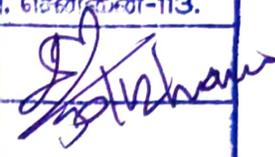


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Lr.No.PAG (Audit-I)/AMG IV/AMS 43/2020-21/ 6

dated: 28/12/2020

To
The Chief Engineer, WRD,
State Ground & Surface Water Resource
Data Centre, Public Works Department,
Tharamani, Chennai-600113.

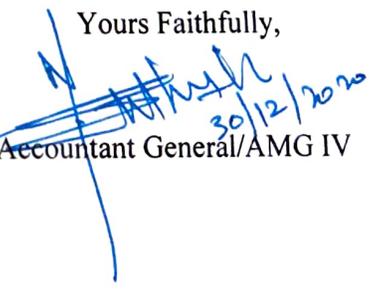


Sub: Issue of Audit Certificate in respect of National Hydrology Project (NHP) for the year 2019-20 reg.

Ref: Your Lr.No.F-332/Audit/NHP/2019/dated:18.08.2020 from Chief Engineer, State Ground & Surface Water Data Centre, Chennai.

With reference to your letter cited I wish to state that the Audit Certificate in respect of National Hydrology Project (NHP) for the period of 2019-20 is enclosed herewith. Kindly acknowledge the receipt of Audit Certificate.

Yours Faithfully,


30/12/2020
Deputy Accountant General/AMG IV



कार्यालय प्रधान महालेखाकार (लेखापरीक्षा-I)

तमिलनाडु

लेखापरीक्षा भवन

361, अण्णा सालै, तेनाम्पेट, चेन्नै - 600 018.

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT-I)

Tamil Nadu

"LEKHA PARIKSHA BHAVAN"

361, Anna Salai, Teynampet, Chennai - 600 018.

सं/ No.

Pr. AG (Audit I)/AMG IV/2020-21/

Dated: 28/12/2020

Report of the Comptroller and Auditor General of India

To
The Project Director,
National Hydrology Project,
Tharamani, Chennai-113.

Report on Project Financial Statements

We have audited the accompanying financial statements of the National Hydrology Project which is implemented by the Ministry of Water Resources, River Development, and Ganga Rejuvenation (MoWR, RD&GR) through Chief Engineer, Water Resources Department (WRD) in Tamil Nadu state. The National Hydrology Project (NHP) was financed under the World Bank Loan No.8725/IN, which comprises the Statement of Expenditure, Statement of Sources and Application of funds and reconciliation of claims to total application of funds for the period 2019-20. Preparation of these financial statements is the responsibility of project's management. Our responsibility as per mandate given in Financial Management Guidelines of National Hydrology Project is to express an opinion on these financial statements based on our audit.

We conducted Audit in accordance with the C&AG's Auditing Standards 2017 promulgated by the Comptroller and Auditor General of India. 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 evaluation of 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 source and application of funds of National Hydrology Project for the year ended March 2020 in accordance with the Government Accounting Standards. In addition to our opinion (a) with respect to Statement of Expenditure (SoE) adequate supporting documentation has been maintained to support claims to the World Bank for reimbursement of expenditure incurred and expenditure is eligible for financing under the Loan Agreement (No.8725/IN). During course of Audit, documents relating to expenditure of Rs.2,32,16,402/- incurred during 2019-20 were examined and these can be relied upon to support reimbursement under loan Agreement as per Annexure A. The whole amount of Rs.2,32,16,402 is allowable for reimbursement under loan Agreement.

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: Annexure A

During 2019-20 Audit Observations were on

1. Reversal of allotment to Common Reserve Pool
2. Probable liability of Commitment Charges on un withdrawn loan amount


Deputy Accountant General/AMG IV

Annexure A

1. Reversal of allotment to Common Reserve Pool

The original Project outlay cost was Rs.100 Crore. During midterm review the project cost was reduced to Rs.92 crore due to slack development, shortfall in expenditure.

In the Revised Project Implementation Plan approved by GoI, vide Office Memorandum No.X60039/1/2017-NHP/164 dt.09/01/2020, the concept of **Common Reserve Pool** has been introduced. If certain identified activities were not carried out within specified time limit, the allocated funds will go into Common Reserve Pool. As per revised project implementation plan unutilized amount out of revised sanctioned amount (Rs.92 Crore) would go into Common Reserve Pool.

2.Probable liability of Commitment Charges on unwithdrawn loan amount

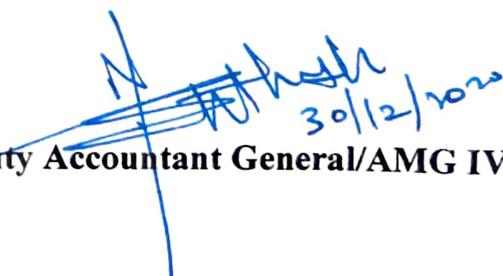
The borrower shall pay commitment charge to the World Bank annually at the rate of one-fourth percent (0.25%) on the total unwithdrawn loan amount (No.8725-IN) as per Loan Agreement section 2.04 and as per Memorandum of Agreement. In Tamil Nadu, State Project Monitoring Unit (SPMU) is the State Level Nodal Agency responsible for implementing the NHP activities in the States.

The details of fund forecast submitted to GOI / World Bank, and loan availed by SPMU (50% as grant and 50% as loan components), from 2016-17 to 2019-20 is as under:

(Rs. in lakh)

Year	Forecast as per AWP submitted to GOI / World Bank	Total amount availed from GOI	Amount of loan portion to be availed as World Bank share during the year (50% of forecast amount)	Amount of loan portion availed as World Bank share during the year (50% of released amount)	Un withdrawn loan as per AWP(Annual Work Plan) based on amount of loan portion availed
2016-17	100.00	100.00	50.00	50.00	0
2017-18	1146.00	400.00	573.00	200.00	373.00
2018-19	2492.00	--	1246.00	--	1246.00
2019-20	2836.27	--	1418.14	--	1418.14
Total un withdrawn loan amount					3037.14

From the above, it is seen that the SPMU failed to draw loan as per the fund forecast (Annual Work Plan). Due to the non-drawl of loan as per the Annual Work Plan approved by GOI, an amount equivalent to one-fourth percent (0.25%) per annum on the total un withdrawn loan amount is liable to be paid as commitment charges by GoI to the World Bank during the period from 2016-17 to 2019-2020.


30/12/2020
Deputy Accountant General/AMG IV