



प्रधान महालेखाकार का कार्यालय
(आ.एंव.रा.क्षे.ले.प.) गुजरात,
ऑडिटभवन, नवरंगपुरा,
अहमदाबाद-380009



No.ES-II/IRHQ-I/GSHP-2/2018-19/o.w. 125

25/10/18

To,

The Chief Engineer (SP) & Additional Secretary
Govt. Of Gujarat, Road and Building Department
14, Sardar Bhavan, Sachivalaya
Gandhinagar-382010

Subject: Issue of Audit Certificate for the year 2017-18 in respect of World Bank assisted Second Gujarat State Highway Project (GSHP-II), Loan No.8313-IN.

Sir,

Please find enclosed herewith Audit Certificate with its enclosures for the year 2017-18 in respect of World Bank assisted Second Gujarat State Highway Project (GSHP-II), Loan No.8313-IN.

Kindly acknowledge the receipt of the Audit Certificate.

- Encl: 1. Audit Certificate
2. Annexure-I&II
3. Certified SOE

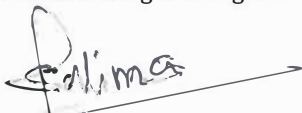
अ.ई.पी.आर.यु.गंधीनगर	
भा.सं.	
दि.सं.	
अ.सं.	
आवक नं.	2024
तारीख	25/10/18

Yours faithfully
Sd/-

Sr.Dy. Accountant General
Economic Sector-II

Copy forwarded to:-

1. The Under Secretary (FB), Government of India, Ministry of Finance, Department of Economic Affairs (Fund Bank-III) New Delhi along with a copy of Audit Certificate.
2. The Deputy Director (Audit), office of the Comptroller and auditor General of India Pocket 9, Deen Dayal Upadhyay Marg, New Delhi-110124 for information
3. The Superintending Engineer, project Implementation Unit, Ground floor, Nirman Bhavan sector 10-A Gandhinagar along with a copy of Audit Certificate
4. The Joint Secretary, Finance, Department, World Bank Branch, Sachivalaya, Gandhinagar for information.
5. The Chief Engineer (World Bank), 4th floor, Nirman Bhavan sector 10-A Gandhinagar along with a copy of Audit Certificate .


Sr. Audit officer
Economic Sector-II



कार्यालय
प्रधान महालेखाकार (आ.एवं रा.क्षे.ले.प.), गुजरात

Office of the
Principal Accountant General (E&RSA), Gujarat
Report of the Comptroller and Auditor General of India

To,

The Chief Engineer (SP) & Additional Secretary
Road & Building Department, Govt. Of Gujarat
14, Sardar Bhavan, Sachivalaya
Gandhinagar-382010

Report on the Project Financial Statements

We have audited the accompanying financial statements of the Second Gujarat State Highway Project (GSHP-II) financed under World Bank Loan No. (Cr. No. Loan 8313-IN)/IDA, which comprise the Statement of Sources and Application of Funds and the Reconciliation of Claims to total Applications of Funds for the year ended 31st 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 Second Gujarat State Highway Project (GSHP-II) for the year ended 31st March, 2018 in accordance with 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 as **Annexure-II** to this audit report, expenditures are eligible for financing under the Loan/Credit Agreement. During the course of the audit, SOEs (Loan 8313-IN, Total Expenditure amounting to ₹1561.523 million (One thousand five hundred and sixty one million and five hundred and twenty three thousand rupees only) and Eligible Expenditure qualifying for reimbursement ₹1218.496 million (One thousand two hundred and eighteen million and four hundred and ninety six thousand rupees only) 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 or UT Legislature.

Sr. Dy. Accountant General/ES-II
O/o the Pr. Accountant General (E&RSA), Gujarat

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लेखापरीक्षा भवन, नवरंगपुरा, अहमदाबाद - 380 009. Audit Bhavan, Navrangpura, Ahmedabad - 380 009.

फोन / Phone : 079-26403713, 26561327, 26405874, 26561282, 26560892

फेक्स / Fax : 079-26561853 E-mail : agaugujarat1@cag.gov.in

Annexure-I

Statement of Expenditure related to World Bank assisted Second Gujarat State Highway Project (GSHP-II) (Cr. No. Loan 8313-IN) for the year 2017-18

Sl. No.	Name of Division	Total Expenditure incurred as per SOE (in ₹)	Eligible expenditure qualifying for reimbursement from World Bank (₹ in millions)	Total amount of claims based on eligible expenditure (₹ in millions)
1	Executive Engineer, SRP Division, Vadodara	981,274,116	1218.496	1059.758
2	Executive Engineer, SRP Division, Rajkot	580,248,904		
	Total	1,561,523,020	1218.496	1059.758

Amount held under objection (See Annexure-II) = ₹16.757 million (₹ 12.796 million + ₹ 3.392 million + ₹ 0.477 million + ₹ 0.092 million)


Sr. Dy. Accountant General/ES-II

Annexure-II

Audit observations in respect of World Bank assisted Second Gujarat State Highway Project (GSHP-II) (Cr. No. 8313-IN) for the year 2017-18

1. The Roads and Buildings Department, Government of Gujarat (R&BD) entered (23 January 2017) into an agreement with Sheladia Associates Inc., for providing services as Independent Consultant for the annuity contract entered into with RKC Infrabuilt (Mehsana-Himatnagar) Road Project Private Limited (Concessionaire) to Design, Upgrade to Four Lane, Finance, Operate and Maintain the existing State Highway No. 55 from Mehasana to Himatnagar passing through Vasai and Vijapur.

