लेखापरीक्षा प्राप्त Neeranchal National Watershed Project, Credit No-55241N, D/o Land Resources के लेखाओं पर निरीक्षण प्रतिवेदन प्रस्तुत करता हूँ। यह अनुसूचि किया जाता है कि उसके अंतर्गत उठाए गए विभिन्न विषयों के उत्तर कृपया इस कार्यालय की मंज़ूरी के माध्यम से निरीक्षण प्रतिवेदन प्राप्ति के चार सप्ताह की अवधि के भीतर भेज दिए जायें।

कृपया प्रतिवेदन की पावली भेजें।

अनुलग्न: (1) निरीक्षण प्रतिवेदन संगमनको सहित
(2) लेखा परीक्षा प्रमाणपत्र

वरिष्ठ लेखापरीक्षा अधिकारी (ए.एम.जी-1)
Office of the Director General of Audit  
Central Expenditure, I.P. Estate, New Delhi-110002

Inspection Report on the accounts of World Bank Assisted Project on Neeranchal National Watershed Project, IDA Credit No-5524 IN for the period 2015-16 and 2016-17.

Part-I

(1) Introductory

The audit on the account of Neeranchal National Watershed Development Project, IDA Credit No-5524 IN, Department of land Resources, Ministry of Rural Development for the period 2015-16 and 2016-17 was conducted by an audit party of office of the Director General of Audit (Central Expenditure), New Delhi-110002 comprising Shri Sanjeev Kumar, Sr. Audit Officer, Shri Ranjeet Chaudhary, Assistant Audit Officer and Shri Ranjeet Kumar, Auditor w.e.f. 06.02.2018 to 22.02.2018 (12 working days).

(II) Set up and activities

Department of Land Resource entered into financial agreement with International Development Association (IDA) vide Credit Number 5524-IN on 14.01.2016. The total cost of the project is Rs. 2142.30 crore ($ 357 Million) of which the Government’s share is Rs.1071.15 crore (50 percent) and rest is loan component from the World Bank. The Association agrees to extend to the recipient, on the terms and conditions set forth or referred to in this agreement, a credit in an amount equivalent to One hundred Seventy Eight Million Five Hundred Thousand United States Dollars (USD 178,500,000) (variously, “Credit and Financing”) to assist in financing the project described in schedule I to the agreement (“Project”).

Neeranchal National Watershed Development Project will be implemented by Department of Land Resources at the National Level as well as in the Nine States of Andhra Pradesh, Chattisgarh, Gujarat, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan and Telengana. The Project will be funded by the Government of India and the World Bank.

Neeranchal is designed to strengthen and provide technical assistance to the Watershed Component of PMKSY, in particular and all component of PMKSY, in general, to enhance its delivery capacity. Neeranchal will support the Watershed component of PMKSY (erstwhile Integrated Watershed Management Programme (IWMP)) which was implemented by the Department of Land Resources in 28 States.

For achieving the major objective of the Watershed Component of the Pradhan Mantri Krishi Sinchayi Yojana (PMKSY) and ensuring access to irrigation to every farm and efficient use of water, Neeranchal is primarily designed to address the following concerns:

- Bring about institutional changes in watershed and rainfed agricultural management practices in India,
> Build systems that ensure watershed programmes and rainfed irrigation management practices are better focused and more coordinated, and have quantifiable results,
> Device strategies for the sustainability of improved watershed, management practices in programme areas, even after the withdrawal of project support,
> Through the watershed plus approach, support improved equity, livelihoods, and incomes through forward linkages, on a platform of inclusiveness and local participation.

The objective of the programme is to support the Watershed Development Component of the PMKSY through technical assistance to improve incremental conservation outcomes and agricultural yields for communities in selected sites and adoption of more effective processes and adoption of more effective processes and technologies into the broader Watershed Development Component of the PMKSY in participating States.

