

26/12/18

**AUDIT REPORT ON THE PROJECT FINANCIAL STATEMENT OF
TAMILNADU IRRIGATED AGRICULTURE MODERNIZATION PROJECT
(TN-IAMP) IMPLEMENTED IN TAMIL NADU AGRICULTURAL
UNIVERSITY, COIMBATORE FOR THE YEAR 2017 - 2018**

PART - I

Name of the Auditor: Thiru.V.Anbukkarasu, M.Sc, B.Ed.,
Deputy Director of Local Fund Audit.

1. The Audit on the Accounts of Tamil Nadu IAM Project implemented in Tamil Nadu Agricultural University was entrusted to the Director of Local Fund Audit, Chennai in Government Letter No. 37294/L.F/2018 Finance (LF) Department Dated 10.09.2018
2. The audit was done by the Deputy Director of Local Fund Audit, Residential Audit Unit, Tamil Nadu Agricultural University, Coimbatore-3

The Post of Nodal Officer, TN IAMP was held by Dr.B.J.Pandian, Ph.D., Director, Water Technology Centre during the audit period.

The Officers who were in-charge of this scheme during the period under audit are as noted below:

Sl. No.	Nodal Office/Dept./Sub Basin	Name and designation of the Nodal officer and sub-basin scientists	Station
1	TN-IAMP Nodal Office	Dr. B.J. Pandian ,Nodal officer (TN IAMP) & Director, Water Technology Centre	The Director & Nodal Officer (TNIAMP), Water technology Centre, Tamil Nadu Agricultural University, Coimbatore - 641 003
		Dr. S.P. Ramanathan., Project In charge Dr. G. Senthilkumar, Procurement In charge	
2	Lower Palar	Dr.G.Anand, Assistant Professor(Agrl. Extn)	The Programme Coordinator, KrishiVigyan Kendra, Virinjipuram - 632 104, Vellore District
3	Nagariyar	Dr.R.Jegathambal, Professor (SST)	The Professor & Head, Rice Research Station, Tirur - 602 025
4	Lower Vellar	Dr.G.Porkodi, Assistant Professor(SS & AC)	The Programme Coordinator, KrishiVigyan Kendra, Vridhachalam - 606 001
5	Krishnagiri to Pambar	Dr.P.Senthilkumar, Assistant Professor (Nematology)	The Professor & Head, Regional Research Station, Paiyur - 635 806
6	Sathaiyar	Dr.K.P.Vanitha, Assistant Professor (Agrl. Extn.)	The Programme Coordinator, KrishiVigyan Kendra, AC&RI, Madurai - 625 104
7	Sirumalaiyar	Dr.M.Ramasubramanian, Assistant Professor (Agrl. Extn.)	The Professor & Head, Department of Agrl. Extension & Rural Sociology AC &RI, Madurai - 625 103
8	Varaghanadhi	Dr.M.P.Kavitha, Assistant Professor (Agronomy)	The Professor & Head, Dept. of Vegetable crops, HC&RI, Periyakulam - 625 604

