

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



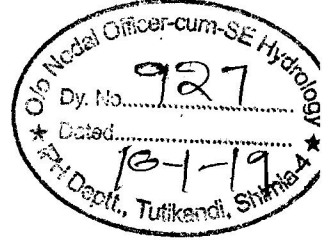
भारत सरकार
भारतीय लेखा तथा लेखा परीक्षा विभाग
प्रधान महालेखाकार (लेखा परीक्षा)
हिमाचल प्रदेश, शिमला-171003

संख्या: कास-11/ले०प०/ई०ए०पी०/12/सर्टिफिकेट/2018-19/4228

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 2017-18 का
लेखापरीक्षा प्रमाण पत्र ।

महोदय,

मैं इस पत्र के साथ विषयान्तर्गत परियोजना का वर्ष 2017-18 (अप्रैल
2017 से मार्च 2018 तक) का लेखापरीक्षा प्रमाण पत्र संलग्न कर रही हूँ।

संलग्न:- उपरोक्त

भवदीया,

हस्ता/-

उप-महालेखाकार
(कास)

Handwritten signature: A. S. A. S. A.

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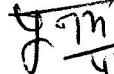
"पूरीकृत"

संख्या: कास-॥/ले०प०/ई०ए०पी०/१२/सर्टिफिकेट/२०१८-१९/४२२९-३२

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 मामलों 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।


५/१/२०१९
वरिष्ठ लेखापरीक्षा अधिकारी
(कास-॥)

संलग्न:- उपरोक्त

Government of India
Indian Audit and Accounts Department
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Himachal Pradesh, Shimla-171 003



भारत सरकार
भारतीय लेखा तथा लेखा परीक्षा विभाग
प्रधान महालेखाकार (लेखा परीक्षा)
हिमाचल प्रदेश, शिमला-171003

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 18.

Nodal Officer-cum-superintending Engineer, Irrigation and Public Health Department, Tutikandi, 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, 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 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 applications of funds of World Bank aided National Hydrology Project for the year ended 31st March, 2018, in accordance with Government of India accounting standards.


In addition, 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 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 Observation:-

Sr. No.	Para No.	Subject:	Amount (Rs. In lakh)
1	1	Slow pace of execution under National Hydrology Project	----
2	2	Ineligible expenditure	0.52
3	3	Non-utilization fund	80.53
		Total	81.05


Deputy Accountant General
(CASS)

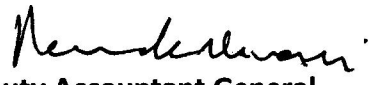


Annexure-A

Component of Expenditure for year 2017-18 (National Hydrology Project)

(Rs. in lakh)

Sr. No	Component	Name of the Project	Target as per AWP	Target against available (Grant-in-Aid)	Achievement against available fund	Balance Amount
Opening Balance				83.82		83.82
1	A	Water Resources Monitoring Systems	659.10	160.00	155.86	4.14
2	B	Water Resources Information System	43.30	10.00	0.00	10.00
3	C	Water Resources Operations and Planning Systems	32.50	8.00	2.32	5.68
4	D	Institutional Capacity Enhancement	91.00	22.00	45.10	(-)23.10
		Total	825.9	283.82	203.28	80.54


Deputy Accountant General
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भारत सरकार

भारतीय लेखा तथा लेखा परीक्षा विभाग
प्रधान महालेखाकार (लेखा परीक्षा)
हिमाचल प्रदेश, शिमला-171003

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 2017-18, 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 2017-18.

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 the Government of India on 23.06.2016, GR & RD, approved by Ministry of Water Resources. 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 2017-18 is as under:-

Year	Grant-in-Aid	Expenditure	
Opening balance	83.82		
Receipt from Government	200.00	Component A	Rs. 155.86 Lakh
		Component B	Rs. 0
		Component C	Rs. 2.32 Lakh
		Component D	Rs. 45.10 Lakh
Total	283.82	Total	Rs. 203.28 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 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 system
- 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 2017-18 and accordingly an amount of Rs.825.90 lakh was approved under this Project for the year. It was noticed that Grants-in-aid to the tune of Rs 200 lakh was received on 19.06.2017 Also, opening balance for the year was Rs 83.82 lakh, resultantly the total available fund for the year 2017-18 was Rs 2,83.82 lakh (Rs 200 lakh Rs 83.82 lakh) but against this amount, only an amount of Rs.203.28 lakh was utilised during the year 2017-18 under only eight activities as per details given below.