The Project consists of the following parts:

1. **Central Institutional and Capacity Development:**
   The component will Strengthen the institutions and human resources of key national stakeholders, particularly the Department of Land Resources for more effective planning, implementation, monitoring and evaluation, documentation and reporting the of the Watershed Development Component of the PMKSY.

2. **National Innovation Support:**
   The component will Support the application of innovative, science-based knowledge, tools and approaches to underpin improvements to the Watershed Development Component of the PMKSY around watershed planning and implementation with specific focus on hydrology and augmentation of water resources, agricultural intensification, climate change and rural livelihood.

3. **Implementation Support in Participating States**
   The component will Provide intensive technology-based support to improve Watershed Development Component of the PMKSY operational effectiveness, for planning implementation and management, upscale innovation, operationalization, convergence/integration with other programs of Recipient, measuring impacts on the ground in selected sites in participating states and addressing unique, or state specific, challenges related to watershed treatment.

4. **Project Management and Coordination**
   The objective of this component is to ensure effective and responsive project management to successfully implement the project.
(III) **Budget Allocation**

The budget allocation and Actual Expenditure for the last three year under the project are as under:

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget Estimate</th>
<th>Revised Estimate</th>
<th>Actual expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plan</td>
<td>Non-Plan</td>
<td>Plan</td>
</tr>
<tr>
<td>2014-15</td>
<td>56.00</td>
<td>-</td>
<td>2.39</td>
</tr>
<tr>
<td>2015-16</td>
<td>00</td>
<td>-</td>
<td>0.02</td>
</tr>
<tr>
<td>2016-17</td>
<td>55.00</td>
<td>-</td>
<td>55.00</td>
</tr>
</tbody>
</table>

(Rs. in crore)

(IV) **Scope and Objective of Audit**

Proposed audit entailed scrutiny of records related to World Bank Assisted Neeranchal National Watershed project IDA Credit No. 5524 IN for the year 2015-16 & 2016-17 such as Staff appraisal reports, loan agreement, monthly account or financial statements and supporting vouchers, contracts relating to work, methods adopted for procurement, transfer entries, estimates of a work to identify any inadmissible items from the rate analysis of particular work, quality control reports, comments of World Bank.

To confirm whether the implementing agencies have been carried out expenditure on the scheme in accordance with the pattern specified in the staff appraisal report relating to the schemes and terms of such assistance and Government of India instructions and to identify matters relating to inadequacies in systems and control, cases of fraud or presumption fraud, wasteful expenditure, failure of admission to take corrective action on recommendations contained in earlier report.

(V) **Internal Audit**

The internal audit on the accounts of World Bank Assisted Neeranchal National Watershed Development Project, Ministry of land Resources, New Delhi for the financial year 2015-16 and 2016-17 has not been conducted.
Current Audit
Part-II-A
- Nil -
Part-II-B

Para-1 Excess claim of Rs 0.72 lakh

Scrutiny of the vouchers of Neeranchal National Watershed Development Project, Department of Land Resources revealed that an advance of Rs. 6.65 lakh was paid to the NICSI for development a separate website for world Bank Assisted above project. However, it was gathered that the Department submitted the claim of Rs. 4.42 lakh to CAAA for reimbursement, whereas, the actual expenditure incurred by the NICSI was reported as Rs. 3.70 lakh on 23.05.2017. Thus, NICSI claimed excess amount of Rs. 0.72 lakh from the department.

Confirmation of facts and figures and their comments were called for vide H M Memo No.2 dated 19.02.2018 but the reply was still awaited. Excess claim may be recovered under intimation to audit.

Para-2 Excess claim of Rs 0.34 lakh

Department released an amount of Rs. 6.38 lakh to the State Level Nodal Agency (SLNA) on 24.05.2016 for organizing the Orientation Workshop for Chief Executive Officer of SLNA implementing Neeranchal National Watershed Development Project on may 26th and 27 May, 2016 at Hydrabad. The Department claimed the same amount to the CAAA for reimbursement. However, as per the Utilization certificate submitted by the State Government, the expenditure on the workshop was Rs. 6.03 lakh and balance of Rs.0.34 lakh was remained unspent with the SLNA. Whereas, the Department claimed the full amount of Rs. 6.38 lakh which resulted an excess claim of the Rs. 0.34 lakh.

