



भारतीय लेखापरीक्षा और लेखा विभाग

कार्यालय प्रधान महालेखाकार (लेखा परीक्षा - प्रथम)

मध्य प्रदेश, ग्वालियर - 474 002

INDIAN AUDIT & ACCOUNTS DEPARTMENT

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (Audit - I)

MADHYA PRADESH, GWALIOR - 474 002

Letter No./Comm. Coordination/WBAP/NHP/D-441

दिनांक / DATE : 21.01.2021

AUDIT CERTIFICATE

To
The Director,
Hydrometeorology,
Water Resources Department,
Bhopal, Madhya Pradesh

Report on the Project Financial Statements

We have audited the accompanying 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 the Reconciliation of Claims to the Nodal Officer, National Hydrology Project for the year ended **31st March, 2020**. (Provided in **Annexure A**) 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 examined, 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 the 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 Project Financial Statements present fairly, in all material respects, the sources and applications of funds of National Hydrology Project for the year ended **31st March, 2020** in accordance with Government of India accounting standards.

In addition, in our opinion, (a) with respect to IUFs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditure incurred, and (b) except for ineligible expenditure as detailed in audit observations in **Annexure B**, as appended to this audit report, other expenditures are eligible for financing under the Loan Agreement. During the audit, IUFs and the connected documents were examined, and these can be relied upon to support reimbursement under the Loan Agreement as per **Annexures A, B & C**.

This report is issued without prejudice to Comptroller and Auditor General (C & AG) of India's right to incorporate the audit observations in the Report of CAG of India for being laid before Parliament/ State or UT Legislature.

Place: Gwalior

Date:


Dy. Accountant General
Audit Management Group-IV

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Annexure-A

Statement showing sources and uses of funds, reconciliation of claims and the details of expenditure incurred component wise for the year 2019-20 in respect of World Bank Assisted National Hydrology Project (Loan No. 8725-IN)

Table 1:- Source and use of funds

Source and use of funds		Amount in Rs.
Opening balance (only if bank account is used)	(a)	3,50,14,457
Funds received during the year	(b)	0
Interest earned	(c)	9,73,945
Total Receipts	(d)=(a+b+c)	3,59,88,402
Total expenditure admitted in audit	(e) of table 2	63,08,010
Closing balance (only if bank account is used)	(f) = (d)-(e)	2,96,80,392 ¹
Amount claimed from World Bank as per IUFRR	(g) of table 2	63,08,010
Claimable amount from World Bank	(h) =50% of (e)	31,54,005
Short/Excess claim	(i)=(g)- (h)	31,54,005

Table 2: Component wise reconciliation of claims and expenditure.

Components	IUFRR Figure (g) Rs.	Actual Expenditure as Verified in audit Rs.	Expenditure Disallowed In Audit Rs.	Expenditure Admitted in Audit (e) Rs.
Components-A	1661121	1661121	Nil	1661121
Components-B	-	-	-	-
Components-C	-	-	-	-
Components-D	4646889	4646889	Nil	4646889
Total expenditure	6308010	6308010	Nil	6308010

Sr. AO/ Commercial

¹ The Actual Closing Balance as per Bank Pass Book is : Rs. 2,80,70,699
(-) the expenditure not claimed but debited in Bank Account: (-) Rs. 16,09,693 (Rs. 15,79,693 + Rs. 30,000)
Rs. 2,96,80,392

Annexure-B

Statement showing the details of disallowances made from the expenditure incurred during the year 2019-20 in respect of World Bank Assisted National Hydrology Project (Loan No. 8725-IN)

District/ Unit Office	Amount Disallowed (Rs.)	Reasons for disallowance
Director, Hydrometeorology, State Water Data Analysis Centre, Link Road No. 03, Kolar	NIL	NIL

Annexure-C

Statement showing the details of disallowance made from the expenditure incurred during the previous years now released during the year in respect of World Bank Assisted National Hydrology Project (NHP)

Sl. No.	Name of the Division/ Unit	Year of Disallowance	Amount now Released	Balance Disallowance amount
1.	Director, Hydrometeorology, State Water Data Analysis Centre, Link Road No. 03, Kolar	2018-19	1,99,106*	NIL

* According to Sl no 28 of approved Annual Work Plan 2018-19, 5 vehicles was to be hired for surface water against it only one vehicle was engaged on contract basis for which rate was approved by Director (NHP) and the vehicle was provided to Director (Canal) attached officer of surface water who is associated with works of NHP allied works.


