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सत्यमेव जयते

कार्यालय प्रधान महालेखाकार
(लेखापरीक्षा-II), पश्चिम बंगाल

OFFICE OF THE PRINCIPAL
ACCOUNTANT GENERAL
(Audit-II), West Bengal

No.:AMG-III/EAP/Cert./DRIP-II/I&WD/2024-25/47

Date:-09.08.2024

12 AUG 2024

To
The Project Director,
Dam Rehabilitation and Improvement Project-II, West Bengal,
Irrigation & Waterways Department, Government of West Bengal,
Jalasampad Bhaban, Western Block, 1st Floor,
Saltlake, Kolkata -700 091.

Sub.: Audit Report in respect of World Bank assisted Dam Rehabilitation and Improvement Project-II (Loan No.9181-IN) for the financial year 2023-24.

Sir,

I am to forward herewith the Audit Report on the aforesaid project in respect of the financial year 2023-24.

The receipt of the same may kindly be acknowledged.

Encl.: As stated.

Yours faithfully,

(Shishir Kumar Srivastava)
Dy. Accountant General (AMG-III)

सी. जी. ओ. कम्प्लेक्स, डी. एफ. ब्लॉक, साल्ट लेक, कोलकाता - 700 064.

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Copy forwarded to:-

- A. अवर सचिव, भारत सरकार, वित्त मंत्रालय, आर्थिक विभाग, एम आई प्रभाग, नॉर्थ ब्लॉक, नई दिल्ली - 110001, कृपया जानकारी के लिए।
- B. महानिदेशक (ई.आर.), भारत के नियंत्रक एवं महालेखापरीक्षक का कार्यालय, 9, दीनदयाल उपाध्याय मार्ग, नई दिल्ली- 110124, कृपया जानकारी के लिए।
- C. महानिदेशक (PPG-ईएपी), भारत के नियंत्रक एवं महालेखा परीक्षक का कार्यालय, 9, दीन दयाल उपाध्याय मार्ग, नई दिल्ली- 110124, लेखापरीक्षा रिपोर्ट का एक प्रतिलिपि प्रेषित किया जा रहा है।
- D. निदेशक (वित्त), जलसंसाधन मंत्रालय, आर डी एंड जी आर (राष्ट्रीय परियोजना प्रबंधन इकाई, एन एच पी), द्वितीय तल, ब्लॉक -3, सी.जी.ओ. कॉम्प्लेक्स, लोधीरोड, नई दिल्ली- 110003, कृपया जानकारी के लिए।
- E. महानिदेशक (ऑडिट), वैज्ञानिक विभाग, ए जी सी आर भवन, आई पी ई-स्टेट, नई दिल्ली- 110002, लेखापरीक्षा रिपोर्ट का एक प्रतिलिपि प्रस्तुत किया जा रहा है।

शुभ चक्रवर्ती 09/08/24
वरिष्ठ लेखा परीक्षा अधिकारी/AMG-III

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कार्यालय प्रधान महालेखाकार
(लेखापरीक्षा-II), पश्चिम बंगाल
OFFICE OF THE PRINCIPAL
ACCOUNTANT GENERAL
(Audit-II), West Bengal

No.: AMG-III/EAP/Cert./DRIP-II/I&WD/2024-25/48

Date:- 09.08.2024

To
The Additional Chief Secretary to Government of West Bengal,
Irrigation & Waterways Department,
Jalasampad Bhaban, 1st Floor, DF Block,
Sector-I, Saltlake,
Kolkata-700 091.

