GOVERNMENT OF TAMIL NADU
HIGHWAYS DEPARTMENT

From
Dr.A.Arun Thamburaj, I.A.S.,
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To
Shri. Anantha Krishnan Karur,
Financial Management Specialist,
The World Bank, 70, Lodi Estate,
New Delhi – 110003.


Sir,

Sub: World Bank Assisted Tamil Nadu Road Sector Project-II- Loan No: 8499
Audit Certificate for the period from 04/2017 to 03/2018 - Sent –

Ref: 1) The Accountant General Lr.No.A.G (E&RSA) / WM (C) / CDN IV/
2018-19 / 68, dated 20.06.2018.
3) Audit Certificate received from Accountant General, Chennai-18,
A.G.Lr.No.AG (E&RSA)/WM (C) / CDN IV / 2017-18/179, dated

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I enclose herewith a copy of the Audit Certificate issued by the Accountant General in
respect of the expenditure incurred by the Tamil Nadu Road Sector Project-II for the period
from 04/2017 to 03/2018 for information and necessary action.

Encl: Audit Certificate for 04/2017 to 03/2018.

For Project Director,
Tamil Nadu Road Sector Project-II.

Copy to the Controller of Aid Accounts and Audit, Aid Accounts and Audit Division,
Department of Economics Affairs, Ministry of Finance, 5th Floor, B-Wing,
Janpath Bhawan, New Delhi-110 001.
Copy to the Additional Chief Secretary to Government, Highways and Minor Ports
Department, Secretariat, Fort St.George, Chennai-600 009.
Copy to the Additional Chief Secretary to Government, Finance Department, Secretariat,
Fort.St.George, Chennai-600 009.
Copy to the Financial Controller, Tamil Nadu Road Sector Project-II, Chennai -28.
Report of the Comptroller and Auditor General of India

To

The Project Director,
Tamil Nadu Road Sector Project-II,
Tamil Nadu Maritime Board Building,
No. 171, South Kesava Perumalpuram,
1st Floor, Greenways Road
Chennai – 600 028

Report on the Project Financial Statements

We have audited the accompanying financial statements of the Tamil Nadu Road Sector Project financed under World Bank Loan No.8499 INR, which comprises the Statement of Sources and Applications of Funds for the year ended 31.03.2018. Preparation of these statements is 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 audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. We examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We also assessed the accounting principles used and significant estimates made by management, and evaluated overall presentation of the statements. In our opinion, the financial statements enclosed present fairly, in all material respects, the sources and applications of funds of TNRSP for the year ended 31.03.2018 in accordance with Government of India accounting standards.
In addition to our opinion, (a) with respect to Statement of Expenditures, adequate supporting documents are maintained to support claims to the World Bank for reimbursements of expenditure incurred, and (b) except for ineligible expenditures as detailed in the audit observation (Annexure A) appended to this audit report, expenditures are eligible for financing under the Loan/Credit Agreement. During the course of the audit, Statement of Expenditure (aggregating to Rs.8,20,88,84,365) 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.

AUDIT OBSERVATION

During 2017-18, Commitment charges of Rs.4.17 crore was paid for the non drawn loan amount from the World Bank (Annexure A enclosed).
ANNEXURE A

Payment of Commitment charges of Rs.4.17 crore for the un-withdrawn loan amount from the World Bank

As per loan agreement, the borrower shall pay commitment charge on the un-withdrawn loan

A sum of US$ 70million (Rs.420.00 crore @ Rs.60 per US$) should have been withdrawn during the year 2017-18 as per Project Appraisal Report (PAR) and Reimbursement records. It was, however, noticed that a sum of Rs.324.16 crore only was drawn from the World Bank.

The details obtained from the Deputy Secretary to Government (Budget), Government of Tamil Nadu indicated that a sum of Rs.4,117,58,344/- had been paid as commitment charge towards shortfall in withdrawal of loan by the Department of Economic Affairs, Ministry of Finance, New Delhi towards external loan for debiting the accounts of states on back to back basis and the same is to be recovered from State Government Account.

In this regard, TNRSP stated that calling of tenders for PPP -1 was held up due to court stay orders. In respect of ICE & RS, the other stake holders are Health, Education, Transport and Police Departments and their requirements were received belatedly. The reply was not found convincing as the Government could have taken all out efforts to obtain all the necessary requirements in time, since the timeline for withdrawal of funds had already been drawn by World Bank.

Senior Deputy Accountant General/ES-1