



OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (G&SSA),  
TAMIL NADU & PUDUCHERRY  
BRANCH OFFICE: PUDUCHERRY  
DAT Building II Floor, New Municipal Road,  
Kumaragurupallam, Puducherry-605 001

No.PAG(G&SSA)/ PBS-I/2/2018-19/ 90

Dated:19.09.2018

To

The Project Director,  
Puducherry water Resources Organisation,  
Puducherry

Sir

Sub: World Bank assisted 'National Hydrology Project' - Issue of Audit  
Certificate for the year 2016-17 -reg.

The Audit Certificate on the accounts of World Bank assisted 'National Hydrology  
Project' ( Loan No. 8725 IN) for the year 2016-17 is forwarded herewith for further action at  
your end.

Yours faithfully,

P.F.R.N. 19/9/18

Senior Audit Officer

Encl: Audit Certificate



कार्यालय प्रधान महालेखाकार (सामान्य एवं सामाजिक क्षेत्र लेखापरीक्षा)  
तमिलनाडु एवं पुदुचेरी  
शाखा कार्यालय पुदुचेरी  
दूसरा तल, डी.ए.टी. बिल्डिंग, न्यू मुनिसिपल रोड,  
कुमारगुरुपल्लम, पुदुचेरी-605 001.

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (G&SSA)**

Tamil Nadu & Puducherry  
Branch Office : Puducherry  
II Floor, DAT Building, New Municipal Road,  
Kumaragurupallam, Puducherry - 605 001.

No.

**REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

**Introduction**

We have audited the accompanying financial statements of the National Hydrology Project which is implemented through the Puducherry Water Resource Organisation, Government of Puducherry financed under the World Bank Credit/Loan No.8725/IN, which comprise the Statement of Expenditure, Statement of Sources and Applications of Funds and the Reconciliation of Claims to Total Application of Funds for the year ended March 31, 2017. Our responsibility is to express an opinion on these financial statements based on our audit.

**Scope**

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.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the Source and Application of Funds of Puducherry Water Resources Organization for the year ended March 31, 2017 in accordance with the 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 reimbursement of expenditures incurred, and (b) except for ineligible expenditure as detailed in audit observations appended to this audit report, expenditure are eligible for financing under the Loan/Credit Agreement (No.8725/IN). During the course of audit, documents relating to expenditure of Rs. 31.74 lakh, out of Rs. 60.00 lakh released during 2016-17 by Government of India were examined and these can be relied upon to support reimbursement under loan agreement as per Annexure (A) & (B).

This report is issued without prejudice to the Comptroller and Auditor General's right to incorporate the audit observations in the Report of Comptroller and Auditor General of India for being laid before Parliament/State of U.T. Legislature.

**Audit Observations:-**

**01.** For the new National Hydrology Project (NHP), (i.e the extended hydrology project phase I & II) which is to be implemented in Puducherry through PWRO, for eight years from 2016-17 to 2023-24, an amount of Rs.60.00 lakh has been released as GIA by GOI for the year 2016-17.

As per the approved plan under NHP, the expenditure has to be booked under four components (ABC&D). During the year 2016-17, the expenditure of Rs.31.74 lakh has been booked under these components as follows:-

|                                    |          |                            |
|------------------------------------|----------|----------------------------|
| Component A – Data Acquisition     | -        | Rs.2,81,680/-              |
| Component B – Information system   | -        | Nil                        |
| Component C – Operation & Planning | -        | Nil                        |
| Component D – Capacity Building    | -        | Rs.28,92,544               |
| <b>Total</b>                       | <b>-</b> | <b><u>Rs.31,74,224</u></b> |

Out of the amount of Rs.28,92,544/- spent under Component D towards Capacity Building, an amount of Rs.25,77,730/- has been incurred towards salary of Government staff/Contingent Staff/Daily rated employed for implementation of the project. The details of staff and salary period to them are as stated below:

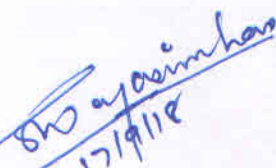
|                                      |           |   |                       |
|--------------------------------------|-----------|---|-----------------------|
| Deputation staff (Government Staff): | 3         | - | Rs.09,84,141/-        |
| Consolidated/Daily rated staff:      |           |   |                       |
| (as approved by GOI)                 | 9         | - | Rs.08,91,775/-        |
| Other (without appl. of GOI)         | 22        | - | Rs.07,01,814/-        |
| <b>Total</b>                         | <u>34</u> | - | <u>Rs.25,77,730/-</u> |

GOI has instructed not to book any expenditure under the project towards the salary of Permanent Government Staff. Further for nine staff (consolidated/daily rate), the approval has been sought for. Hence, the amount of expenditure incurred towards those nine staff are only admissible under the Project and an amount of Rs.16,85,955/- incurred on salary of permanent and unapproved staff has to be disallowed

02. Project Monitoring Unit (SPMU) meeting was not held during 2016-17 and thereby the progress of the project was failed to be monitored.

Place: Puducherry

Date: 17 .09.2018

2/3  
  
 17/9/18  
 Deputy Accountant General

### ANNEXURE- A

Statement showing the details of expenditure incurred (i.e.) category wise, component wise for the year 2016-17 in respect of World Bank assisted National Hydrology Project (Loan No.8725-IN).

| Components  | Expenditure as per IUFR (Rs.) | Actual Expenditure as verified in audit (Rs.) | Expenditure Disallowed in Audit (Rs.) | Expenditure Admitted in Audit (Rs.) |
|-------------|-------------------------------|---|---------------------------------------|-------------------------------------|
|             | A                             | B   | C                                     | D                                   |
| Component A | 2,81,680                      | 2,81,680                                      | -                                     | 2,81,680                            |
| Component B | -                             | -   | -                                     | -                                   |
| Component C | -                             | -   | -                                     | -                                   |
| Component D | 28,92,544                     | 28,92,544                                     | 16,85,955                             | 12,06,589                           |
| Total       | 31,74,224                     | 31,74,224                                     | 16,85,955                             | 14,88,269                           |

|                                   |            | Rs.       |
|-----------------------------------|------------|-----------|
| Expenditure Admitted in Audit     | D          | 14,88,269 |
| Bank share of audited expenditure | E=50% of D | 7,44,135  |
| Bank share claimed as per IUFR    | F=50% of A | 1587112   |
| Difference in claims              | G=(F-E)    | 8,42,977  |

P.F.R.D.  
14/9/17  
SENIOR AUDIT OFFICER

14.9.



**ANNEXURE B**

Statement showing the details of disallowances made from the expenditure incurred during the year 2016-17 in respect of World Bank assisted National Hydrology Project (Loan No.8725-IN)

| District/Unit Office                                | Amount disallowed (in Rs.) | Reasons for disallowances   |
|---|----------------------------|---|
| Puducherry Water Resources Organisation, Puducherry | 16,85,955                  | Expenditure incurred on salary of permanent staff and wages of unapproved daily rated/contract staff. |

P. F. R. N. 14/9/18  
SENIOR AUDIT OFFICER

14.9.