



कार्यालय महालेखाकार(लेखापरीक्षा), असम, बेलतोला, गुवाहाटी-781 029
OFFICE OF THE ACCOUNTANT GENERAL
(AUDIT) ASSAM, BELTOLA, GUWAHATI-781 029



No. FINAT/AC-WB/NERLP/2017-18/604

134

Date: 29.12.2017

To

The Project Director, North East Rural Livelihoods Project,
Regional Project Management Unit, Ministry of DONEAR, Govt. of India,
House No.102, Dilip Huzuri Path
P.O-Assam Sachivalaya , Dispur
Guwahati-781006

Sub: Issue of Audit Certificate on World Bank Aided-North East Rural Livelihoods Project (Credit No. 5035-IN) for the year 2016-17.

Ref : Letter No. PD/NERLP/2010-11/56/PT-II/182 dated 22.06.2017

Sir,

With reference to the subject cited above, I am to forward herewith two copies of Audit Certificates on the expenditure incurred in respect of World Bank Assisted "North East Rural Livelihood Project" (Cr. No. 5035-IN) for the year 2016-17.

This is for your information and necessary action please.

Yours faithfully,

Encl: As stated above


Sr. Audit Officer /FINAT

11-1-2018



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ज्ञापन संख्या: एफ.आई.एन.ए.टी / AC -WB/NERLP/ 2017-18/604

दिनांक: 29.12.2017

AUDIT CERTIFICATE

The Project Director, North East Rural Livelihoods Project,
Regional Project Management Unit, Ministry of DONEAR, Govt. of India,
House No.102, Dilip Huzuri Path
P.O-Assam Sachivalaya , Dispur
Guwahati-781006

Report on the Project Financial Statements

We have audited the accompanying financial statements of the **World Bank Assisted-North East Rural Livelihoods Project (Credit No. 5035-IN)** which comprise the Statement of Sources and Applications of Funds and the Reconciliation of Claims to Total Applications of Funds for the year ended 31.03.2017. These statements are the responsibility of the Project's management. Our responsibility 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 & 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 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 application of funds of **North East Rural Livelihoods Project** for the year ended **31.03.2017** 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 reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations' appended to this audit report at Annexure, expenditures are eligible for financing under Loan/Credit Agreement. During the course of the audit, SOEs/FMRs (application No.PD/NERLP/2010-11/56/PT-II/182 dated 22.06.2017 and amount of **₹1,61,29,84,886.00** *) and the concerned documents were examined and these can be relied upon to support reimbursement under the Loan / Credit Agreement.

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

***An Annexure containing Audit observations on utilization of the World Bank assistance, is enclosed to this Certificate.**

(S.S.DUDHWAL)

Sr. Deputy Accountant General/GS

ANNEXURE
BRIEF DESCRIPTION OF OBSERVATIONS RAISED DURING AUDIT OF WORLD BANK
ASSISTED NORTH EAST RURAL LIVELIHOOD PROJECT (Cr.No. 5035-IN) FOR THE
YEAR 2016-17

Sl.	Para No.	Particulars	Amount involved (in ₹)
A. Authority : Inspection Report of RPMU, Guwahati by the A.G.(Audit), Assam			
1	Para 1 of Part IIB	Outstanding advances	6,87,658.00
2	Para 2 of Part IIB	Excess expenditure	216,00,000.00
3	Para 3 of Part IIB	Purchase of laptop/Mac Book-Observation thereof(payment made without receipt of 4 laptop)	2,36,000.00
4	Para 4 of Part IIB	Short/ Non-deduction of Income Tax	52,000.00
5	Para 5 of Part IIB	Non deposition of professional tax	17,021.00
6	Para 7 of Part IIB	(a) Excess amount against duration of class session	61,59,000.00
		(b) Excess payment on training(Dialysis & Optometry technician) on skill building of unemployed youth	18,43,000.00
		(c) Overpayment on food and accommodation of trainees	122,51,500.00
TOTAL (A)			428,46,179.00
B. Authority : Inspection Report of DPMU North Tripura by the A.G.(Audit), Tripura			
7	Para 1 of Part IIB	Wasteful expenditure on defunct Self Help Groups	68,20,000.00
8	Para 2 of Part IIB	Non-execution of Entry Point Activites-Funds remaining unutilized with implementing agencies.	21,50,000.00
9	Para 3 of Part IIB	Community Development Groups – Idle parking meant for development activities.	173,00,000.00
10	Para 4 of Part IIB	Non-adherence of norms of fund management of the DPMU. The deviation of prescribed norms fixed for 4 components of expenditure were noticed.ie 1. Social Empowerment 20% of the project fund 2. Economic Empowerment 60% of the project fund 3. Partnership Empowerment 10% of the project fund 4. Project Management 10% of the project fund	0
11	Para 5 of Part IIB	Non adherence of procedure for invalid cheques-observatoin thereof	0
12	Para 6 of Part IIB	Observation on annual accounts prepared by the Management	0
13	Para 7 of Part IIB	General observation on SHG Village Federations.	0
TOTAL (B)			262,70,000.00

