

Minutes of the 19th Joint meeting of the Audit Review Committee (ARC) and the Budget Review Committee (BRC) of National Mission for Clean Ganga (NMCG) held on 28th March 2023 at NMCG office, New Delhi.

The 19th Joint meeting of the Audit Review Committee (ARC) and the Budget Review Committee (BRC) of the National Mission for Clean Ganga (NMCG) was held at 4:30 PM on 28th March 2023 in NMCG office New Delhi under the chair of Director General, NMCG. A list of participants is at Annex I.

2. At the outset, Executive Director (Finance), NMCG welcomed DG, NMCG and all participants from SMCGs and NMCG. It was informed that this is the fourth joint meeting of the ARC/ BRC of the NMCG in the Financial Year 2022-23. This is the first time that NMCG has convened four ARC/ BRC meetings, as per mandate. Further these meetings are no longer being adjunct to the EC meeting, and are being held separately.

3. In his opening remarks, DG, NMCG thanked all SMCGs for their support, and stated that the last one year has been quite a momentous one for NMCG. 2000 MLD treatment capacity was added in last one year, as against 700 MLD during previous seven years. The Namami Gange programme has also received global accolades, and has been recognized by the UNEP as one of the top 10 ecological restoration initiatives globally. Public Accounts Committee and Parliamentary Standing Committees have commended NMCG for its good works. Quality of DPRs has improved significantly, and a large number of new Projects was also sanctioned. 2nd meeting National Ganga Council under the Chair of Hon'ble Prime Minister was held in December 2022 at Kolkata. DG stated that ED(Project) and his team deserve credit for these achievements. He also appreciated ED(Admn) and his team for activation of more than 100 DGCs and institutionalization of DGC meetings. The significant progress achieved under the Arth Ganga component of Namami Gange Programme was also mentioned.

4. Referring to the works of the Finance Unit, DG stated that Finance Unit have achieved several milestones under the leadership of ED (Finance), including successful transition to Treasury Single Account (TSA) System. In the space of one-year, 21 organizations have been on-boarded, and full transition to TSA has been achieved without compromising disbursement. It is particularly heartening to note the clean-up of the accounting system; reconciliation of accounts with SMCGs, refund of unspent balance from previous years to the CFI, refund of interest earned on past grants-in-aid etc. – all contributing to this objective. Greater financial discipline is also visible from timely completion of all Audit related activities, regular internal Audits, quarterly meetings of the ARC/ BRC, and coordination with SMCGs through monthly reviews undertaken by ED(Finance). A significant reduction in pending UCs is also a very positive development. However, the next year poses an even bigger challenge; as NMCG has a budget allocation of Rs. 4000 crore, which is almost 70 percent higher than our disbursement this year; and all SMCGs need to rise up to this challenge.

5. Thanking DG-NMCG for his encouraging words, ED(Finance) stated that this has been a watershed year for the Finance Unit, with a number of important reforms and initiatives. These transformations would not have been possible without the guidance and support of the DG. This has been a team effort, with Finance team of NMCG, as also the Finance Units of SMCGs making important contributions. ED (Finance), thereafter, made a detailed presentation on various aspects of financial and accounting affairs of NMCG. A copy of the presentation is attached as Annex II.

6. Starting with a summary of disbursement, ED (Finance) informed the Committee that NMCG will fully disburse the final allocation of Rs. 2220 Crore. In fact, except for the assignment limits being returned by some agencies, NMCG has already fully assigned the allocated limit. In addition to this, NMCG had disabused Rs. 86.00 Crore from unspent balance of previous year during the first two months of the FY, as allocation of assignment limit to NMCG was delayed due to technical issue. Further SMCGs have expended Rs. 372 crores from their pre-TSA unspent balance. Thus the total expenditure during the year is expected to be about Rs. 2678 crore, an all-time high for Namami Gange Programme.