9	Kousiganadhi	Dr.J.Rajkumar, Assistant Professor(CRP)	The Professor & Head, Regional Research Station, Aruppukottai – 626 101
10	Gadananadhi	Dr.A.Muthuswamy, Assistant Professor(PB & G)	The Professor & Head, Rice Research Station, Ambasamudram – 627 401
11	Manjalar	Dr.R.Jeyasrinivas, Assistant Professor (Agronomy)	The Professor & Head, Agrl. Research Station Vaigai dam – 625 512
12	Suruliyaru	Dr.S.Santha, Assistant Professor (PB & G)	The Professor & Head, Department of Spices and Plantation Crops, HC&RI, Periyakulam - 625 604
13	Lower Tamiraparani	Dr.M.Vadivel, Assistant Professor (Agronomy)	The Professor & Head, Department of Agronomy, AC&RI, Killikulam - 625 252
14	Lower Vaigai	Dr.J.Ramkumar, Assistant Professor (Entomology)	The Programme Coordinator, KrishiVigyan Kendra, Ramanathapuram - 623 503
15	Cauvery Delta	Dr.M.Raju, Assistant Professor(Agronomy)	The Director, Tamil Nadu Rice Research Institute, Aduthurai-612 101 Thanjavur (Dt.)
16		Dr.R.Ramesh, Assistant Professor(Entomology)	The Programme Coordinator, KrishiVigyan Kendra, Needamangalam, Tiruvarur-614 404
17		Dr.M.Nagarajan, Assistant Professor(SWCE)	The Professor & Head , Soil & Water Management Research Institute, Kattuthottam - 613 501, Thanjavur (Dt.)
18	Ponnanaiyar	Dr.V.R.Saminathan Assistant Professor(Ento)	The Professor & Head, National Pulses Research Centre, Vamban – 622 303
19	Lower Bhavani	Dr.M.Rajavel, Assistant Professor (CRP)	The Professor & Head, Agrl. Research Station, Bhavanisagar – 638 451
20	DEMIC	Dr.M . Chinnadurai, Director (CARDS)	The Director (CARDS), TNAU, CBE -3
21	Remote Sensing, GIS & Geo tagging	Dr.S.Pazhanivelan, Professor and Head	The Professor & Head, Dept. of Remote Sensing & GIS, TNAU, CBE -3
22	M - Velanmai	Dr.c.Karthikeyan., Professor (Agrl.Extension)	The Professor & Head, Training Division, DEE, TNAU, Coimbatore

Part - II

1) Introduction

Local Fund Audit have audited the accompanying financial statements of the Tamil Nadu Irrigated Agriculture Modernization Project financed by World Bank (under Loan No. 8797-IN), Government of Tamil Nadu and Government of India for the year ended on Mar 31, 2018. Our responsibility is to express an opinion on these financial statements based on our audit.

2) Scope of Audit

The audit of the financial statements of Tamil Nadu Irrigated Agriculture Modernization Project financed by World Bank, Government of Tamil Nadu and Government of India for the year ended March 31, 2018 was conducted in accordance with the regulation and standards of audit of 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 misstatements. The audit includes examining, on a test basis, evidence supporting the amounts, internal checks and controls and disclosures in the financial statement. The audit also includes assessing accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

2) DETAILS OF RECEIPTS AND CHARGES

Separate cash books and accounts were maintained by each sub-basin for the implementation of IAMP Project for the year 2017-2024. The receipts, expenditure and closing balance as per cash books maintained in each sub-basin are detailed in the **Annexure**.

Annexure ---- TN-IAMP - Consolidated Statement 2017-18

	Sub Basins	Opening Balance	Transfer of funds	Grant	Receipts (Bank Interest)	Total	Expenditure	Refund of Interest	Transfer of funds	Closing Balance
	I Phase									
1	Lower Palar	0	1300000	0	9875	1309875	235097.5			1074777.5
2	Nagariyar	0	150000	0	1073	151073	71786.5	0	0	79286.5
3	Lower Vellar	0	1200000	0	9048	1209048	203816.9			1005231.1
4	Krishnagiri to Pambar	0	900000	0	2762	902762	115208	0	0	787554
5	Sathaiyar	0	500000	0	3797	503797	47222	0	0	456575
6	Sirumalaiyar	0	250000	0	1823	251823	68445	0	0	183378
7	Varaghanadhi	0	250000	0	1826	251826	67838.5	0	0	183987.5
8	Kousiganadhi	1000	150000	0	1096.4	152096.4	61773	0	0	90323.4
9	Gadananadhi	2000	250000	0	1814	253814	188705	0	0	65109
10	Manjalar	0	200000	0	1490	201490	70628	0	0	130862
11	Suruliyar	0	250000	0	2618	252618	69907.5			182710.5
12	Lower Tamirabharani	5000	800000	0	6155	811155	99805.5	0	0	711349.5
13	Lower Vaigai	0	175000	0	1342	176342	46820	0	0	129522
14	CDZ - Thanjavur	0	2750000	0	7384	2757384	395844	0	0	2361540
15	CDZ - Tiruvarur	0	450000	0	3389	453389	320254	0	0	133135
16	CDZ - Nagapattinam	0	1100000	0	2148	1102148	814090	0	0	288058
17	Ponnanaiyar	0	800000	0	1879	801879	660844	0	0	141035
18	Lower Bhavani	0	700000	0	5282	705282	84223.5	0	0	621058.5
19	TN-IAMP-CELL	0	0	98551000	1588297	100139297	2530504.5	0	12475000	85133792.5
20	IT Based Activities (Geo-tagging)	0	300000	0	1352	301352	78993	0	0	222359
	Total	8000	12475000	98551000	1654450.4	112688450.4	6231806.4	0	12475000	93981644