(Rs. in lakh)

PIP Component	Activity Name	Quantity	Achievement	Fund allocated (Rs. in Lakh)	Expenditure
A1.9.05	Incremental O&M cost for complete operation of HP-II	Lumpsum	100%	150	152.63
A3.4.01	computer/ laptop/ printer etc for state	Lumpsum	36%	9	3.22
C2.1.01	Training for PDS/DSS System for MIS	Lumpsum	92%	2.5	2.32
D2.3.01	National/ International study Tours	Lumpsum	18%	10	1.80
D3.1.01	Outsourcing of vehicle	Lumpsum	99.50%	20	19.88
D3.1.01	O&M of SPMU, TA&DA Stationery charges	Lumpsum	50.11%	25	12.53
D4.1.01	Hiring of Technical & Financial/ Account expert	Lumpsum	87.72%	9	7.90
D4.1.01	Incremental data operators, other office staff	Lumpsum	43%	7	3.00
			Total	232.5	203.28

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. 203.28 lakh, Rs.152.63 lakh was incurred on Incremental O&M cost for HP-II and no expenditure was incurred on purchase of any equipment (except computers/laptops/printers valuing to Rs.3.22 lakh) or site development under NHP which is major component of the project.

It is evident from the above table that against the approved AWP of Rs. 825.9 lakh and available funds of Rs. 283.82 lakh, only an amount of Rs 203.28 lakh was utilised during the year, which is only 25 per cent of the approved AWP and 72 per cent of available fund was used for implementation of project. Thus, after two years of inception of this project virtually no progress was made by the department 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.

In reply to Audit Memo Number 01 dated 13.12.2018, 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. 0.52 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.

During scrutiny of records of Nodal Officer-cum-Superintending Engineer (Hyd), Shimla, it was noticed that an agreement for supply, installation, testing & commissioning of water quality testing equipment was made on 17/05/2014 at a tendered cost of Rs.28,02,538/- (Rs.23,52,538/-+Rs.4,50,000/-) including three years AMC after warranty period. The total cost of equipment was Rs. 20,73,750/- and an amount of Rs. 19,70,062/- i.e. 95% of cost of equipment was paid up to 3rd R/bill. The remaining 5% cost of the equipment i.e Rs. 103687/- was paid to supplier during 07/2017 and charged to National Hydrology Project which actually pertains to-HP-II 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	05 of 2014-15	Supply, Installation, Testing & commissioning of water quality testing equipment	2802538 (2352538+450000)	2073750	103687	1/13 dt. 15.07.2017	

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

In reply to Audit Memo Number 02 dated 13.12.2018, 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 payment of Rs. 0.52 lakh (50% of Rs. 1.04 lakh) was ineligible for reimbursement.

Para: 3 Non-utilization fund of Rs. 80.53 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	On the request of PMUs of all IAs, in prescribed pro forma and on fulfillment of the following conditions:

		<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 • 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 available fund Rs. 28381663 (allocated funds of Rs. 20000000 under NHP for the year 2017-18 opening balance of previous year i.e 2016-17 is Rs.8381663) only Rs. 20328452 was spent for the implementation of project which resulted in saving of Rs. 8053211 which is against the above provision. Component-wise details of expenditure are as under:

Sr. No	Component	Expenditure
1	A	15586211
2	B	0
3	C	231751
4	D	4510490
	Total	20328452

It was further noticed that an amount of Rs. 657582/- was credited to the bank account of the Nodal officer as interest during the year 2017-18 whereas only an amount of Rs. 499080/- as interest was shown in IUFR submitted to MoWR for fourth quarter i.e. March 2018 which resulted in understatement of IUFR. Resultantly, there is a difference of Rs. 158502 (actual closing balance: Rs. 8710793(-)closing balance as per cash book and IUFR:Rs.8552291) in closing balance as indicated in IUFR and actual closing balance of bank account pass book as on 31.03.2018. As such, the actual opening balance for next financial year i.e 2018-19 remained Rs. 8710793 (Rs.8053211: Saving +Rs.657582: Interest).