7. He also advised all SMCGs to quickly disburse the remaining assignment limit to avoid potential system overload during the last few days of the FY. In particular, SMCG-Bihar is still left with undisbursed limit of about Rs. 50.00 Crore, which is a matter of concern. SMCG- Bihar informed that bills for the balance amount have been processed, and they will be able to fully utilize the allocated limit. SMCGs of West Bengal and Jharkhand informed that assignment limits have already been fully disbursed. SMCGs of Uttar Pradesh and Uttarakhand assured the Committee that small undisbursed limit will be utilized by the end of the FY.

8. ED (F)-NMCG informed that relentless follow-up with SMCGs have yielded several positive outcomes. 5 SMCGs had an opening balance of Rs. 858 crore at the beginning of FY 2022-23. During the year, SMCGs have refunded interest accrued on previous balance to the tune of Rs. 183.61 Crore; and Rs. 55.84 crore central share in unspent balance of SMCGs. These refunds have been deposited in the CFI by the NMCG. Further refund of Rs. 23.57 crore is expected anytime from SMCG-UP. SMCG-Jharkhand has informed central share in their unspent balance, which is estimated as Rs. 18.54 crore, will be refunded in the next FY. With this the unspent balance with SMCGs, except for State share, have been liquidated. However, SMCG- Bihar has received Rs. 372.96 crore from the State Government recently, which has added to their Bank balance. It was mentioned that such refund of interest and unspent balance by the SMCGS has been done for the first time. Similarly, NMCG which had a Bank Balance of Rs. 197.99 at the beginning of the year, has either disbursed or refunded the balance fully. In addition, Delhi Jal Board has also refunded Rs. 45.20 Crore released in 2017 for a project subsequently cancelled, although refund of interest is awaited.

9. The Committee was also apprised about the steps taken by the NMCG to comply with TSA guidelines. As per the said guidelines, NMCG has closed all commercial Bank Accounts except one Account, which has been converted into a Zero Balance "Holding Account": During the year, concerted efforts were made to guide and sensitize the grantee organizations about the transition to TSA, including a workshop by the CGA experts. 21 Agencies have already been on-boarded TSA during the year, in addition to 5 SMCGs which were on-boarded last year. Detailed resources about TSA, including a Guidance Note and FAQ have been placed on NMCG website. Due to the typical architecture of Namami Gange Programme, a technical issue regarding treatment of tier -2 Sub-ABs was faced by the SMCGs, and grantees like CPCB and State Forest Departments. They were advised to treat second level executing agencies as vendors for the purpose of TSA. Guidance was also sought from the Ministry of Finance, which has also recently advised notification of second tier of Sub-ABs as vendors, thereby validating the advice of NMCG.

10. Another significant achievement has been reduction of pending UCs from Rs. 2800 Crore reported during the compliance audit to about Rs. 1400 Crore at present. ED(F), NMCG clarified that the UCs due are far lower; as UCs for 4th quarter of current FY are not yet due. The on-going reconciliation of SMCG Accounts with NMCG Accounts has helped reduce pending UCs from SMCGs by about Rs. 650 Crore. Bulk of the pending UCs is from Bihar and Uttar Pradesh. However, reconciliation process is still underway, and a clearer picture will emerge after full reconciliation. Among other agencies, UCs for Rs. 270 Crore are due from DoDWS, which was flagged during the meeting of the ETF, and thereafter taken up with Secretary, DoDWS. Among other executing agencies, Delhi Jal Board, Survey of India, Forest Department Uttarakhand, WII, CPCB, IIT-Kanpur, Urban Improvement Trust, Kota are having significant outstanding UCs. While appreciating the progress made, DG-NMCG directed that efforts be made to further reduce pending UCs.