The R&BD made payments amounting to ₹ 25.592 million to the Independent Consultant during the financial year 2017-18. As 50 per cent of the cost of Independent Consultant was to be borne by the Concessionaire, only the balance cost which was to be borne by R&BD was reimbursable under the loan from International Bank for Reconstruction and Development. The R&BD, however, instead of including 50 per cent of the amount paid to the Independent Consultant in the Statement of Expenditure for claiming reimbursement, included the entire amount of ₹25.592 million in the Statement of Expenditure. Thus, ₹ 12.796 million being the amount to be borne by the Concessionaire was not eligible for reimbursement and has resulted in excess claim of ₹ 12.796 million¹.

2. Retention money amounting to ₹ 5.471 million deducted from the running bills of two contractors (N.G. Project Limited - ₹ 1.740 million and Ketan Construction Limited - ₹ 3.731 million) which was not paid to the contractors up to 31 March 2018 had been booked as expenditure. As the said amount had not been actually paid to the contractors up to 31 March 2018 the same was not eligible for reimbursement and has resulted in excess claim of ₹ 3.392 million².

3. The Roads and Buildings Department, Government of Gujarat (R&BD) entered (October 2017) into an agreement with Royal Infra Engineering Private Limited (Contractor) for execution of civil works of Bharuch-Dehgam road under Safe Corridor Demonstration Program.

The R&BD paid (March 2018) ₹ 12.836 million to the Contractor against the first running account bill without deducting retention money amounting to ₹ 0.770 million from such bill. As the aforesaid excess payment was not in accordance with the terms and conditions of the agreement entered into with the Contractor the same was not eligible for reimbursement and has resulted in excess claim of ₹ 0.477 million³.

4. The Roads and Buildings Department, Government of Gujarat (R&BD) entered (03 March 2016) into an agreement with Intercontinental Consultants and Technocrats Pvt. Ltd. and

¹ 100 per cent of eligible expenditure reimbursable under the Loan Agreement.

² 62 per cent of eligible expenditure reimbursable under the Loan Agreement.

³ 62 per cent of eligible expenditure reimbursable under the Loan Agreement.

PriceWaterHouse Coopers (Consultants) to provide consultancy services for R&BD Centered Capacity Development for Second Gujarat State Highway Project.

The R&BD reimbursed service tax amounting to ₹ 1.110 million and ₹ 3.115 million vide running account bill nos. 7 and 8 respectively against reimbursable amount of ₹ 1.079 million and ₹ 2.998 million respectively, resulting in excess reimbursement of service tax amounting to ₹ 0.148 million. As the aforesaid excess payment was not in accordance with the terms and conditions of the agreement entered into with the Consultants the same was not eligible for reimbursement and has resulted in excess claim of ₹ 0.092 million⁴.



Sr. Dy. Accountant General/ES-II

⁴ 62 per cent of eligible expenditure reimbursable under the Loan Agreement.

FORM - B

Statement of Expenditure (S.O.E.) for the Financial Year 2017-18 showing the expenditure for Reimbursement from World Bank for Project No. Loan 8313-IN

Project Name: Second Gujarat State Highway Project (GSHP II)

Sr. No.	Category No.	Name of Component	Total Expenditure incurred	Eligible Expenditure Qualifying for reimbursement from World Bank (Rs. in Million)	% admissible	Amount of Claims based on Eligible expenditure (Rs. in Million)	Remarks
1	2	3	4	5	6	7	8
1	1	A.1, B,C	98,12,74,116.00 (Vadodara)	417.732	62	258.994	086 5054 C.O. on Roads & Bridges
	2	A.2	58,02.48,904.00 (Rajkot)	800.764	100	800.764	03 State Highway 337 Road Works
		Total	156,15,23.020.00 (Total)	1218.496		1059.758	14 World Bank

Components:

- A.1 Highway Improvement Component Upgrading and rehabilitation of State Highway through Financing of Input-Based Contracts.
- A.2 Highway Improvement Component Upgrading of State Highway through Financing of PPP Annuity-Based DBFOMT.
- B. Sector Policy and Institutional Development.
- C. Road Safety Management.

U. N. Mehta
Financial Controller
Project Implementation Unit (P. & E.)
Gandhinagar.

guy
Chief Engineer (World Bank)
Roads & Buildings Department.
Gandhinagar.

