

Report of the Comptroller and Auditor General of India

To

**The Project Director,
Tamil Nadu Road Sector Project-II,
Tamil Nadu Maritime Board Building,
No. 171, South Kesava Perumalpuram,
1st Floor, Greenways Road
Chennai – 600 028**

Report on the Project Financial Statements

We have audited the accompanying financial statements of the Tamil Nadu Road Sector Project financed under World Bank Loan No.8499 INR, which comprises the Statement of Sources and Applications of Funds for the year ended 31.03.2019. Preparation of these statements is 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 audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. We examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We also assessed the accounting principles used and significant estimates made by management, and evaluated overall presentation of the statements. In our opinion, the financial statements enclosed present fairly, in all material respects, the sources and applications of funds of TNRSP for the year ended 31.03.2019 in accordance with Government of India accounting standards

In addition to our opinion, (a) with respect to Statement of Expenditures, adequate supporting documents are maintained to support claims to the World Bank for reimbursements of expenditure incurred, and (b) except for ineligible expenditures as detailed in the audit observation (Annexure A) appended to this audit report, expenditures are eligible for financing under the Loan/Credit Agreement. During the course of the audit, Statement of Expenditure (aggregating to Rs. 377,37,35,853) 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 OBSERVATION

1. Payment of Interest & Other Charges and Commitment Charges

(Annexure A enclosed)


Senior Deputy Accountant General/ES-1

ANNEXURE A

1. Payment of Interest & Other Charges and Commitment Charges:-

- a) It was noticed that an amount of (Rs.7.28 + Rs.14.05) Rs.21.33 Crore as Interest & Other Charges had been paid by GoTN for the loan account No. 8499-IN operated by TNRSP.

On this being pointed out, the department replied that correspondences for payment of interest made by GoI with GoTN & WB were not communicated to PIU. i.e Project Implementing Unit. In the absence of details, payment of interest is not verifiable.

- b) Similarly an amount of Rs.3.53 Crore had been paid by GoTN for unwithdrawn loan amount from the World Bank under loan A/c 8499-IN. As per Loan agreement, the borrower shall pay commitment charges on the unwithdrawn amount.

It was replied delay in preparation of DPRs for PPP works delayed the commencement of PPP works. Once all the PPP works and activities under ICE & Rs are taken up, the balance funds will be utilized without shortfalls. The reply was not found acceptable as the Government could have taken all efforts to obtain all necessary requirements in time, to avoid payment of commitment charges. Payment of commitment charges Rs.3.53 Crore for the unwithdrawn loan amount is not allowable.


Senior Deputy Accountant General/ES-1