C. Authority : Inspection Report of DPMU West Tripura by the A.G.(Audit), Tripura			
14	Para 1 of Part IIB	Non-execution of Entry point Activities –funds remaining unutilized with implementing agencies.	45,00,000.00
15	Para 2 of Part IIB	Wasteful expenditure on defunct Self Help Groups	20,40,000.00
16	Para 3 of Part IIB	Non deduction of VAT at source for hiring of vehicles	24,474.00
17	Para 4 of Part IIB	Observations on annual accounts prepared by the Management	0
18	Para 5 of Part IIB	Non-adherence of norms of fund management of the DPMU. The deviation of prescribed norms fixed for 4 components of expenditure were noticed.ie 1. Social Empowerment 20% of the project fund 2. Economic Empowerment 60% of the project fund 3. Partnership Empowerment 10% of the project fund 4. Project Management 10% of the project fund	0
19	Para 6 of Part IIB	Non-adherence to the periodicity of Seed grant disbursement to SHGs.	0
TOTAL (C)			65,64,474.00
D. Authority : Inspection Report of DPMU Sepahijala District Tripura by the A.G.(Audit), Tripura			
20	Para 1 of Part IIB	Community Development Groups-Observations thereof. (A) Deficiency in the working of CDGs (B) Idle parking meant for development activities (C) Inappropriate site selection for execution of development plan	0 1,00,00,000.00 0
21	Para 2 of Part IIB	Non-execution of Entry point Activities funds remaining unutilized with implementing agencies	42,50,000.00
22	Para 3 of Part IIB	Hiring of private vehicles-observation thereof (a) Non deduction of VAT at source for hiring of vehicles. (b) Unauthorised use of hired vehicles (c) Non-assessment of mileage of hired vehicle	 12,617.00 0 0
23	Para 4 of Part IIB	Observation on defunct/inactive Self Help Groups	0
24	Para 5 of Part IIB	General observation on SHG Village Federations	0
25	Para 6 of Part IIB	Non-adherence of norms of fund management of the DPMU. The deviation of prescribed norms fixed for 4 components of expenditure were noticed.ie 1. Social Empowerment 20% of the project fund 2. Economic Empowerment 60% of the project fund 3. Partnership Empowerment 10% of the project fund 4. Project Management 10% of the project fund	0
TOTAL (D)			1,42,62,617.00

E. Authority : Inspection Report of DPMU UNAKOTI DISTRICT Tripura by the A.G.(Audit), Tripura			
26	Para 1 of Part IIB	Community Development Groups-Idle Parking meant for development activities.	35,00,000.00
27	Para 2 of Part IIB	Irregular payment on training module and review meeting	1,22,808.00
28	Para 3 of Part IIB	Non-adherence of norms of fund management of the DPMU. The deviation of prescribed norms fixed for 4 components of expenditure were noticed.ie 1. Social Empowerment 20% of the project fund 2. Economic Empowerment 60% of the project fund 3. Partnership Empowerment 10% of the project fund 4. Project Management 10% of the project fund	0
TOTAL (E)			36,22,808.00
F. Authority: Inspection Report of DPMU KHOWAI DISTRICT Tripura by the A.G. (Audit), Tripura			
29	Para 1 of Part IIB	Non completion of Entry point Activities-observatoin thereof.	0
30	Para 2 of Part IIB	Non Deduction of VAT at source from hiring charges of vehicles.	11,257.00
31	Para 4 of Part IIB	Non-adherence of norms of fund management of the DPMU. The deviation of prescribed norms fixed for 4 components of expenditure were noticed.ie 1. Social Empowerment 20% of the project fund 2. Economic Empowerment 60% of the project fund 3. Partnership Empowerment 10% of the project fund 4. Project Management 10% of the project fund	0
TOTAL (F)			11,257.00
G. Authority : Inspection Report of Gyalshing, DPMU West Sikkim by the A.G.(Audit), Sikkim			
32	Para 1 of Part IIB	Implementation of the NERLP in West Sikkim : Observation thereof. (a) Delay in creation/establishment of basic units for the schemes (b) Delay Disbursement of seed money livelihood funds (Tranche-I to Tranche-III) (c) Non- creation of Youth Groups(YG) and Producers Organization (PO) (d) Delay in release of fund to the DPMU from RPMU and non-utilisation of fund	0
33	Para 2 of Part IIB	Non-deduction of contractor's profit	16,27,000.00
34	Para 3 of Part IIB	Non-submission of Utilization Certificates	59,89,000.00
35	Para 4 of Part IIB	Incorrect showing of opening balance in "fund receipt" head in Ledger	0
TOTAL (G)			76,16,000.00

H. Authority : Inspection Report of Jorthang, DPMU South Sikkim by the A.G.(Audit), Sikkim			
36	Para 1 of Part IIB	Delay in completion of works	1,24,00,000.00
37	Para 2 of Part IIB	Overstatement of expenditure	2,55,00,000.00
38	Para 3 of Part IIB	Release of instalment in excess of norms	24,00,000.00
39	Para 4 of Part IIB	Non-deduction/Non-remittance of State Valued Added Tax/environment Cess	1,168.00
40	Para 5 of Part IIB	Defunct SHGs and idling of fund	2,60,000.00
41	Para 5 of Part IIB	Non- submission of Utilization Certificates	29,54,000.00
42	Para 6 of Part IIB	Incorrect showing of opening balance as "fund receipt" head in Ledger	23,64,53,128.00
TOTAL (H)			27,99,68,296.00
TOTAL (A+B+C+D+E+F+G+H)			38,11,61,631.00


Sr. Audit Officer/FINAT



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