3). GENERAL OPINION

In our opinion, the financial statements, read with observations annexed give a true and fair view of the Sources and Applications of Funds of TamilNadu Irrigated Agriculture Modernization Project for the year ended Mar 31, 2018, in accordance with consistently applied Accounting Standards.

In addition, (a) with respect to reimbursement claimed based on Interim Financial Reports adequate supporting documentation has been maintained to support claims to the World Bank for reimbursement of expenditure incurred; and (b) which expenditures are eligible for financing under the Loan(Loan No. 8797-IN). During the course of the audit referred to above, the reimbursements claimed (as per summary attached) and the connected documents were examined and these can be relied upon to support reimbursement under the Loan agreements subject to the observations made in the foregoing paras.

This certificate is issued without prejudice to LF Audit right to incorporate any further detailed audit observation if and when made in the Report of LF Audit for being laid before State Legislature.


Deputy Director (i/c)
Local Fund Audit,
TNAU, CBE -3

4). ACCOUNTING POLICIES AND INTERNAL CONTROLS

The accounts of the project are maintained on cash basis which is on actual receipts and payments basis. The audit is also satisfied with the internal control systems available in the implementation of the project. The procurement policy adopted for the project is in consonance with the guidelines of the World Bank.

PART III

1. CERTIFICATE OF AGREEMENT OF BALANCES - SUB-BASIN WISE

The closing balances as per cash books of the following sub basins as on 31.03.2018 were in agreement with the closing balances shown in the project financial statements for the year 2017-18 and also with the closing balances shown in the respective statements as on 31.03.2018 subject to the reconciliation shown below:

Sl. No.	Name of the sub-basin	CB as per Cash book as on 31.03.2018	Add items	Less items	CB as per Pass book as on 31.03.2018
1	Lower Palar	1074777.50	154956.00	0.00	1229733.50
2	Nagariyar	79286.50	0.00	0.00	79286.50
3	Lower Vellar	1005231.10	117777.00	0.00	1123008.10
4	Krishnagiri to Pambar	787554.00	59572.00	0.00	847126.00
5	Sathaiyar	456575.00	19320.00	0.00	475895.00
6	Sirumalaiyar	183378.00	20565.00	0.00	203943.00
7	Varaganadhi	183987.50	24712.00	0.00	208699.50
8	Kousiganadhi	90323.40	18140.00	159.30	108304.10
9	Gadananadhi	65109.00	137739.00	0.00	202848.00
10	Manjalar	130862.00	29916.00	265.50	160512.50
11	Suruliyar	182710.50	40682.00	0.00	223392.50
12	Lower Tamiraparani	711349.50	43235.00	0.00	754584.50
13	Lower Vaigai	129522.00	22362.00	0.00	151884.00
14.a	CD- Thanjavur	2361540.00	122418.00	0.00	2483958.00
b.	CD- Tiruvarur	133135.00	228980.00	0.00	362115.00
c.	CD- Nagapattinam	288058.00	573129.00	82.60	861104.40
15	Ponnanaiyar	141035.00	417972.00	0.00	559007.00
16	Lower Bhavani	621058.50	24000.00	0.00	645058.50
17	TN IAMP CELL	85133792.50	932126.00	0.00	86065918.50
18	IT based activities	222359.00	78993.00	265.50	301086.50
	Total	93981644.00	3066594.00	773.00	97047465

