

Minutes of the 17th Joint meeting of the Audit Review Committee (ARC) and the Budget Review Committee (BRC) of National Mission for Clean Ganga (NMCG) held on 12th July, 2022 at NMCG Office, New Delhi

The 17th 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 3.00 PM on 12th July, 2022 in NMCG office New Delhi under the chair of Director General, NMCG. A list of participants is at Annex I.

2. At the outset, DG, NMCG welcomed all participants, and in his opening remarks stated that while previously BRC & ARC meetings were held along with the meetings of the Executive Committee, this meeting has been convened separately in order to have focussed discussions on financial and audit related issues. He stated that NMCG has been continuously striving to improve project implementation and financial management, and several modifications have been adopted while transiting from Namami Gange I to Namami Gange II. DG mentioned that he has written to Chief Secretaries of 5 Ganga Basin States in this regard; and all SPMGs were advised to take necessary follow-up actions. In particular, it was mentioned that as per the decisions of the Empowered Task Force (ETF) of NMCG, any cost escalation due to delay in clearances by State Government or change in Project scope/ specifications after project approval etc., will have to be borne by the State Governments. He also requested SPMGs to expedite preparation of DPRs for new projects, so that they could be taken up for appraisal and approval at the earliest.

3. On financial issues, DG, NMCG expressed satisfaction that Rs. 600 Crore has been disbursed during first quarter of FY 2022-23, in spite of certain unforeseen issues delaying receipt of Grants by NMCG. However, the task ahead remains formidable, as the NMCG needs to disburse their highest ever budget allocation of Rs. 2800 crore, and that too under the new Treasury Single Account (TSA) system. On top of that SPMGs are having substantial unspent balance carried forward from previous years, which poses an additional challenge. All SPMGs, therefore, need to work with utmost earnestness to accomplish full utilization of NMCG budget. In this regard, he mentioned that ED (Finance) is holding fortnightly expenditure reviews with the SPMG Finance teams. All SPMGs should also report project-wise expenditure every month, in order to ensure effective monitoring. Further, all vacancies in SPMGs should be filled up at the earliest.

4. ED (Finance) NMCG thereafter made a detailed presentation. Providing a brief background of the two committees, he stated that these Committees were constituted in July 2017, and NMCG has since been holding meetings of ARC & BRC regularly. Except for last year, which was disrupted by Covid pandemic, at least three meetings were held every year. In FY 2020-21, the two committees met every quarter as mandated. In the current year, this

is the second meeting of the two committees in first four months. Further, breaking the past tradition of holding ARC/BRC meetings along with the meetings of the EC, this meeting of the ARC & BRC has been convened separately, so that budget and financial matters are discussed in depth.

5. ED (Finance), NMCG also presented a summary of ARC/BRC meetings at the level of SPMGs and emphasized that all SPMGs need to convene meetings of the two Committees more regularly. No SPMG has held more than six meetings of these committees since their constitution. All Project Directors were requested to ensure that ARC and BRC meeting are convened on quarterly basis and annual action plan, expenditure progress, observations of internal and external audit etc. are reviewed as per the mandate of the two committees.

6. A summary of fund position and disbursements by NMCG and SPMGs at the end of first quarter was also presented. NMCG has disbursed Rs.604.81 crore during the first quarter of current FY 2022-23, of which 408.34 crore are assignment limits transferred to SPMGs, Rs.120.72 crore are transfer to Escrow Account and Rs.75.75 crore are payments to vendors. Five SPMGs together have disbursed Rs.326.51 crore during the first quarter. A matter of concern is huge unspent balance at the SPMG level, particularly with Uttar Pradesh (Rs.426.83 crore) and Bihar (Rs.353.56 crore). Together the five SPMGs have a total unspent balance of Rs.901.74 crore as on 30th June 2022.

7. As regards, expenditure plan during the second quarter, ED (Finance), NMCG reported that a requirement of Rs.740.85 has been assessed for Q-2. But the road ahead is extremely uphill as more than three thousand crore are required to be disbursed during the next three quarters, including the unspent balance with SPMGs. As not more than one-third of BE can be spent in the last quarter, at least another Rs.1300 crore will have to be spent during the next two quarters. He requested all Project Directors to regularly review expenditure progress and also to draw up plans for Q-3 disbursements well in advance.