11. So far as the FY 2023-24 is concerned, ED(F) informed the Committee that tentative Annual Plans have been obtained from the 5 SMCGs. Total requirements projected by the SMCGs (including HAM, Ghat, IEC activities) are Rs. 3023 Crores. The bulk of the projected requirements are from Bihar (Rs. 1410 Crore), and Uttar Pradesh (Rs. 1147 Crore). These projections have been assessed by the Project Division in the NMCG; and found to be reasonable. However, ED(F) also pointed out that both UP and Bihar have substantial unspent balance (Bihar has just received Rs. 373 Crore as delayed State share from State Government; and Uttar Pradesh has reported Rs. 170 Crore unspent balance from their State share). This would reduce requirement of fresh funds from them. Further, a significant part of the projected requirements is for recently sanctioned projects which are under tendering. Absorption capacity of these Projects would depend as to how quickly the works are awarded. He requested ED(Project), and SMCGs concerned to expeditiously complete tendering of recently sanctioned, as well as soon to be sanctioned projects. In addition to the SMCGs, substantial requirements are expected from the Delhi Jal Board, JTETA, CPCB, GTF and Afforestation Projects, some of which are subject to EC approval. He requested concerned Divisions to complete the requisite appraisal and approval at the earliest.

12. ED(F) also stated that utilization of the Budget allocation of Rs. 4,000 crore in FY 2023-24 poses unprecedented challenge, and would require all-round efforts. NMCG needs to disburse Rs. 1000 crore each quarter. He requested all SMCGs, and wings of NMCG to send an expenditure plan for the first quarter of next FY by 31.03.2023, so that Assignment Limits may be sought from the Ministry of Jal Shakti immediately after commencement of the new FY.

13. So far as Audit related activities are concerned, ED(F) provided an overview of various Audit obligations of NMCG. Given the special nature of NMCG, it is subjected to the multifarious Audits:

- Audit of Annual Accounts by C&AG as per Authority Notification & GFR.
- Statutory Audit by a CA Firm to fulfill the requirement IT Act, 1961.
- Compliance/ Transaction Audit done annually by C&AG
- Certification Audit in respect of World Bank assisted Projects by C&AG.
- Performance Audit by C&AG (if entrusted)
- Internal Audit by Principal Accounts Office, DoWRRD&GR.
- Quarterly Internal Audit as per NGRBA framework.

14. The Committee was informed that for the first time all key timelines for the C&AG Audit, as mandated by the GFR and Authority Notification, have been complied with by the NMCG. The Annual Accounts were sent to the C&AG within 3 months of completion of the FY; Audit Report from C&AG was received in October, 2022, and after approval by GC and the ETF, the Audited Accounts were laid on the Table of both houses on 22.12.2022; well before the stipulated date of 31.12.2022. The C&AG Report, inter alia, observed that the Accounts of NMCG were prepared as per the accepted general accounting policies followed in India. The Compliance Audit for two years (including backlog of FY 2020-21) was conducted during October, 2022. Report was received on 13.01.2023, and action taken note was submitted on 11.02.2023. The Certification Audit of NMCG and 5 SMCGs have also been completed. Reports have been finalized for all SMCGs except Bihar. A consolidated certificate will be issued after the audit report for Bihar is finalized. Income Tax Return of NMCG, along with the Certificate of CA, has also been filed on 31.10.2022. ED(F) informed the Committee that the application of NMCG for registration under Section 10(46) of IT Act, 1961 is under consideration of CBDT. If this is agreed to, perhaps, the Audit of NMCG by a CA firm can be dispensed with.

15. The Committee was apprised that the Action Taken Report on the Performance Audit of NMCG conducted in 2017 (Report No. 39 of 2017) was finalized on 26.05.2022. The Report is currently under consideration of the Public Accounts Committee (PAC). PAC held two meetings on 14.06.2022 and 22.09.2022 to review the said Report. Another Performance Audit of NMCG during FY 2023-24 was suggested by the PAC. The C&AG team during the compliance audit has also undertaken a preliminary scope analysis. Should the C&AG decide to go ahead with Performance Audit, an entry conference will be held to draw up terms of reference for the Audit.

16. ED(F) also apprised the Committee about various measures taken to improve financial discipline. Quarterly Internal Audits are now being held regularly. NMCG and all SMCGs have completed internal audits for first two quarters. West Bengal has also completed internal audit for the third quarter. But internal auditors are now working with a limited mandate, and their reports for different quarters mostly contain same suggestions. In order to optimally use the instrument of internal audit, the Audit Review committee in its last meeting decided to engage the Internal Auditor centrally. ED(F) stated that detailed ToR for engagement of the Auditor are under finalization, and tendering will commence shortly. Internal Auditors will have a wide mandate; and the ToR for a particular quarter will be decided in consultation with NMCG and SMCG concerned. One concerning issue is that SMCGs are still not convening their own ARC/BRC meetings regularly— no meeting has been convened by SMCGs of UP and Bihar since May, 2022 and by SMCG Jharkhand since July, 2022. ED(F) requested all SMCGs to convene their own ARC/ BRC meetings regularly.