Report of the Comptroller and Auditor General of India on the Project Financial Statements of Dam Rehabilitation and Improvement Project-II (Loan No. 9181-IN) for the year ended 31 March 2024

We have audited the accompanying financial statements of the World Bank assisted **Dam Rehabilitation and Improvement Project-II (Loan No. 9181-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 2024**. 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 Dam Rehabilitation and Improvement Project-II (Loan No.9181-IN) for the year ended 31 March 2024 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

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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 2023-24

The Project Financial Statement (PFS) in respect of World Bank assisted Dam Rehabilitation and Improvement Project-II (Loan No. 9181-IN) for the financial year 2023-24, furnished by the Project Authority disclosed a total expenditure of ₹ 81192750 and expenditure of ₹ 81189293 have been admitted in audit. Details are given below (all amounts are in ₹):-

Components	Expenditure incurred as per PFS	Expenditure Inadmissible in audit	Expenditure admissible in audit	Percentage of reimbursement	Amount eligible for reimbursement
Component – A	80000000	3457 ¹	79996543	70%	55997580
Component – B	1192750	Nil	1192750	70%	834925
Component – C	Nil	Nil	Nil	70%	Not applicable
Component – D	Nil	Nil	Nil	70%	Not applicable
Total	81192750	3457	81189293	70%	56832505

B.1 Fair Presentation of the Project Financial Statement:

i. Sub-allotment of ₹ 81193000 from the Irrigation and Waterways Deptt. has been recorded in the PFS as ₹ 81192750. As a result, the 'Amount received during the year from Government' was understated by ₹ 250 with corresponding understatement of the 'Refundable Receipts' to the same extent. Consequently, the accounts were not drawn in the format as prescribed in the Guidelines. Moreover, the same has distorted the true and fair view against Generally Accepted Accounting Principles and AS-1 as well.

¹Refer to point no. B.2.i

ii. In contrary to the Project Guidelines (considering most appropriate head), procurement of IT Peripherals amounting to ₹ 1192750 was not booked under the Component 1: 'Rehabilitation and Management Planning for Dams', instead, it was booked under Component 2: 'Dam Safety Institutional Strengthening. Consequently, Component 1 has been understated by ₹ 1192750 with corresponding overstatement of Component 2 to the same extent.

B.2 Short Booking of Liability:

i. In contravention to statutory provisions² the management has failed to deduct and deposit cess to State Government amounting to ₹ 3457 from the bills payable to the stone/ boulder suppliers.

Consequently, 'Provision for Liability for Cess Payment' was understated by ₹ 3457 and 'Payments to Contractors' was overstated to the same extent.

ii. In contravention to project guidelines³ no manpower cost has been accounted for and consequently, 'Manpower Cost' has been understated and 'Cash & Bank Balance' has been overstated. However, due to unavailability of manpower cost projection documents, financial impact of the same on the PFS cannot be determined.

Further, this is suggested that, as services of manpower from different departments is taken into the project, proper apportionment of cost should have been there with necessary disclosure in the notes to PFS; in terms of Indian Government Accounting Standard-1 (IGAS).

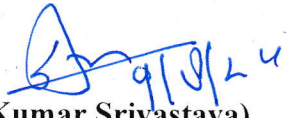
iii. Travelling Expenditure of ₹ 56423 was not booked in the PFS. Consequently, 'Travelling Expenditure' was understated by ₹ 56423 and 'Cash & Bank Balance' was overstated to the same extent.

² Rule 35 of the West Bengal Minor Mineral Concession Rules, 2016.

³ Clause 2 (d) of Chapter -1 of the Financial Management Manual of DRIP-II.

B.3 Violation of Project Guidelines:

- i.** In terms of Chapter 6, Chart of Accounts of Financial Management Manual of the Project, the formats for Interim Unaudited Financial Report: (Format 1 to 3) to be used for submitting the claims for reimbursements. However, the same was not prepared in line with the Manual. The figures of 'Refundable Receipts' (as required as per Format 2) was not mentioned and audit could not vouch the same.
- ii.** IT Peripherals of ₹ 1192750 were not dedicatedly used for the project concerned, thus, cost of the same should have been recovered from the user department with a disclosure in the notes to PFS in terms of IGAS-1.
- iii.** In contravention to the Project Financial Management Manual, the project authority did not maintain Cash Book for the period April 2023 to February 2024 and failed to arrange internal audit measures in tune with the transaction volume.


(Shishir Kumar Srivastava)
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Date: 09.08.2024