8. ED (Finance), NMCG reported that vigorous persuasion with SPMGs for return of interest earned on previous Grants-in-Aid has borne fruit. All SPMGs, except UP have either refunded or are in the process of refunding interest earned on past grants received from NMCG. SPMG-Bihar has returned Rs.103.31 crore interest and Rs.10.34 crore of unspent balance for long shelved Hajipur project. Uttrakhand and West Bengal SPMGs have also refunded interest and Jharkhand is at advanced stage of approval. In Uttar Pradesh, the matter is pending with State Finance Department. The Committee advised Project Director, SPMG-UP to pursue the matter with Finance Department. The Committee was also informed that internal approval for return of interest earned by NMCG on Grants-in-Aid received from Government of India has been completed and refund process is underway.

9. ED (Finance), NMCG reported that Annual Accounts of NMCG for FY 2021-22 was finalized and sent to C&AG for audit within the due date of 30th June, 2022. Annual Accounts for FY 2020-21 will be laid in the Parliament during the ensuing Monsoon session. Among the SPMGs, West Bengal and Jharkhand have finalized their Annual Accounts, and UP, Uttrakhand and Bihar have indicated that accounts will be finalized by 15th July, 2022. He requested all SPMGs to submit statement of expenditure to State Accountant General for certification audit in respect of World Bank funded projects.

10. The Committee was informed that an exercise was undertaken during preparation of Annual Accounts of NMCG to identify pending UCs; and agency-wise lists have been shared with all SPMGs and project divisions in NMCG. This list has been prepared as per the records in the Finance Wing of the NMCG. It is possible that some of UCs shown as pending have already been submitted by the agency concerned. All agencies were requested to make available such UCs for reconciliation at the end of NMCG. It was clarified that the objective of this exercise is to reconcile NMCG records with that of grantee institutions, identify pending UCs, and thereafter to liquidate them. This will also help in reconciliation of accounts of SPMGs/ Executing Agencies with the books of accounts of NMCG, thus addressing Audit's observation on non-reconciliation of Accounts. He requested all SPMGs and Executive Directors of NMCG to get the UCs reconciled from the records of respective agencies and liquidate the pending UCs at the earliest, and proposed a timeline of three months for completing this exercise.

11. It was reported that NMCG has completed internal audit for first three quarters of FY 2021-22 and audit of 4th quarter is underway. Internal audit for Q-1 of 2022-23 would also commence shortly. The Committee was apprised about the important observations made in the internal audit reports for first three quarters along with action taken thereon. A summary of recommendations of Internal Audit and action taken as presented to the Committee is at Annex II.

12. So far as internal audits by SPMGs is concerned, ED(Finance), NMCG stated that while all SPMGs have now cleared backlog of internal audit, some of them have clubbed audit of more than one quarter. Going forward all SPMGs need to ensure that internal audits are undertaken quarterly. More importantly observations of internal audits need to be addressed and acted upon to improve financial discipline. It was emphasized that the SPMG level Audit Review Committees should meet quarterly and undertake a thorough review of observations made by the internal and external audit. ED (Finance), NMCG also mentioned that at present there is no uniform template for undertaking internal audit of SPMGs and different auditors are looking at different areas. Therefore, a common template/ SOP for internal audit of SPMGs may be useful in standardizing internal audit. This is being explored in consultation with World Bank. A workshop with internal auditors of all SPMGs is also planned.

13. ED (Projects), NMCG stated that new projects worth Rs.11,000 crore are required to be sanctioned under Namami Gange Programme II. Projects worth Rs. 2,000 crore have been sanctioned already. Another Rs. 5,000 crore will be needed for O&M activities, thus requiring further sanction of Rs. 4,000 crore worth of Projects. NMCG has recently received 41 DPRs; 14 of which have been referred to back to the SPMGs for revision, 15 DPRs are with Third Party Appraisal Agencies and 11 are under review in NMCG. He requested all SPMGs to expeditiously complete requisite revisions, and resubmit the DPRs to NMCG. Preparation of fresh DPRs may also be completed with utmost priority.

14. Project Director, SPMG-West Bengal informed that expenditure progress is being monitored regularly at her level. A meeting of the Budget Review Committee was held on 11th July, 2022 where all financial matters were deliberated in detail. She also informed that SPMG-West Bengal has provided all pending UCs to NMCG for reconciliation. Project Director, SPMG- Jharkhand informed that certification audit is being pursued with the State Accountant General. He also assured that list of pending UCs circulated by NMCG will be reconciled at the earliest. Sr. FMS SPMG-Bihar stated that they have returned all interest accrued on previous Grants-in-Aid, as also unspent balance in respect of a cancelled project to NMCG. Director Finance, SPMG- Uttar Pradesh stated that the proposal to return interest earned on Grants-in-Aid received from NMCG is being pursued with State Finance Department and accrued interest will be returned within a fortnight.