2). TERMS OF REFERENCE

I. The TN IAM Project covers a period of six years span from 01.04.2017 to 31.03.2024. The scheme purports to improve irrigation service delivery and productivity of irrigated agriculture with effective integrated water resources management in river basins / sub basin frame work in Tamil Nadu. This is to be achieved through

1. Investments for modernizing irrigation infrastructure
2. Reorienting and strengthening institutions and instruments required for integrated effective water resources management in the state

II. Project Components

Component A	Irrigation and Water Management
Sub-component A.1	Institutional strengthening and Capacity building for water management
Sub-component A.2	Irrigation systems Modernization
Sub-component A.3	Participatory Irrigation Management
Sub-component A.4	Convergence for improved service delivery
Component B	Agriculture Productivity enhancement, diversification, improved livelihoods, marketing and value addition
Sub-component B.1	Agriculture intensification and diversification
Sub-component B.2	Improving alternative livelihood sources through livestock and inland fisheries
Sub-component B.3	Agriculture marketing , value addition and post - harvest management
Component C	Project management support
Component D	Contingency Emergency Response

III. The Role of TNAU

The project involves eight line Departments of Tamil Nadu Government and the TNAU is pivotal in execution of the tasks planned under component B.

At present the World Bank finalized the cost estimate of TNAU component as Rs.87.46 crores. The TNAU has embarked upon the implementation under an MOU signed with the Tamilnadu State Government. Implementation by TNAU was initiated during 2017-18 in 16 sub-basins under Phase I.

The proposed components of TNAU's activities are summed up as follows:

- Productivity enhancement of rice in sub basin (GM -SRI, SRI/AWDI)
- Rice Fallow Pulses
- Pulse Seed Production Programme: Production of TFL Seeds under farmers participatory approach to produce quality pulse seeds
- Promotion of sustainable Sugarcane Initiative (SSI) in sub basin under precision farming approach.
- Production of Vegetable under Precision farming mode by adopting of IPM concept.
- Production of Banana under Precision farming mode by adopting of IPM concept.
- Improving productivity of Toor Dhal (Red Gram) under precision farming techniques including IPM approach
- Introduction of new technologies in fruit crops by demonstrating TNAU High density planting with drip fertigation in Mango/Pomegranate etc.,
- Formation of Pulse Commodity Group and federated to FPO
- Promotion of Pesticide Free Vegetable

IV. Project Financing

The funding pattern of the project is as follows:

i. World Bank: 70% (approximately)

Government of Tamil Nadu 30% (approximately)

ii) Reimbursement on a quarterly basis

In case of TNAU, funds transferred will be considered as an advance and only the actual expenditure reported by the TNAU will be considered as expenditure. The Government of Tamil Nadu would finance 30% of the expenditure incurred.

Amount in Rs.

Expenditure up to 31.03.2018	Reimbursement claim (70%)
6231806.00	4362264.00

3. SOURCES AND USAGE OF FUND

The sources and usage of fund under the project for the year 2017-2018 are detailed below.

i. Sources of Fund

	G.O. Numbers	Sanction
a.	G.O.(Ms) No.231 Agriculture (WD-2) Department Dated 13.09.2017	<ul style="list-style-type: none">➤ Admin. Sanction of Rs.8538.63 lakhs-TNAU interventions in 66 sub basins for six years (2017-2023)➤ Financial sanction of Rs.985.51 Lakhs for Phase_I, 16 sub basins
b	G.O.(Ms) No.140 Public Works(WR-1) Dept Dated 22.05.2018	<ul style="list-style-type: none">➤ Block admin sanction for Rs.2962 Crore for TNIAMP project for 7 years from 2017-2024
C	Govt Letter (Ms) No.169/WD2/2018-1 dated 06.07.2018	<ul style="list-style-type: none">➤ Sanction to utilize 2017-18 unspent balance amount of Rs.923.30 lakh in the year 2018-19