In reply to Audit Memo Number 05 dated 07.12.2018, the Nodal Officer confirmed the facts and figures as correct. No concrete reply was furnished by the department regarding non-utilization of funds. The nodal officer further stated that interest amounting to Rs. 1,58,502/- has been credited by the bank during the month 03/2018 but the bank passbook was updated after 31.03.2018 due to which interest credited on 25.03.2018 was taken into account during 04/2018.

The reply is not acceptable as IUFR for 03/2018 was understated by Rs. 1,58,502/-.

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)

PIP Component	Activity Name	Quantity	Achievement	Fund allocated (Rs. in Lakh)	Expenditure
A1.1.01	Supply , Installation and Commissioning of Automatic weather station	6	0%	40.5	0
A1.1.01	Supply of AWLR Radar Type above 30 mtrs.	9	0%	36	0
A1.1.01	Supply installation and commissioning of Automatic Rain guage	44	0%	88	0
A1.1.01	Supply of Gauge plate/ Manual gauge/ Staff gauge equipments	Lumpsum	0%	5	0
A1.1.01	ADCP above 25 meters	1	0%	25	0
A1.1.01	ADCP- Crane mounted vehicle	1	0%	15	0
A1.1.01	Deep piezometers with DWLR	56	0%	140	0
A1.1.01	Supply, installation and commissioning of Snow Pillow	8	0%	32	0
A1.1.01	supply of discharge measurement equipments & accessories	1	0%	15	0
A1.3.06	G&D BOC	3	0%	30	0
A1.3.06	Gauge Site reconstruction	35	0%	8.75	0
A1.3.06	site store	5	0%	17.5	0
A1.6.01	procurement of water quality equipment/ accessories.	Lumpsum	0%	10.6	0
A1.7.07	total station/ auto level/GPS handheld	Lumpsum	0%	3	0
A2.3.01	(SCADA)automation of tube well operation in 120 irrigation/ water supply tubewells for optimum utilization of water resources & energy conservation	Lumpsum	0%	25	0
A3.4.01	non ITC Equipment (UPS 5 K W 1 Nos., 1 KW 10 Nos, Photocopier colored 2 Nos, Scanner 6 Nos. etc)	Lumpsum	0%	8.75	0
B2.2.03	Procurement of GIS	1	0%	25	0
B2.3.01	Digitization/ scanning report document	Lumpsum	0%	6.3	0
B2.5.01	information product	Lumpsum	0%	10	0
B2.6.01	information Brochures, Atlas etc	Lumpsum	0%	2	0
C1.1.02	DSS FOR SUB RIVER BASIN GIRI RIVER, SAL RIVER(CHAMBA)GAJ AND BANOOR KHAD(KANGRA) SEER KHAD& DEHRA AND DEVELOPING WATER STORAGE CAPACITY OF SEASONAL STREAM IN H.P.	Lumpsum	0%	25	0
C2.1.01	Technical consultancy for PDS/ DSS for O&M of MIS for using water use efficiency by utilizing RTD	Lumpsum	0%	5	0
D2.2.01	Workshop	Lumpsum	0%	4	0
D3.1.01	Vehicle for SPMU	Lumpsum	0%	16	0
Total				593.4	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-2017-2018	
(Amount in Rupees)		
Particulars	Quarter JAN-MAR	Year 2017-2018
Opening balance with Implementing Agency*	1,67,88,651.00	83,81,663.00
Receipts from GOI	0.00	2,00,00,000.00
Interest	0.00	4,99,080.00
Income from Other Sources	0.00	0.00
Total Available Funds	1,67,88,651.00	2,88,80,743.00
Uses of Funds		
Component A	66,56,033.00	1,55,86,211.00
Component B	0.00	0.00
Component C	88,117.00	2,31,751.00
Component D	14,92,210.00	45,10,490.00
Total use of funds	82,36,360.00	2,03,28,452.00
Closing Balance	85,52,291.00	85,52,291.00
Closing Balance + Security deposit(s) (if any)	85,52,291.00	85,52,291.00
* Opening balance without Security deposit		

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