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भारतीय लेखापरीक्षा और लेखा विभाग
कार्यालय प्रधान महालेखाकार (सामान्य एवं सामाजिक क्षेत्र लेखापरीक्षा), पश्चिम बंगाल
ट्रेजरी बिल्डिंग्स, 2, गवर्मेन्ट प्लेस (पश्चिम), कोलकाता-700 001
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL
(GENERAL & SOCIAL SECTOR AUDIT), WEST BENGAL
TREASURY BUILDINGS, 2, GOVT. PLACE (WEST), KOLKATA - 700 001

No. : FASS-V/325/EAP/ WB-ADMI/2017-18/307
Date : 19.12.2018

To
The Project Director,
Water Resources Investigation & Development Department,
O/o the Project Director, WB-ADMI Project,
Block-14/2, CIT Scheme-VIII (M), ICMARD Buildings, 5th Floor,
Ultadanga, Kolkata-700 067.

Subject : Issue of Audit Report in respect of World Bank assisted West Bengal Accelerated Development of Minor Irrigation Project (WBADMIP) under IBRD Loan No. 8090-IN and IDA Cr. No. 5014-IN for the financial year 2017-18 (including the adjustments pertaining to financial year 2014-15, 2015-16 & 2016-17).

Sir,

I am to forward herewith the Audit Report, duly incorporating the audit observations, in respect of World Bank assisted West Bengal Accelerated Development of Minor Irrigation Project (Loan No. 8090-IN and IDA Cr. No. 5014-IN) for the financial year 2017-18 (including adjustments pertaining to the financial year 2014-15, 2015-16 & 2016-17).

The receipt of the same may kindly be acknowledged.

Encl: As stated.

Yours faithfully,

(Timir Bhadra)

Sr. Dy. Accountant General / FAW

ADD, WBADMIP

AK

20.12.18



भारतीय लेखापरीक्षा और लेखा विभाग
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Audit Report – Unqualified Opinion

Report of the Comptroller and Auditor General of India

To
The Principal Secretary
to Government of West Bengal,
Department of Water Resources Investigation and
Development, Khadya Bhawan, Block-A (5th Floor),
11A, Mirza Galib Street,
Kolkata- 700 087.

Report on the Project Financial Statements:

We have audited the accompanying financial statements of the West Bengal Accelerated Development of Minor Irrigation Project financed under World Bank Loan No. 8090-IN / IDA Cr. No. 5014-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 2018. 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 West Bengal Accelerated Development of Minor Irrigation Project for the year ended 31 March 2018 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, appended to this audit report, expenditures are eligible for financing under the Loan / Credit Agreement. During the course of the audit, PFS/FMRs 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 2017-18.

The expenditure incurred in respect of World Bank assisted West Bengal Accelerated Development of Minor Irrigation Project (Loan No. 8090-IN / IDA Cr. No. 5014-IN), for the financial year 2017-18 is ₹1621252034 and expenditure admitted in audit is ₹ 1604776285. Out of ₹ 1604776285, amount eligible for reimbursement stands at ₹ 1344309757, in audit as shown below :-

| Category | Expenditure incurred as per audit (₹) | Expenditure inadmissible in audit (₹) | Expenditure admitted in audit (₹) (col.2-3) | Percentage of reimbursement (₹) | Amount eligible for reimbursement (₹) |
|--|---------------------------------------|---|---|---------------------------------|---------------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| Goods, works, non-consulting services, consultant's services, training and operating costs under Part A, C and D of the Project. | 380935234 | | | 100% | |
| (minus) Unreconciled expenses with IFMS under Part A, C and D of the Project | 308798 | | | | |
| Net Total (A,C& D) | 380626436 | 16166951 <i>(Details in Annexure A)</i> | 364459485 | 100% | 364459485 |
| Goods, works, non-consulting services, consultants' services, training and operating costs under Part B of the Project | 1240316800 | | 1240316800 | 79% | |
| Net Total (B) | 1240316800 | -- | 1240316800 | 79% | 979850272 |
| Grand Total: | 1620943236 | 16166951 | 1604776285 | - | 1344309757 |

B. "Adjustment in respect of earlier periods"—relating to financial year 2014-15, 2015-16 & 2016-17

The details of amounts admitted in audit is indicated below.