ii. Usage of Fund

Expenditure during 2017-2018 : **Rs. 62.31 lakh**

Head Wise Expenditure Details

Sl. No.	Details	Expenditure during 2017-18 (Rs. In lakhs)
1	Management Cost	20.64
2	Input	22.35
3	IEC (Information, Education and Communication) & Capacity Building	19.32
4	Drip	0.00
	Total	62.31

iii. **Sources and usage of Funds – Sub-Basin Wise Breakup Details**

Transfer of Fund Details

Sl.No	Sub Basins	Transfer of funds
	I Phase	
1	Lower Palar	1300000
2	Nagariyar	150000
3	Lower Vellar	1200000
4	Krishnagiri to Pambar	900000
5	Sathaiyar	500000
6	Sirumalaiyar	250000
7	Varaghanadhi	250000
8	Kousiganadhi	150000
9	Gadananadhi	250000
10	Manjalar	200000
11	Suruliyar	250000
12	Lower Tamirabharani	800000
13	Lower Vaigai	175000
14	CDZ - Thanjavur	2750000
15	CDZ - Tiruvarur	450000
16	CDZ - Nagapattinam	1100000
17	Ponnanaiyar	800000
18	Lower Bhavani	700000
19	TN-IAMP-CELL	0
20	IT Based Activities (Geo-tagging)	300000
	Total	12475000

Expenditure Sub basin wise details

Sub basin Name	Expenditure for the year 2017-18(Rs. In lakh)					
	Mgt. cost	Input	IEC	Drip & Accessories	I.C	Total
Lower Palar	1.18	0.89	0.28	0	0	2.35
Nagariyar	0.32	0.15	0.25	0	0	0.72
Lower Vellar	1.06	0.36	0.62	0	0	2.04
Krishnagiri to pambar	0.7	0.11	0.34	0	0	1.15
Sathaiyar	0.35	0	0.12	0	0	0.47
Sirumalaiyar	0.33	0	0.35	0	0	0.68
Varaganadhi	0.36	0	0.32	0	0	0.68
Kousiganadhi	0.34	0	0.27	0	0	0.61
Gadananadhi	0.35	1.16	0.38	0	0	1.89
Manjalar	0.34	0	0.37	0	0	0.71
Suruliyar	0.28	0.19	0.23	0	0	0.7
Lower Thamirabarani	0.63	0	0.37	0	0	1
Lower Vaigai	0.23	0	0.24	0	0	0.47
Cauvery Delta	4.22	14.32	2.6	0	0	21.14
Ponnanaiyar	0.99	5.17	0.45	0	0	6.61
Lower Bhavani	0.71	0	0.13	0	0	0.84
TN IAMP Cell	7.92	0	11.54	0	0	19.46
IT based Activities	0.33	0	0.46	0	0	0.79
Total	20.64	22.35	19.32	0	0	62.31

1. ACCOUNTS – HUGE AMOUNT OF CLOSING BALANCE IN THE CASH BOOK – Rs. 93981644 - NEEDS EXPLANATION

At the close of audit an amount of Rs. **93981644.00** (Rupees Nine Crore thirty nine lakhs Eighty one thousand six hundred forty four only) is shown as closing balance as per cash book for the year 2017-2018. The Nodal Officer has assured that the surplus funds will be utilized in the coming year by drafting an action plan. Steps may be taken to utilize the amount in the coming year

2. BANK INTEREST RECEIVED ON BANK BALANCES NEEDS TO BE REMITTED TO GOVERNMENT OF TAMIL NADU Rs. 1654450/-

As on 31.03.2018 a sum of Rs. 1654450/- has been realized as bank interest on the bank accounts of the following sub basins and Nodal Officer. The amount may be remitted to the Government funds and the fact intimated to audit.

