप्त परियोजना " राष्ट्रीय हाइड्रोलॉजी
प्रोजेक्ट " (लोन No. -8725 IN)" का वर्ष 2016-17 का
लेखापरीक्षा प्रमाण पत्र ।

महोदय,

मैं इस पत्र के साथ विषयान्तर्गत परियोजना का वर्ष 2016-17 (अप्रैल
2016 से मार्च 2017 तक) का लेखापरीक्षा प्रमाण पत्र संलग्न कर रही हूँ।

संलग्न:- उपरोक्त

भवदीया,

हस्ता/-

उप-महालेखाकार
(कास)

Handwritten signature: R. S. A. S.

Handwritten signature: SK
Date: 10/1/19

पुनः

संख्या: कास-॥ले०प०/ई०ए०पी०/११/सर्टिफिकेट/२०१८-१९/४२२४-२७

दिनांक:-०४/०१/२०१९

प्रतिलिपि लेखापरीक्षा प्रमाण पत्र व लेखापरीक्षा तथा निरीक्षण प्रतिवेदन सहित निम्नलिखित को सूचनार्थ एवं आवश्यक कार्यवाही हेतु प्रेषित है:-

1. नोडल अधिकारी, " हाइड्रोलॉजी प्रोजेक्ट फेज- ॥ एवं अधिशासी अभियंता (हाइड्रोलॉजी), सिंचाई एवं जन स्वास्थ्य विभाग, नया बस स्टैंड टूटीकंडी शिमला
2. अतिरक्त सचिव (एफ. वी.), वित्त मंत्रालय, भारत सरकार आर्थिक मामलें विभाग, नार्थ ब्लॉक, ११०००१ – नई दिल्ली
3. Director General of Audit (Central Revenue), Plot No. 21, First Floor, Lekha Bhawan, Sector-17E. Chandigarh.
4. वरिष्ठ लेखापरीक्षा अधिकारी, सामान्य क्षेत्र को इस आशय के साथ प्रेषित की जाती है कि उपरोक्त परियोजना के सम्बंध में आगामी कार्यवाही अपने स्तर पर करें तथा इस संबंध में किसी अभिलेख की आवश्यकता हो तो कास-॥ अनुभाग से संपर्क करके प्राप्त करें।

पुनः
५१/१२/१९
वरिष्ठ लेखापरीक्षा अधिकारी
(कास-॥)

संलग्न:- उपरोक्त



**Report of the Comptroller and Auditor General of India on the financial statements of
World Bank aided National Hydrology Project for the year ended 31st March 17.**

**Nodal Officer-cum-superintending Engineer, Irrigation and Public Health Department,
Tuttikandi, Shimla**

Report on the Project Financial Statements

We have audited the accompanying expenditure statements of World Bank aided National Hydrology Project (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 application of funds for the year ended 31st March, 2017. 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. These 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 applications of funds of World Bank aided National Hydrology Project for the year ended 31st March, 2017, in accordance with Government of India accounting standards.


In additional, in our opinion, (a) with respect to statements of expenditure, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursement of expenditure incurred; and (b) except for ineligible expenditure as detailed in the audit observations appended to this audit report, expenditure is eligible under the Loan Agreement No.8725-IN. During the course of audit, statements of expenditure/IUFR

(Annexure-A) and connected documents were examined and these can be relied upon to support reimbursement under the Loan Agreement.

This certificate is issued without prejudice to CAG's right to incorporate the audit observations in the Report of CAG of India for being laid before State Legislature.

Audit Observations: -

Sr. No.	Para No.	Subject:	Amount (Rs. In lakh)
1	1	Slow pace of execution under National Hydrology Project	---
2	2	Ineligible expenditure	0.50
3	3	Non-utilization fund	83.34
			83.84


Deputy Accountant General
(CASS)



Annexure-A

Component of Expenditure for year 2016-17 (National Hydrology Project)

(Rs. in lakh)

Sr. No	Component	Name of the Project	Target	Achievement	Balance Amount
1	A	Water Resources Monitoring Systems	88.20	8.91	79.29
2	B	Water Resources Information System	0	0	0
3	C	Water Resources Operations and Planning Systems	0	0	0
4	D	Institutional Capacity Enhancement	11.80	7.75	4.05
			100	16.66	83.34

**Deputy Accountant General
(CASS)**


Government of India
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भारत सरकार
भारतीय लेखा तथा लेखा परीक्षा विभाग
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Management Letter

As no other material came to the notice during audit other than audit observations mentioned in the audit report on financial statements of the National Hydrology Project (Credit No. 8725-IN) for the year 2016-17, no management letter has been prepared.


Deputy Accountant General
(CASS)

Audit and Inspection report on the accounts of the National Hydrology Project (Loan No. 8725-In) for the year 2016-17.