For Certificate P.T.O

CERTIFICATE

In Gujarat State Highway project-II (GSHP-II), total expenditure shown in Column-5, Eligible expenditure qualifying for reimbursement of Rs.1218.496 Million (One Thousand Two hundred Eighteen Million and Four hundred Ninety Six thousand rupees only) is certified subject to Rs. 16.757 million (Sixteen million and Seven hundred Fifty seven thousand Rupees only) held under objection as per Annexure-II



Sr.Dy. Accountant General
Economic Sector-II

PROFORMA - A

Statement of Expenditure (S.O.E.) for the Financial Year 2017-18 showing the expenditure for Reimbursement from World Bank for Project No. Loan 8313-IN

Project Name: Second Gujarat State Highway Project (GSHP II)

Sr. No.	Category No.	Withdrawal Application No. & Date	Name of Component	Period of Claim	Demand No. / Major Head of Accounts	Total Expenditure incurred	Eligible Expenditure Qualifying for reimbursement from World Bank (Rs. in Million)	% admissible	Amount of Claims based on Eligible expenditure (Rs. in Million)	Remarks
1	2	3	4	5	6	7	8	9	10	11
1	1	WA-37	A.1, B,C	01-04-2017 to 31-05-2017	086 5054 C.O. on Roads & Bridges 03 State Highway 337 Road Works 14 World Bank	0.00 (Vad-Apr/2017) 0.00 (Raj- Apr/2017) 0.00 (Tot- Apr/2017) 8,84,06,567.00 (Vad-May/2017) 0.00 (Raj-May/2017) 8,84,06,567.00 (Tot- May/2017)	61.764	62	38.294	
2	1	WA-38	A.1, B,C	01-06-2017 to 30-06-2017	-do-	2,99,85,398.00 (Vad-Jun/2017) 1,09,20,438.00 (Raj-Jun/2017) 4,09,05,836.00 (Tot-Jun/2017)	37.407	62	23.192	

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3	1	WA-39	A.1, B,C	01-07-2017 to 31-08-2017	-do-	2,39,14,472.00 (Vad-Jul/2017)	32.120	62	19.914			
			A.2			86,21,546.00 (Raj-Jul/2017)				2.185	100	2.185
			Total			3,25,36,018.00 (Tot-Jul/2017)						
						17,37,241.00 (Vad-Aug/2017)						
						1,36,13,548.00 (Raj-Aug/2017)	34.305		22.099			
						1,53,50,789.00 (Tot-Aug/2017)						
4	1	WA-40	A.1, B,C	01-09-2017 to 30-09-2017	-do-	3,10,73,753.00 (Vad-Sep/2017)	28.135	62	17.444			
						3,27,023.00 (Raj-Sep/2017)						
						3,14,00,776.00 (Tot-Sep/2017)						
5	1	WA-41	A.1, B,C	01-10-2017 to 30-11-2017	-do-	4,97,53,173.00 (Vad-Oct/2017)	107.230	62	66.483			
	2		A.2			2,27,55,875.00 (Raj-Oct/2017)	2.319	100	2.319			
			Total			7,25,09,048.00 (Tot-Oct/2017)	109.549		68.802			
						2,57,68,797.00 (Vad-Nov/2017)						
						2,89,03,526.00 (Raj-Nov/2017)						
						5,46,72,323.00 (Tot-Nov/2017)						
6	1	WA-42	A.1, B,C	01-12-2017 to 31-12-2017	-do-	98,64,042.00 (Vad-Dec/2017)	31.694	62	19.650			

2017

						2,91,24,221.00 (Raj-Dec/2017) 3,89,88,263.00 (Tot-Dec/2017)				
7	1	WA-43	A.1, B,C	01-01-2018 to 31-01-2018	-do-	25,68,464.00 (Vad-Jan/2018)	23.811	62	14.763	
	2		A.2			43,25,91,344.00 (Raj-Jan/2018)	370.00	100	370.00	
			Total			43,51,59,808.00 (Tot-Jan/2018)	393.811		384.763	
8	1	WA-44	A.1, B,C	01-02-2018 to 28-02-2018	-do-	1,28,34,886.00 (Vad-Feb/2018)	25.172	62	15.607	
			A.2			1,76,98,533.00 (Raj-Feb/2018)	23.289	100	23.289	
			Total			3,05,33,419.00 (Tot-Feb/2018)	48.461		38.896	
9	1	WA-45	A.1, B,C	01-03-2018 to 31-03-2018	-do-	70,53,67,323.00 (Vad-Mar/2018)	70.399	62	43.647	
			A.2			12,95,741.00 (Raj-Mar/2018)	402.971	100	402.971	
			Total			72,10,60,173.00 (Tot-Mar/2018)	473.370		446.618	
	1		A.1, B,C		Total	98,12,74,116.00 (Vadodara)	417.732	62	258.994	
	2		A.2			58,02.48,904.00 (Rajkot)	800.764	100	800.764	
			Total			156,15,23.020.00 (Total)	1218.496		1059.758	

Components:

A.1 Highway Improvement Component Upgrading and rehabilitation of State Highway through Financing of Input-Based Contracts.

A.2 Highway Improvement Component Upgrading of State Highway through Financing of PPP Annuity-Based DBFOMT.

B. Sector Policy and Institutional Development.

C. Road Safety Management.

Chief Engineer (World Bank)
Roads & Highways Department.

Financial Controller
Project Implementation Unit (P. & D.)
Gandhinagar.

2018/12