| Initial year of expenditure | Part | Expenditure claimed (As per PFS) (₹) | Expenditure inadmissible in audit (₹) | Expenditure admitted in audit (₹) | Percentage of reimbursement | Amount eligible for reimbursement (₹) |
|-----------------------------|--------------|---|--|--------------------------------------|-----------------------------|--|
| 1 | 2 | 3 | 4 | 5=3-4 | 6 | 7 |
| 2014-15 | A,C & D | 1420919 | 1420919 | 0 | 100 | 0 |
| | B | 4157940 | 1784670 | 2373270 | 79 | 1874883 |
| | Total | 5578859 | 3205589 | 2373270 | | 1874883 |
| 2015-16 | A,C & D | 1541313 | 1099653 | 441660 | 100 | 441660 |
| | B | 80997 | 80997 | 0 | 79 | 0 |
| | Total | 1622310 | 1180650 | 441660 | | 441660 |
| 2016-17 | A,C & D | 17784611 | 1291159 | 16493452 | 100 | 16493452 |
| | B | 0 | 0 | 0 | 0 | 0 |
| | Total | 17784611 | 1291159 | 16493452 | | 16493452 |

(The item-wise details of inadmissible amounts are indicated in Annexure B)

Statement of adjustment (Advance to other agencies) in respect of Financial Year 2016-17

| Initial year of expenditure | Part | Amount | Remarks |
|-----------------------------|-------|----------|-------------------|
| 2016-17 ¹ | A,C,D | 15057500 | Held inadmissible |



T. Bhadra
Sr. Dy. Accountant General / FAW

Date : 17.08.2018

¹ This advance was drawn in 2015-16.

Annexure A

List of items held inadmissible in respect of claim's of financial year 2017-18
(All items pertain to Part A, C & D)

| Sl No | Unit | Reasons for inadmissibility in audit | Amount inadmissible (₹) |
|-------|-------------------------------------|--|-------------------------|
| 1 | DPMU Purba Medinipur | The expenditure was incurred towards payment for hiring car No. WB-29A-7740 which was being used by EE, Tamluk A-I Division. Log book does not indicate that the car was used for WBADMIP. Hence, the sum of ₹ 152977 stands inadmissible. | 152977 |
| | | Despite Section 2.12.2 of the Procurement Manual stipulating sanctioned strength of two attendants per DPMU, a total of five were posted in different times of the year in DPMU, Purba Medinipur. Accordingly, extra payment of ₹ 4,62,541/- was made to West Bengal Agro Industries Corporation Limited (through which these attendants were hired) in respect of three extra attendants. The expenditure, thereof, is held inadmissible. | 462541 |
| 2 | DPMU, Paschim Medinipur | Despite Section 2.12.2 of the Procurement Manual stipulating sanctioned strength of two attendants per DPMU, a total of six were posted in different times of the year in DPMU, Paschim Medinipur. Accordingly, extra payment of ₹4,03,750/- was made to West Bengal Agro Industries Corporation Limited (through which these attendants were hired) in respect of four extra attendants.. The expenditure, thereof, is held inadmissible. | 403750 |
| | | (ii) As per Government of West Bengal's order ² , delegating the financial power, it was fixed that the Executive Engineers (DDOs) and DPD Technical can incur office expenses and other expenses upto Rs 1.00 lakh and Rs 2.00 lakh per financial year respectively under WBADMIP. However, expenditure incurred by EE was ₹ 4,30,648/- and DPD (T) ₹ 3,52,919/-. No separate approvals were obtained for excess expenditure beyond the limit delegated. As such the excess expenditure incurred ₹ 483567/- {(430648 -100000) + (352919-200000)} stands inadmissible. | 483567 |
| 3 | State Project Management Unit | One post Horticulture Specialist (out of two posts) and one post of Agriculture Coordinator was maintained without the necessary approvals. Accordingly ₹ 6,49,250 (62500 + 586750) expended as salary against these posts are inadmissible. | 649250 |
| | | A request for participation and sponsorship to Indian National Association for Club of Rome at Mumbai was made to Pr. Secy, Irrigation and Water ways Department (I&WD), who was then holding the charge of Water Resources Investigation and Development Department (WRI&DD). The programme was referred to PD, SPMU, WBADMIP as it was under WRID&D. It was, however, seen that no one, on behalf of SPMU participated in the conference though ₹ 200000 was paid for participation and sponsorship (against which reading materials, banners and memento were received). Without participation, the intended benefits were not derived and mere receipt of banners, memento, etc cannot justify such expenditure in view of provision of procurement manual that emphasizes on economy and efficiency in implementation of the project along with procurement. Further, the participation was primarily meant for I&WD and not for WBADMIP. As such the expenditure of ₹ 200000 lakh is inadmissible. | 200000 |