Part-I (A) Introduction

National Hydrology Project (NHP) is World Bank aided project to improve the extent, quality, and accessibility of water resources information and to strengthen the capacity of targeted water resources management institutions in India. The project was approved by Ministry Government of India on ,GR &RD ,of Water Resources .23.06.2016. The Project consists of following four components:

- A. Water resources monitoring systems
- B. Water resources information system
- C. Water resources operations and planning systems
- D. Institutional capacity enhancement

A Loan agreement (No. 8725-In) was signed on 18.04.2017 between Government of India and International Bank for Reconstruction and Development (IBRD).

A Memorandum of Agreement (MoA) was signed on 14.10.2016 between Ministry of Water Resources, Ganga Rejuvenation and River Development (MoWR, GR & RD), Government of India and Irrigation and Public Health Department, Government of Himachal Pradesh for the implementation of NHP from 2016-17 to 2023-24 as a Central Sector Scheme. The project will be of 08 years duration and would be taken in two phases of four years each.

Geographical Jurisdiction:- The Office of Nodal Officer-cum-Superintending Engineer, Tutikandi, Shimla-4 is situated at Tutikandi in District Shimla.

Budget and financial performance

The details of budget and expenditure incurred there-against during 2016-17 is as under:-

Year	Grant-in-Aid	Expenditure	
2016-17	Rs. 100 Lakh	Component A	Rs. 8.91 lakh
		Component B	0
		Component C	0
		Component D	Rs. 7.75 lakh
		Total	Rs. 16.66 lakh

(B) Scope of audit

The present audit certification which embraced verification of expenditure, test check of records and examination of books of accounts of National Hydrology Project implemented by the Irrigation and Public Health (I & PH) department Shimla for the year 2016-17 was conducted by an audit party consisting of Sh. Yogendra Yadava, Audit Officer and Sh Arun Arora, Auditor w.e.f. 27.11.2018 to 18.12.2018. Besides, Sh Ramesh Sharma, Assistant Audit Officer (w.e.f. 28.11.2018 to 3.12.2018), Sh. Anshu Goyal (w.e.f. 05.12.2018 to 18.12.2018), Sh. Jitender Auditor (on 04.12.2018) period from 27/11/2018 to 18/12/2018.

The Inspection Report has been prepared on the basis of information supplied and records made available by the auditee unit. The Principal Accountant General (Audit), H.P. Shimla disclaims any responsibility for misinformation and non-supply of information/ records by the auditee. The results of the current audit have been incorporated in the succeeding paragraphs.

Part-II Audit findings

The result of the current audit has been incorporated in the succeeding paragraphs.

- | | | |
|-----|------------------------|-------|
| (A) | Serious Irregularities | -Nil- |
| (B) | Other Irregularities | |

Para: 1 Slow pace of execution under National Hydrology Project.

With the objective of to improve the extent, quality, and accessibility of water resources information and to strengthen the capacity of targeted water resources management institutions, the National Hydrology Project (NHP) was started in 2016-17. The Project consists of following four components:

- A. Water resources monitoring systems
- B. Water resources information systems
- C. Water resources operations and planning systems
- D. Institutional capacity enhancement.

Further, As per Memorandum of Agreement (MoA) signed between Ministry of Water Resources, River Development & Ganga Rejuvenation (MoWR, RD&GR), Government of India and Irrigation and Public Health Department, Government of Himachal Pradesh on 14.10.2016 for the implementation of NHP, the project will be of 08 years duration (2016-17 to 2023-24) and would be taken up in two phases of four years each. Each Implementing Agency

will prepare 08 years Project Implementation Plan (PIP) and every year an Annual Work Plan (AWP) for the Project. These plans will be appraised and approved by MoWR and RD&GR.

Scrutiny of records revealed that Project Implantation Plan (PIP) and Annual work Plan (AWP) were prepared for the year 2016-17 and accordingly an amount of Rs.100 lakh was made available under this Project for the year but against this amount, only an amount of Rs.16.66 lakh was utilised under five activities during the year 2016-17 as per details given below.

(Rs. in lakh)

Sr. NO.	PIP Component	Activity Name	Quantity	Achievement (per cent)	Fund allocated	Expenditure incurred
1.	A1.9.05	Incremental O&M cost for complete operation of HP-II	.....	90%	10.00	8.91
2.	D2.2.01	Workshops	....	75%	2.00	1.49
3.	D3.2.01	O&M of SPMU, TA & DA, stationery charges etc	----	70%	1.80	1.26
4.	D3.2.02	Outsourcing of vehicles	----	100%	2.00	2.00
5.	D4.1.02	Incremental Data Entry operators, other office staff	---	100%	3.00	3.00
Total					18.8	16.66

It was also seen that no expenditure was incurred under other activities as per Annexure-X of this para. It was further seen that out of the utilised amount i.e. Rs. 16.66 lakh, Rs.8.91 lakh was incurred on Incremental O&M cost for HP-II and no expenditure was incurred on purchase of any equipment or site development under NHP which is major component of the project. It is evident that there was an overall 83 per cent shortfall in achievement of targets set under Annual Work Plan (AWP) for the year 2016-17. As no expenditure was incurred on purchase of any equipment or site development under NHP, the shortfall in achievement of targets on that part remained 100 per cent.

