To
The Chief Engineer (D & R) & Nodal Officer,
National Hydrology Project, West Bengal (SW),
Irrigation & Waterways Directorate,
Jalasampad Bhaban, Western Block, 1st Floor,
Saltlake, Kolkata - 700 091.

Subject: Audit Report in respect of World Bank assisted National Hydrology Project (Loan No. 8725-IN) for the financial year 2018-19.

Sir,

I am to forward herewith the Audit Report, duly incorporating the audit observations, in respect of World Bank assisted National Hydrology Project (Loan No. 8725-IN) for the financial year 2018-19. The receipt of the same may kindly be acknowledged.

Enclo: As stated.

Yours faithfully,

(Timir Bhadra)
Sr. Dy. Accountant General / FAW

Chief Engineer (D & R),
I&W Directorate
Govt. of West Bengal
Jalasampad Bhawan
Salt Lake, Kol-91
To
The Principal Secretary to Government of West Bengal,
Irrigation & Waterways Department,
Jalasampad Bhavan, 1st. Floor,
Saltlake, Kolkata-700 091.

Report of the Comptroller and Auditor General of India on the Project Financial Statements

We have audited the accompanying financial statements of the World Bank assisted National Hydrology Project (Loan No. 8725-IN), which comprise the Statement of Sources and Applications of Funds, Reconciliation of Claims to Total Applications of Funds and Management Assertion letter as furnished by the Project Authority for the year ended 31 March 2019. 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 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.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of World Bank assisted National Hydrology Project (Loan No. 8725-IN) for the year ended 31 March 2019 in accordance with Government of India accounting standards.

In addition, in our opinion, (a) with respect to PFS, 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, expenditures are eligible for financing under the Loan / Credit Agreement. During the course of the audit, PFS 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 Observations:

A. Relating to financial year 2018-19

The expenditure incurred in respect of World Bank assisted National Hydrology Project (Loan No. 8725-IN), for the financial year 2018-19 is ₹27246236.00 and expenditure admitted in audit is ₹27096528.00.

Out of ₹27096528.00, amount eligible for reimbursement stands at ₹13548264 in audit as shown below:- (in ₹)

<table>
<thead>
<tr>
<th>Components</th>
<th>Expenditure incurred as per audit</th>
<th>Expenditure inadmissible in Audit</th>
<th>Expenditure admitted in audit</th>
<th>Percentage of reimbursement</th>
<th>Amt eligible for reimbursement</th>
<th>Reasons for inadmissible in audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component A, B, C &amp; D</td>
<td>27246236.00</td>
<td>149708</td>
<td>27096528</td>
<td>-50%</td>
<td>13548264</td>
<td>Hiring charges (₹149708.00) incurred in excess of ceiling rates stipulated in Gazette Notification no. 3564-WT/3M-81/98 dated 24.11.2008 of Transport Department, GoWB.</td>
</tr>
<tr>
<td>Total:</td>
<td>27246236.00</td>
<td>149708</td>
<td>27096528</td>
<td></td>
<td>13548264</td>
<td></td>
</tr>
</tbody>
</table>

B. Adjustment in respect of earlier periods-relating to financial year 2017-18.

Claim of ₹39300.00 pertaining to the year 2017-18 is held inadmissible during 2018-19 as tabled below :-
<table>
<thead>
<tr>
<th>Initial year of expenditure</th>
<th>Components</th>
<th>Name of the Division</th>
<th>Expenditure not admissible (2017-18)</th>
<th>Reasons for not admitting the expenditure during the year of expenditure</th>
<th>Expenditure not admissible (2018-19)</th>
<th>Reasons for not admitting the expenditure during 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>(7)</td>
</tr>
<tr>
<td>2017-18</td>
<td>Burdwan Investigation &amp; Planning Division, Burdwan</td>
<td>10250.00</td>
<td>In violation of the memo of NPMU, MoWR, RD &amp; GR dated 09.10.2017, which stipulates that the participant would have to make their own arrangement for boarding and lodging during the training period, participants were allowed food charges. Hence, the expenditure of ₹10,250.00 on food is held inadmissible.</td>
<td>10250.00</td>
<td>No further development during 2018-19</td>
<td></td>
</tr>
<tr>
<td>Component A &amp; D</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Burdwan Investigation &amp; Planning Division, Burdwan</td>
<td>29050.00</td>
<td>Hiring charges ($29050.00) incurred in excess of ceiling rates stipulated in Gazette Notification no. 3564-WT/3M-81/98 dated 24.11.2008 of Transport Department, GoWB.</td>
<td>29050.00</td>
<td>No further development during 2018-19</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>39300.00</td>
<td></td>
<td>39300.00</td>
<td></td>
</tr>
</tbody>
</table>

(Timir Bhadra)  
Sr. Deputy Accountant General (FAW),  
Office of the Principal Accountant General  
(General and Social Sector Audit), West Bengal,  
2, Government Place (West), Treasury Buildings, Kolkata – 700 001  
[Date: 27.09.2019]