Confirmation of facts and figures and their comments were called for vide H M Memo No.3 dated 19.02.2018 but the reply was still awaited. Excess claim may be adjusted under intimation to audit.

Para-3 Voucher for Rs. 64,370/- not available

During the scrutiny of the voucher related to the Neeranchal National Watershed Development Project, it was gathered that vouchers for the Rs. 64,370.00 relating to the visits of officials as shown in the Statement of Expenditure and claimed in IUFR was not available with the Department.

Confirmation of facts and figures and their comments were called for vide H M Memo No.5 dated 19.02.2018 but the reply was still awaited.
Para-4  **Non-deduction of TDS of Rs. 17.80 lakh**

During scrutiny of the file related to the hiring of space for Neeranchal National Watershed Development Project, it was observed that Department entered into an agreement with the National Productivity Council (an autonomous body under Ministry of Industry) on January, 2014 and agreed to pay the monthly rent of Rs. 10.87 lakh per month (including service tax of Rs. 1.20 lakh). The Department paid an amount of Rs. 189.89 lakh for the period from October 2013 to March 2015. It was however gathered that the department did not deduct TDS amounting to Rs. 16.90 lakh @ of 12.36 % on the payment made as rent to NPC.

Similarly, in another case TDS of Rs. 69,910/- was not deducted by the department from the payment of Rs. 7.61 lakh (including Service Tax) made to The Capitol Perfect Business Manners.

Confirmation of facts and figures and their comments were called for vide H M Memo No.4 dated 19.02.2018 but the reply was still awaited. Other such cases may also be reviewed and necessary action may be taken to do the needful.

**Part-II-C**

Nil

**Part-III**

Result of Review of old outstanding objections

Nil

**Part-IV**

-Nil-

**Part-V**

**Acknowledgement**

The auditee unit extended full co-operation by furnishing the requisite records and information timely to audit.

The following officers held the charges of respective posts indicated below during the period 2015-16 and 2016-17.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Post</th>
<th>Name of the Officer</th>
<th>Designation</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Head of the Project</td>
<td>Shri G. Sajeevan</td>
<td>Project Director</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Head of Administration</td>
<td>Amit Kumar</td>
<td>Director</td>
<td></td>
</tr>
</tbody>
</table>
General

The general condition on the account of World Bank Assisted Project on Neeranchal National Watershed Project, IDA Credit No-5524 IN, Ministry of Land Resources, New Delhi, for the period 2015-16 and 2016-17 was found to be satisfactory subject to observation made in the Inspection Report.

The Inspection Report has been prepared on the basis of information furnished and made available by Department of Land Resources, New Delhi. The O/o Director General of Audit, Central Expenditure, New Delhi disclaims any responsibilities for any mis-information and/or on the part of the auditee.

Sr. Audit Officer (AMG-I)
Audit Certificate

We have audited the accompanying financial statements of the Neeranchal National Watershed Project (NNWP), IDA Credit no. 5524-IN financial under World Bank, which comprise the Statement of Sources and Applications of Funds and Reconciliation of Claims to Total Applications of Funds for the year ended 31.03.2017 (FY 2015-16 & 2016-17). These statements are the responsibility of the Project’s management based on our audit.

We conducted our audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. The 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 application of funds of Neeranchal National Watershed Project (NNWP) for the year ended 31.03.2017 (FY 2015-16 & 2016-17) 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 observation, if any, appended to this audit report, expenditure are eligible for financing under the Loan/Credit agreement. During the course of the audit, SOEs/FMRs amounting to Rs. 70,28,690/- and the connected documents were examined and these can be relied upon the 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 or U.T. Legislature.

Director (AMG-I)