Sl.No.	Sub Basins	Bank Interest [Rs.]
	I Phase	
1	Lower Palar	9875
2	Nagariyar	1073
3	Lower Vellar	9048
4	Krishnagiri to Pambar	2762
5	Sathaiyar	3797
6	Sirumalaiyar	1823
7	Varaghanadhi	1826
8	Kousiganadhi	1096
9	Gadananadhi	1814
10	Manjalar	1490
11	Suruliyar	2618
12	Lower Tamiraparani	6155
13	Lower Vaigai	1342
14	CDZ - Thanjavur	7384
15	CDZ - Tiruvarur	3389
16	CDZ - Nagapattinam	2148
17	Ponnanaiyar	1879
18	Lower Bhavani	5282
19	TN-IAMP -Cell	1588297
20	IT Based Activities (Geo-tagging)	1352
	Total	1654450

3. ADVANCE PENDING ADJUSTMENT – DETAILS MAY BE MADE AVAILABLE TO AUDIT – Rs.10000.00

During 2017-18, an advance of Rs.10000.00 was drawn towards conduct of training programme on certified seed production in Dharmapuram village of the Gadanadhi sub basin on 27 March 2018 vide Voucher No.10 and it was adjusted in the subsequent FY on verification of the Advance/Adjustment Register. The adjustment voucher details in FY 2018-19 may be made available during subsequent audit.

**4. FUEL EXPENSES OF KVK VEHICLES/ GENERATOR BOOKED
UNDER TA HEAD OF IAMP PROJECT - TO BE AVOIDED -
Rs.10643.00**

On audit of vouchers of the Lower Vellar sub basin, it was observed that Rs.10643.00 was paid to M/s SK Jeyarama Mudaliyar & Sons, Vridhachalam towards of purchase of fuel. The fuel thus purchased were utilized for the the Tractors and Generator of KVK, Vridhachalam as per the Stock Registers and this expenditure is booked under the Head of Travelling Allowance. This may be avoided and the funds are to be utilised only for the purpose it is meant to be.

5. STOCK REMAIN UN-UTILISED - NEEDS ACTION - Rs.8928.00

On verification of Stock Registers of the Lower Vellar sub basin, it was observed that a quantity of 144 PVC field water tubes were issued to the beneficiary farmers and the stock position was recorded as Nil. But the beneficiary register indicates that a quantity of 108 was issued and a quantity 36 remains to be issued. Hence action may be taken to issue the stocks to the beneficiaries without delay.

6. OBJECTIONS PENDING SETTLEMENT

05 numbers of objections involving in sum of Rs.16,54,450/- were pending settlement till the close of audit. Early action to be taken to settle these objections.

Sl. No.	Year	Paras	Total Paras	Total amount (Rs.)
1.	2017-2018	1, 2, 3, 4, 5	5	1654450
Total			5	1654450


Deputy Director (i/c)
Local Fund Audit,
TNAU, CBE -3.

AUDIT CERTIFICATE

Certified that out of the Grants-in-aid amount of Rs.9,85,51,000/- (Rupees Nine Crores Eighty Five lakh and fifty one thousand only) sanctioned during the period 2017-2018 a sum of Rs. 62,31,806.00 (Rupees Sixty two lakh thirty one thousand Eighty hundred and six only) has been incurred as expenditure during the period of 2017-2018 relating to the Tamil Nadu Irrigated Agriculture Modernization and Project (TN-IAMP), leaving a balance of Rs. 9,23,19,194 (Rupees Nine crore twenty three lakh nineteen thousand one hundred and ninety four only) at the end of fourth quarter of 2017-2018, as per the statement attached.

The accounts of the above project have been audited in accordance with the Terms of Reference for Audit of Financial Statements of TN-IAMP Project prescribed by the Funding Agency and as per the Rules and regulations prescribed by Government.

On the basis of the information and explanation that have been obtained as per records and according to the best of our knowledge, it is further certified that the expenditure statement represents a true and fair view of the implementation of the project.


Deputy Director (i/c)
Local Fund Audit,
TNAU, CBE -3