²Memorandum No.2433-BP/WBADMIP/4D-5 (Pt I)/2012, dated 16-10-2012 of GOWB, Department of WRID, B&P Branch

| | | | |
|---|---------------------|--|---------------------|
| | | Intercontinental Consultants and Technocrat Pvt. Ltd (ICTPL) was engaged (August 2015) as a consultant for Third Party Quality Control and Egis India Consulting Engineers Pvt. Ltd in association with Egis EAU (EICEPL) was engaged (January 2013) as a consultant for providing support to SPMU. As per para 42.1 of the contract, "the client shall pay to the consultant reimbursable expenses that are actually and reasonably incurred by the consultant in pursuance of the services". Further, para 45.1 also requires that the consultant shall submit to the client in duplicate, itemized invoices accompanied by the receipts or other appropriate supporting documents. However, it was seen that Per Diem expenses amounting to ₹ 11,06,984 was paid to these consultants (ICTPL:₹ 192000, EICEPL:₹ 914984) without any supporting document. Accordingly, the payment is held inadmissible. | 1106984 |
| | | Mitchel Drilling India Pvt. Ltd (MDIPL) was engaged (January 2016) for Geophysical Logging of Boreholes Drilling in six ³ districts of West Bengal for a contracted value of ₹ 1,72,95,225 with the period work of 5 months from February 2016 to June 2016. Full payment was made to the agency for the work despite not taking up the work in three ⁴ out of the six districts. In spite of this, the firm was allowed two extensions (30.06.2016 to 30.09.2016 and 30.9.2016 to 31.01.2017) worth ₹ 1.05 crore (1 st extension:₹ 0.57 crore, 2 nd extension: ₹ 0.48 crore) in the remaining districts where work was undertaken. Of this, approval of the world bank was not obtained the second extension. As against the 395 boreholes drilled during the initial 5 month period in three districts, only 78 were drilled in these districts during the extended period of seven months indicating very poor performance. Considering the fact that the original contract envisaged work in six districts and the unsatisfactory performance during the extended period, the extension of contract is not justified. As such payment of ₹5262548 made to the contractor during 2017-18 for the work done during extended period is held inadmissible. | 5262548 |
| 4 | Bankura DPMU | Government of West Bengal's order delegating the financial power stipulates that the DPD (Technical) can incur office expenses and other expenses upto ₹ 2.00 lakh under WBADMIP per financial year. During 2017-18, DPD (Technical) expended ₹ 13,20,051 in excess of the limit delegated. The excess expenditure is, hence, held inadmissible. | 1120051 |
| | | Bankura DPMU engaged six SAEs (Agri-Mechanical) though the DPMU did not execute any mechanical work during 2017-18. Thus the expenditure incurred for payment of salary to the SAEs of Agri-Mech Wing stands unjustified. Hence, the expenditure stands inadmissible. | 1790640 |
| | | The expenditure was incurred by DPMU, Bankura for payment of salary to the Gr. D staff of WBAIC without AA & FS. As such the sum is held inadmissible in audit. | 262723 |
| 5 | Birbhum DPMU | Salary was paid to one contractual Procurement Engineer in excess of approved sanctioned strength. Hence the expenditure stands inadmissible. | 420000 |
| 6 | Hoogly DPMU | Salary payment to Group-D staff sponsored from WBAIC Ltd was beyond the scope of Procurement Manual. In absence of Administrative Approval and Financial Sanction the salary payment is held inadmissible. | 706923 ⁵ |

³Paschim Medinipur, Bardhaman, Jalpaiguri, Cooch Behar, Dakshin Dinajpur, Hooghly