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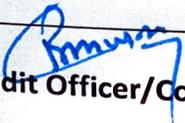
**AIDE MEMOIRE ON AUDIT OBSERVATIONS ISSUED TO DIRECTOR, HYDROMETEOROLOGY, WRD, BHOPAL FROM
14-12-2020 to 18-12-2020 FOR F.Y. 2019-20**

HM no.	Subject/ Objection	Department's Reply	Action Taken																								
04	<p>Subject: Non utilisation of funds provided under World Bank Loan No. 8725-IN.</p> <p>For implementation of National Hydrology Project (NHP), 100% grant to the State/Central Implementing Agencies (IAs) was sanctioned by the GoI, Ministry of Water Resources in June, 2016. Fifty percent of the amount will come as World Bank loan and remaining 50 percent as budgetary support from GoI. Amount of grant sanctioned for Madhya Pradesh was ₹ 90.00 crore. The objective of the Project is to improve the extent, quality and accessibility of water resources information and to strengthen the capacity og targeted water resources management institutuions in India. The GoI approved Annual Work Plans of WRD, GoMP (IA) under NHP for the years 2016-17 (₹ 60.60 Lakh), 2017-18 (₹ 770.11 Lakh) 2018-19 (₹ 817.64 Lakh) and 2019-20(1371.74lakh). The annual expenditure against Work Plan has shown in the table below;</p> <table border="1" data-bbox="239 938 1151 1374"> <thead> <tr> <th>Year</th> <th>Annual work plan (Rs. in lakh)</th> <th>Expenditure during FY (Rs. in lakh)</th> <th>Expenditure in percentage</th> </tr> </thead> <tbody> <tr> <td>2016-17</td> <td>60.60</td> <td>Nil</td> <td>00 percent</td> </tr> <tr> <td>2017-18</td> <td>770.11</td> <td>18.57</td> <td>2.41 percent</td> </tr> <tr> <td>2018-19</td> <td>817.64</td> <td>7.99</td> <td>0.97 percent</td> </tr> <tr> <td>2019-20</td> <td>1371.74</td> <td>63.08</td> <td>4.59 percent</td> </tr> <tr> <td>Toatal</td> <td>3020.09</td> <td>89.64</td> <td></td> </tr> </tbody> </table>	Year	Annual work plan (Rs. in lakh)	Expenditure during FY (Rs. in lakh)	Expenditure in percentage	2016-17	60.60	Nil	00 percent	2017-18	770.11	18.57	2.41 percent	2018-19	817.64	7.99	0.97 percent	2019-20	1371.74	63.08	4.59 percent	Toatal	3020.09	89.64		<p>All the work under National Hydrology Project (NHP) is done through tendering process. In this process some times rates are not as per estimated cost or tenderers found non-responsive and hence retenderng process has to be done. Which further delays the project. All the procurement work of NHP is carried out by Chief Engineer, Procurement, Water Resources Department, Bhopal. Efforts are made for speedy execution of work as per Annual Work Plan.</p>	<p>The reply is not acceptable as the administrative approval to the project was given by the state government on 20.09.2017. Further, the department did not follow the instructions of the GoI (June 2016) to initiate the bid process before the signing of the agreement with the World Bank.</p> <p>The matter is brought to the notice of the department and government.</p>
Year	Annual work plan (Rs. in lakh)	Expenditure during FY (Rs. in lakh)	Expenditure in percentage																								
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It was evident from above table that department could utilized only Rs.89.64 lakh against approved Annual Work Plan of Rs. 3020.09 lakh during the period 2016-17 to 2019-20.

Audit observed that as per guidelines of World Bank and instructions (June 2016) of GoI, Ministry of WR, RD & GR, the IAs were required to have a dedicated Project Monitoring Unit (PMU) but the department has not constituted a dedicated PMU for NHP. The state government and IA has not placed a monitoring system to ensure that the project achieve its scheduled milestone and envisaged outcomes. Although provision for 21 no. benchmark surveys was made in AWP 2016-17, but no survey could be conducted by the department up to March 2020. No expenditure has been incurred by the department on Component B (Water Resource Information System) and component C (Water Resources Operations and Planning Systems) which shows that the department/ Government did not take necessary action to implement the project.

Further, the GoI suggested (June 2016) to the IAs to initiate activities e.g. preparation of bid documents, floating of bids etc. so as to meet the readiness criteria suggested by DEA which stipulated that 30 % of the bids should be ready for award at the time of signing of the agreement with the World Bank. In violation of above instructions, the department did not start bidding process till March, 2019. Due to the failure of the department to take appropriate action for implementation of the project and to achieve scheduled milestone and envisaged outcome, the sanctioned amount of ₹ 2930.45 lakh (3020.09-89.64) could not be utilized by the state. Further, an amount of ₹ 280.70 lakh including interest was lying unspent in the bank account on March 2020.


Sr. Audit Officer/Commercial