17. Elaborating on the measure taken for greater financial discipline, ED(F) informed that all SMCGs are now reporting project-wise expenditure every month, and these reports are also being uploaded on NMCG website. Instead of a consolidated release to SMCGs, which has been past practice, now fund release is being done project-wise. Reporting of project-wise expenditure in the Utilization Certificates has also been made mandatory. In order to ensure better coordination with SMCGs, ED(F) has also been taking monthly review of financial issues. 18 such reviews were held during FY 2022-23, and all meeting were minuted. He stated that it would be extremely useful if Project Directors also hold a monthly review of financial issues, including the decisions/ recommendations of the monthly reviews taken by the ED(F)-NMCG.

18. DG, NMCG in his concluding remarks, stated that achievements of Finance Wing during the last year are indeed impressive. A much needed spirit of financial discipline has been successfully inculcated, for which ED(Finance) and his team is worthy of credit. But reconciliation of SMCG books of accounts with accounts of NMCG is an unfinished agenda. Our next objective should be compilation of year-wise expenditure for each Project (central & state share segregated) from the beginning of the Namami Gange Programme, which should be completed within next one month. Further, considering the refund of unspent balance by some of the SMCGs, year-wise utilization of funds by NMCGs would have to be revised. The disbursement target for next year is also challenging, and will require concerted efforts by all concerned.

19. The key action points emanating from the deliberations include:

- (i) SMCGs to compile year-wise expenditure for each project (with central & state share segregated wherever applicable) within one month. The O&M expenses to be shown separately.
- (ii) SMCGs and all Divisions of NMCG to submit Expenditure Plan for first quarter of FY 2023-24 by 31.03.2023.

- (iii) Tendering process for recently sanctioned projects to be completed expeditiously.
- (iv) All requisite approvals/ appraisals for additional fund requirements by on-going projects to be completed expeditiously.
- (v) Monthly review of financial issues by Project Directors of SMCGs.

The meeting concluded with a vote of thanks to all participants.

Annex I

List of Participants present in the 19th Joint meeting of the Audit Review Committee (ARC) and Budget Review Committee (BRC) of National Mission for Clean Ganga (NMCG) held on Monday, 28 March 2023 at NMCG office, New Delhi.

1. Shri G Asok Kumar, Director General, NMCG----- In Chair
2. Shri S.P. Vashisth, Executive Director (Administration), NMCG
3. Shri Himanshu Badoni, Executive Director (Project), NMCG
4. Shri Bhaskar Dasgupta, Executive Director (Finance), NMCG
5. Shri Jagmohan Gupta, Adviser, NMCG
6. Shri BrijeshSikka, Senior Consultant, NMCG
7. Shri Jasvinder Singh, Senior Consultant (Finance), NMCG
8. Shri Manan Mudgal, Financial Management Specialist, NMCG
9. Shri Harish Shishodia, Consultant (Finance), NMCG
10. Mr. Achyut Pathak, Project Assistant, Clean Ganga Fund
11. Ms. Neema Joshi, Executive Assistant, NMCG

Through video conferencing:

12. Shri Avadh Singhal, IAS, Additional Project Director, SMCG West Bengal
13. Shri Ranjan Kumar Jana, Director (Finance), SMCG West Bengal
14. Shri Pradeep Bhatt, Sr. FMS, SMCG Uttarakhand
15. Ms. Priya Agarwal, Sr. FMS, SMCG UP
16. Shri Jai Prakash Agarwal, Sr. FMS, SMCG Bihar
17. Shri Bibhuti Kumar, MIS/ GIS Specialist, SMCG Jharkhand