15. To sum up, the following points, inter alia, require immediate action:

- I. All SPMGs to review expenditure progress regularly. All Bills from vendors to be settled promptly.
- II. Project-wise expenditure to be reported monthly by SPMGs to NMCG.
- III. All SPMGs to hold ARC & BRC meetings on quarterly basis, and review Annual Action Plan, expenditure progress, observations in Internal & External Audit Reports etc.
- IV. All SPMGs to finalize their Annual Accounts immediately and to take timely action for Certification Audits in respect of World Bank funded projects.
- V. The list of pending UCs circulated by NMCG to be reconciled by SPMGs, as also other grantee organizations on urgent basis.
- VI. All SPMGs to ensure quarterly Internal Audit.
- VII. Observations of Internal and external Audits to be reviewed in the ARC meeting to improve financial discipline.

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

List of Participants Present in the 17th Joint meeting of the Audit Review Committee (ARC) and the Budget Review Committee (BRC) of National Mission for Clean Ganga (NMCG) held on 12th July, 2022 at NMCG Office, New Delhi

1. Shri G Asok Kumar, Director General, NMCG ----- In Chair
2. Ms. Richa Misra, Joint Secretary & Financial Advisor, MoJS
3. Shri Himansu Badoni, Executive Director Projects, NMCG
4. Shri Bhaskar Dasgupta, Executive Director Finance, NMCG
5. Shri Manan Mudgal, FMS, NMCG
6. Shri Pradeep Bhatt, Sr. FMS, SPMG, Uttarakhand

Through video conferencing:

7. Ms. Nandini Ghosh, Project Director, SPMG West Bengal
8. Shri Amit Kumar, Project Director, SPMG Jharkhand
9. Shri Ratnesh Singh, Director Finance, SPMG Uttar Pradesh
10. Shri Ranjan Kumar Jana, Director (Finance) SPMG West Bengal
11. Shri Jai Prakash Agarwal, Sr. FMS SPMG, Bihar

Summary of observation in the Internal Audit Reports of NMCG for first 3 Quarters of FY 2021-22, and action taken thereon

S No.	Observation	Action Taken/ Remarks
1.	Irregular submission of UCs by SPMGs & EAs	Details of pending UCs shared with SPMGs, and PUs. Being pursued.
2.	Achievement cum performance report may be submitted along with UCs.	A good suggestion. GFR also provides for the same. May be adopted.
3.	Booking of Prior period expenses & reconciliation of Books of Accounts	In compliance to C&AG Audit observations for FY 2020-21, prior period expenses (i.e. UCs received in respect of grants released in previous years) have been booked separately in FY 2021-22 onwards. While this addresses overbooking of expenditure in respect of the year for which accounts are being audited, this also implies under booking of expenditure for previous years. In the Annual accounts of FY 2021-22, we have disclosed grants for which expenditure has not been reported; but there is no way to rectify their non-disclosure in previous years' Accounts.
4.	Interests earned in Escrow Accounts need to be accounted for.	Complied in the Annual Accounts of FY 2021-22.
5.	Grant Register may be kept updated as per GFR 234.	Being ensured.

S No.	Observation	Action Taken/ Remarks
6.	Provisions related to TDS on GST & TDS on IT need to be complied.	A specific case on non-deduction in respect of M/S Intach Natural Heritage was pointed out. It has been clarified that they are exempt from TDS under IT Act.
7.	Some bills more than 5 years old are being shown as outstanding in the Tally, which need to be knocked off from the books of accounts.	These Bills have already been paid, but showing as outstanding due to some technical issues. Being addressed.
8.	Physical verification of fixed assets, library books and stocks need to be done regularly.	Admn. Division has been requested to ensure compliance.
9.	Progress of sewage infrastructure projects in Uttarakhand & west Bengal was marginal during April- December, 2021.	There are several reasons of this happening. But multiple review mechanisms are in place. Most projects have picked up pace over the last few months, and several projects have been completed.
10.	Several projects have remained incomplete well past the original project duration.	
11.	Internal Audit Repots of SPMGs for April to December, 2021 not made available to NMCGs.	These reports have since been received from all SPMGs, and will be made available to the Internal Auditor of NMCG during Q-4 Audit.