Thus, due to slow pace of execution of work under project, only 16.66 per cent of the available fund was utilised. Besides, there was a shortfall in achievement of targets set under Annual Work Plan (AWP) for the year 2016-17.

In reply to Audit Memo Number 01 dated 06.12.2018, the Nodal Officer confirmed the facts and figures as correct. No concrete reply was furnished by the department regarding slow pace of work.

Para: 2 Ineligible expenditure of Rs.0.50 lakh

As per payment clause (GCC clause 16) of special condition of contract payment for Goods and Services shall be made as follow:

- (i) On delivery: 70 percent of the contract price shall be paid on receipts of Goods and upon submission of the documents specified in SCC Clause 6 above.
- (ii) On Successfully installation, testing and commissioning at each site: Ten (10) percent of contract price;
- (iii) On successful training of officers: Ten (10) percent of contract price;
- (iv) On Final acceptance: The remaining ten percent of the contract price shall be paid to the supplier in two installment i.e 5% after satisfactory completion of 12 months warranty period and 5% after satisfactory completion of 24 months warranty period within 30 days after the date of the acceptance certificate issued by the purchaser's representative for the respective delivery.
- (v) Payment for post warranty annual maintenance charges shall be paid after the end of completed half year on production of certificate for satisfactory performance during the issued by the purchaser representative.

During scrutiny of records of Nodal Officer-cum-Superintending Engineer(Hyd), Shimla, it was noticed that two agreements for supply, installation, testing & commissioning of water quality testing of equipment were made during 05/2014 at a tendered cost for Rs.2794283(Rs.2185000+Rs.609283) including three years AMC after warranty period. As per above provisions, 95 % cost of the equipment was already paid and remaining 5% cost of the equipment i.e Rs. 99714 were paid to suppliers during 03/2017 and charged to National Hydrology Project which actually pertains to Hydrology Project-II(HP-II) (other project). As only O&M cost for complete operation of HP-II is admissible under NHP and the above payment is not a part of O&M of HP-II, the said payment is inadmissible under NHP. The details are as under:

Sr. No	Agreement No.& year	Work (Sub head)	Tendered amount (In Rs.)	Cost of equipment	5% cost of equipment	Vr No. vide which payment made	Remarks
1	3 for 2014-15	Supply, installation, testing & commissioning of water quality testing equipment for level-II	2185000 (1615000+570000)	1595000	79750	01/07 of 03/2017	1595000: cost of equipment+ 20000: training
2	4 for 2014-15	-do- (Cyanide Distillation Apparatus)	609283(414283+ 195000)	399283	19964	1/08 of 03/2017	399283: cost of equipment +15000: Training
		Total:		1994283	99714		

Thus, cost of equipment which pertains to HP-II, charged to NHP is irregular.

In reply to Audit Memo Number 02 dated 06.12.2016, the Nodal Officer confirmed the facts and figures as correct and stated that this component covers the cost incurred for operation and maintenance of network established under HP-II.

The reply is not acceptable as above expenditure/ cost was 5% of cost of equipment and charged to NHP which actually does not pertain to this project. As only O & M cost for complete operation of HP-II is admissible under NHP and above payment is not a part of O & M of HP-II. Thus, the said payment of Rs. 0.50 lakh was ineligible for reimbursement and inadmissible under NHP.

Para: 3 Non-utilization fund of Rs.83.34 lakh.

As per paragraph 38 of Project Appraisal Report of World Bank, the opening balance of the PMUs not to exceed 10% of the allocation of the previous year; central funds would be proportionally reduced for unutilized amount. The milestones for release of payments are as under:

