



प्रधान महालेखाकार (लेखापरीक्षा -I) का कार्यालय, केरल, तिरुवनंतपुरम  
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT-I) KERALA,  
THIRUVANANTHAPURAM-695 001



"Dedicated to Truth in Public Interest"

No. AMG II(HQ)IV/EAP//16-7/NHP/19-20/20-21/151  
Dated : 25 /01/2021.

27

To,

The Chief Engineer,  
Investigation & Design (IDRB)  
Water Resources Department,  
Vikas Bhavan,  
Thiruvananthapuram -33.  
695 033

The Director  
Ground Water Department,  
Jala Vijnana Bhavan,  
Ambalamukku, Kowdiar (P.O.)  
Thiruvananthapuram - 3  
695 003

Sir,

Sub: World Bank assisted National Hydrology Project Loan.No.8725 IN-  
Audit Report on the accounts (Surface Water component and Ground  
Water component) for the year 2019-20 - forwarding of.

Audit Report on the Annual Financial Statement for the year 2019-20  
relating to World Bank assisted National Hydrology Project ( Surface Water  
component and Ground Water component) is forwarded herewith. A Management  
Letter on internal control is being issued separately.

Yours faithfully,

( Anu Jose )

Sr. Deputy Accountant General (AMG-II/Audit-I)

Copy to :

1. The Secretary,  
Department of Economic Affairs, Ministry of Finance,  
Government of India, New Delhi.
2. The Director General (Report Central)  
Office of the Comptroller and Auditor General of India,  
Pocket 9, Deendayal Upadhyay Marg,  
New Delhi - 110124.

( Anu Jose )

Sr. Deputy Accountant General (AMG-II/Audit-I)



प्रधान महालेखाकार (लेखापरीक्षा -I) का कार्यालय, केरल, तिरुवनंतपुरम  
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT-I) KERALA,  
THIRUVANANTHAPURAM-695 001



'सत्यमेव जयते'  
"Dedicated to Truth in Public Interest"

No. AMG II(HQ)IV/EAP//16-7/NHP/19-20/2020-21/152  
Dated 25/01/2021.

To,

✓ The Chief Engineer,  
Investigation & Design (IDRB)  
Water Resources Department,  
Vikas Bhavan,  
Thiruvananthapuram -33.  
695 033

✓ The Director  
Ground Water Department,  
Jala Vijnana Bhavan,  
Ambalamukku, Kowdiar (P.O.)  
Thiruvananthapuram - 3  
695 003

Sub:- Management letter – Deficiencies in accounting system/internal control– forwarding of .

Sir,

I have audited the Revised Project Financial Statement of National Hydrology Project for the year 2019-20 and have issued the Audit Report thereon vide letter dated 25 January 2021. The following deficiencies noticed during the audit and not included in the Audit Report is brought to your notice for remedial action:-

**1.0 Internal Control Mechanism.**

**1.1 Surface Water Component - Chief Engineer (Investigation & Design), IDRB, Kerala**

- i) Internal audit of the Project has not been conducted so far as no audit firm has been hired to carry out the audit as stipulated in the Project appraisal document.
- ii) Expenditure of Rs.11.20 lakh is seen incurred in excess of the Revised Annual Plan (Rs.687.57 lakh).

**2.0 Ground Water Component - Directorate of Ground Water Department, Kerala**

- i) TDS on GST @ 2 percent was not seen deducted from the payment made to a supplier (M/s Encardio Rite, Lucknow). The amount of tax deductible was Rs. 43,426 (2 per cent of Rs. 21,71,318).

- ii) Internal audit of the Project has not been conducted so far as no audit firm has been hired to carry out the audit as stipulated in Project Appraisal Document.

  
27/1/21

Thiruvananthapuram  
27 January 2021.

Sr. Deputy Accountant General (AMG-II/Audit-I)



**AUDIT REPORT ON THE PROJECT FINANCIAL STATEMENTS OF  
NATIONAL HYDROLOGY PROJECT LOAN NO.8725- IN (SURFACE  
WATER COMPONENT AND GROUND WATER COMPONENT) FOR  
THE YEAR ENDED 31 MARCH 2020**

We have audited the accompanying revised financial statements of the National Hydrology Project financed under World Bank Loan No. 8725- IN which comprise the Statement of Sources and Applications of Funds, and Reconciliation of Claims to Total Applications of Funds for the year ended 31 March 2020. 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 National Hydrology Project for the year ended 31 March 2020 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 expenditures incurred; and (b) except for the ineligible expenditures as detailed in the audit observations appended to this audit report, expenditures are eligible for financing under the Loan/Credit Agreement. During the course of the audit, SOEs for ₹ 204.05 lakh for Surface Water Component and ₹ 91.12 lakh for Ground Water Component and the connected documents were examined and these can be relied upon to support reimbursement under the Loan/Credit Agreement.

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



Handwritten signature of Anu Jose, dated 27/1/21.

Thiruvananthapuram  
27 January 2021.

( **Anu Jose** )  
Sr. Deputy Accountant General (AMG-II/Audit-I)

**Appendix**

**Audit Observations**

NIL

A handwritten signature in black ink, appearing to read 'Anu Jose', with the date '27/1/21' written below it.

( Anu Jose )

Sr.Deputy Accountant General (AMG-II/Audit-I)

Thiruvananthapuram  
27 January 2021.