⁴Cooch Behar, Dakshin Dinajpur, Hooghly

⁵ Excludes two other expenditures totaling to ₹ 6352/-

| | | | |
|----|------------------------------------|--|---------|
| 7 | Planning Division (SWID AI) | In violation of the legal requirement, Labour Welfare Cess was not deducted from the Bill. Accordingly, ₹.42,928/- was paid in excess to the agency. Hence this excess expenditure held inadmissible. | 42928 |
| 8 | Purulia DPMU | Payment to three advertising agencies in excess of rates fixed by the Government for advertisement resulted in excess expenditure of ₹ 1458611.00. Hence this excess expenditure held inadmissible. | 1458611 |
| 9 | North Dinajpur DPMU | Government of West Bengal's order delegating the financial power stipulates that the Executive Engineers (DDOs) can incur office expenses and other expenses upto ₹ 1.00 lakh under WBADMIP per financial year. Excess expenditure of ₹ 160009 over the admissible expenditure of ₹. 1.00 lakh under office expenses, has been incurred by the DDO. Hence inadmissible. | 160009 |
| 10 | Howrah DPMU | The office has made monthly remuneration payment to Ramky Foundation throughout the year 2017-18 without observing the conditions of contract. The payment was released without obtaining the monthly progress report of the support organization (SO) i.e. Ramky Foundation, which was to be duly approved as satisfactory by DPD (Tech) of the district. Also Quarterly report and annual report of the SO has not been furnished to the DPMU office. The office accepted the audit observation and stated that the monthly report is maintained d by the SO, which is not acceptable. The copy of the monthly reports furnished by the DPMU is a mere un signed excel sheet without any date relating to the status of the MI schemes under WBADMIP in Howrah which cannot be treated as a progress report of the activities of the SO. Further, the attendance cum performance report of the members of SO was not certified by DPMU officials during 2017-18. In absence of the observance of non-adherence to conditions of contract, the payment of ₹.369043 towards monthly remuneration of Ramky Foundation is held inadmissible. | 369043 |
| | | Due to non-observance of necessary checks relating to payment of Ramky Foundation the payment of ₹ 729145 towards monthly remuneration is held inadmissible. | 729145 |
| | | An amount of ₹.49256 was paid to a Cooperative society Ltd for procurement of fertilisers in violation of WBADMIP guidelines which clearly stipulates that fertiliser is to be procured from WBSSC Ltd. The order was placed on 15/01/2018 and the supply was to be made within three days of the work order but the supply was done on 14/03/2018 when the rabi season was almost over. | 49256 |
| | | A farmers training was conducted at Madhyakul Mini RLI WUA on 4.8.17. None of the participant name matched with the beneficiary list of WUA. The expenditure of ₹.5330 is disallowed. | 5330 |
| 11 | Malda DPMU | Only attendance sheet of participants is maintained for capacity building programme with no details of items distributed in the programme and the membership details of the WUAs was not verified by the DPMU office. The name of the participants do not tally with the WUA list. The payment of Transport cost (₹ 50 per participant) was not done through muster roll. | 100560 |

| | | |
|--|--|-----------------|
| | <p>As per order of PD, WBADMIP suitable resource persons are to be engaged by DPMU for dissemination of basic fisheries training to FIG members. There is no Fisheries expert in the office. No such documentation relating to the presence of Fisheries officer is noticed with the claim. Only an attendance sheet of the farmers for a training programme is noticed. The certification of the concerned WUA Secretary/President and S.O on the attendance sheet is not noticed. The distribution of fisheries inputs is not certified by the Institutional Development Specialist (IDS). As per reply of the office the SO has failed to properly maintain the records of the training programme of Farmer Interest Groups (FIGs). In absence of the documents in support of distribution of inputs and organising a training programme, the genuineness of the procurement could not be verified by audit and the expenditure of ₹ 224760 is held inadmissible.</p> | 224760 |
| | <p>There is no AA & FS from PD, WBADMIP for payment of monthly salary of a DEO under Component -Agriculture, Support, Services and Fisheries. As such an amount of ₹ 5355 was paid as salary to computer operator from this component is not admissible.</p> | 5355 |
| | Total Inadmissible | 16166951 |