Tranche	Period	Condition of Release
First (up to 60 percent of the AWP)	April-May	<ul style="list-style-type: none">• Approval of the AWP and Annual Procurement Plan• On fulfilling condition(s) imposed at the time of release of previous tranche• IUFR for the previous half year and utilization certificate for the previous period• Audit report for the previous financial years, which are due before the tranche is requested.
Second (balance of the AWP)	October-November	<p>On the request of PMUs of all IAs, in prescribed pro forma and on fulfillment of the following conditions:</p> <ul style="list-style-type: none">• Utilization of at least 60% of the total available funds (including opening balance) and submission of utilizing certificates• The opening balance of the PMUs not to exceed 10% of the allocation of the previous year; central funds would be proportionally reduced for unutilized amount• Auditor report for the last fiscal year (with auditor's remarks)• Utilization certificates and bank reconciliation statement for the previous year furnished along with non-diversion of fund certificate• IUFR for the previous half year• Achievement with reference to the AWP• Other terms and conditions stipulated at the previous

		release having been met
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During scrutiny of records of Nodal Office, it was noticed that against the allocated funds of Rs. 100 lakh under NHP for the year 2016-17, only Rs.16.66 lakh was spent for the implementation of project which resulted in saving of Rs. 83.34 lakh (83.34% saving). Saving of 83.34 per cent of against allocated fund of Rs. 100 lakh during 2016-17 is against the above provision. Component-wise details of expenditure are as under:

Sr. No	Component	Target (Rs. in lakh)	Achievement (Rs. in lakh)	Remarks
1	A	88.20	8.91	10% achievement only
2	B	0	0	-
3	C	0	0	-
4	D	11.80	7.75	66% achievement
	Total	100.00	16.66	16.66%

It was further noticed that an amount of Rs. 48219/- was credited to the bank account of the Nodal officer as interest on dt. 25.03.2017. Thus, the opening balance for next financial year i.e 2017-18 remained Rs.83.82 lakh (Rs.83.34 lakh: saving +0.48 lakh: interest).

In reply to Audit Memo Number 05 dated 07.12.2016, the Nodal Officer confirmed the facts and figures as correct and stated that due to late receipt/ at the fag end of year, the amount could not be utilized.

The reply is not tenable as the department should have prepared AWP for the said financial year, keeping in view the situation mentioned above.

Part (III): Review of old objections

-NIL-

Part (IV): Best practices.

Nothing worth mentioning has been noticed during course of audit.

Part-V Acknowledgement

Nodal Officer-cum-Superintending Engineer, National hydrology Project and his staff extended all possible co-operation and the records called for audit. The environment of audit was very cordial and professional on the either side. At the time of audit, Sh. Sanjeev Kaul, Superintending Engineer was holding charge of the office of Nodal Officer, IPH Department, National Hydrology Project, Tutikandi, Shimla-4.



Deputy Accountant General (CASS)

Annexure-X

(Rs. in lakh)

Sr. NO.	PIP Component	Activity Name	Quantity	Achievement (per cent)	Fund allocated	Expenditure incurred
1.	A1.1.01	Gauge plate/staff gauge/manual gauge equipment (25 sites)	25	0	5.00	0.00
2.	A1.6.01	Procurement of water quality equipments/accessories/furnishing for existing lab	.0....	0%	5.00	0.00
3.	A1.7.02	Auto Current Meter	2	0%	10.00	0.00
4.	A1.7.03	G&D manual site.	2	0%	1.00	0.00
5.	A1.7.03	Gauge Site (new)	5	0%	1.25	0.00
6.	A1.7.03	Gauge Site (Reconstruction)	30	0%	6.00	0.00
7.	A1.7.07	Sampling Pump, for Ground Water Abstraction	----	0%	15.00	0.00
8.	A1.7.07	Auto level	5	0%	1.50	0.00
9.	A1.7.07	GPS hand held	5	0%	1.50	0.00
10.	A1.7.07	Total station	1	0%	10.00	0.00
11.	A1.7.07	Borehole Camera.	1	0%	3.75	0.00
12.	A3.2.01	Renovation and allied works for SDC Mandi	....	0%	15.00	0.00
13.	A3.4.01	Computer along with Software and Accessories	4	0%	3.20	0.00
14.	D2.3.01	National/ International Study tours	...	0%	3.00	0.00
Total					81.2	0.0



Assistant Audit Officer

NATIONAL HYDROLOGY PROJECT
Ministry of Water Resources

Project Name:	National Hydrology Project		
Implementing Agency Name:	Himachal Pradesh		
Period for Which IUFR is Submitted	Fourth Quarter-2016-2017		
(Amount in Rupees)			
Particulars	Quarter JAN-MAR	Year 2016-2017	
Opening balance with Implementing Agency*	0.00	0.00	
Receipts from GOI	1,00,00,000.00	1,00,00,000.00	
Interest	48,219.00	48,219.00	
Income from Other Sources	0.00	0.00	
Total Available Funds	1,00,48,219.00	1,00,48,219.00	
Uses of Funds			
Component A	8,91,219.00	8,91,219.00	
Component B	0.00	0.00	
Component C	0.00	0.00	
Component D	7,75,337.00	7,75,337.00	
Total use of funds	16,66,556.00	16,66,556.00	
Closing Balance	83,81,663.00	83,81,663.00	
Closing Balance + Security deposit(s) (if any)	83,81,663.00	83,81,663.00	
* Opening balance without Security deposit			

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