



कार्यालय प्रधान महालेखाकार (सिविल लेखापरीक्षा)
तमिलनाडु एवं पुदुचेरी
लेखा परीक्षा भवन
361, अण्णा सालै, तेनामपेट, चेन्नै - 600 018.

**OFFICE OF THE PRINCIPAL
ACCOUNTANT GENERAL (CIVIL AUDIT)**
Tamil Nadu & Puducherry,
"LEKHA PARIKSHA BHAVAN"
361, Anna Salai, Teynampet, Chennai - 600 018.

No.Pr.AG(CA)/CASS III/I/12-26/2010-11/ 256

11.11.2010

To
The Project Director,
Tamil Nadu Health Systems Project,
7th Floor, DMS Compound,
Chennai 600 006.

Sir,

Sub: World Bank assisted Tamil Nadu Health Systems Project - Audit Certificate for the year 2009-10 – reg.

Ref: Your D.O.No.1751/HSP/FC/2010 dt.30.07.2010.

I am to forward herewith the Report of the Comptroller & Auditor General Of India (Audit Certificate –for the year 2009-10 in respect of the World Bank assisted ‘Tamil Nadu Health Systems Project’ along with necessary enclosures.

The receipt of this letter may be acknowledged.

Yours faithfully,
Chinthanam
AUDIT OFFICER/CASS III

- Encl:** a) Report of the Comptroller & Auditor General Of India (Audit Certificate – 2009-10);
b) Statement of Expenditure for the year 2009-10;
c) Statement of Sources & Application of funds for the year ended 31.3.10;
d) Reconciliation of Claims to Total Application of Funds for the year ended 31.3.10;
e) Accounting Policies adopted for Project Financial Statements;
f) Project Financial Statement for 2009-2010;
g) FMR Report – Format I B;
h) Summary of Claims 2009-10;
i) Categorywise break-up of net expenditure claimed during 2009-10;
j) Copy of Internal Auditor’s Report (Income & Expenditure Statement & Balance/sheet);

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REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Introduction

We have audited the accompanying financial statements of the Tamil Nadu Health Systems Project which is financed under World Bank Credit/Loan No.4018-IN, which comprise the Statement of Expenditure, Statement of Sources & Application of Funds and the Reconciliation of Claims to Total Application of Funds for the year ended March 31, 2010. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

Scope

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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the Source and Application of Funds of Tamil Nadu Health Systems Project for the year ended March 31, 2010 (1.4.2009 to 31.3.2010), in accordance with Government of India Accounting Standards.

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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 observations, given hereunder, expenditures are eligible for financing under the Loan/Credit Agreement (Cr.No.4018-IN). During the course of the audit, SOEs/FMRs (Application Nos.72, 74, 75, 76, 78 to 112 for ₹ 2,12,08,48,000) 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 Comptroller and Auditor General's right to incorporate the audit observations in the Report of Comptroller and Auditor General of India for being laid before Parliament/State or UT Legislature.

Audit Observations :

The records pertaining to the following offices were verified:

- (a) Project Management Unit, DMS Office Complex, Chennai-6;
- (b) District Project Management Unit, Tiruchirapalli;
- (c) District Project Management Unit, Krishnagiri;
- (d) Executive Engineer, Public Works Department, Buildings (C&M), Chennai.
- (e) Executive Engineer, Public Works Department, Buildings (C&M), Ramanathapuram.
- (f) Executive Engineer, Public Works Department, Buildings (C&M), Tiruvannamalai.
- (g) Executive Engineer, Public Works Department, Buildings (C&M), Virudhunagar.

On the basis of our test check of records, the following observations are made :

AUDIT OBSERVATIONS:

1. Difference in the total expenditure as per the Statement of Expenditure (₹ 3,96,89,080) and the records of Executive Engineer, Public Works Department (Buildings - Construction & Maintenance Division), Ramanathapuram (₹ 3,95,78,895) for the months of January, February and March 2010 resulted in excess claim of ₹ 1,10,185.
2. Excess claim of ₹ 78,397 in price adjustment clause of the works in Government Hospital at Chengam in Thiruvannamalai District for the month of February, 2010.
3. An expenditure of a sum of ₹ 88,920 incurred towards procurement of UPS and Bio-Metric System at PMU was shown as an expenditure eligible for reimbursement in the Project Financial Statement. However, M/s.K. Munusami & Co., Chartered Accountants, Internal Auditors for Tamil Nadu Health Systems Society have excluded this expenditure while computing the Income & Expenditure Statement for the year. Hence, the sum of ₹ 88,920 is not certified in audit.

**Project Financial Statement for 2009-2010
TAMIL NADU HEALTH SYSTEMS PROJECT
IDA Cr.No.4018-IN**

SOURCE AND USES OF FUNDS	For 2009-2010 Actual	Rs.in Lakh Cumulative from 27/1/05 to 31/03/2010 Actual
1. Opening Balance		
Cash (if any)/Bank Balance	714.70	
Advances:	0	
with TNMSC	6557.76	
with PMU + DPMUs	156.10	
Temporary Advances	477.23	
Total opening balance (1)	7905.79	
2. Inflow:		
Civil Works - thro' LOC	13226.32	27278.11
TNMSC - Receipt in PD a/c	1884.26	16813.95
THSS -- Receipt in PD a/c	1672.00	3172.00
GOTn-from Treasury System	3653.42	8290.34
Interest	11.75	11.75
Miscellaneous Receipts	0.00	1.47
Total inflow (2)	20447.75	55567.62
Total sources of funds (1+2)	28353.54	55567.62
Outflow:		
1. Civil Works (by PWD thro LOC)	13025.92	26256.81
2. Goods & Equipment-thro TNMSC	3156.98	10839.61
- by PMU	0.89	14.24
- by DPMU		223.25
3. Services:		
-NGO/Private Services	520.65	1743.78
-Training & Workshops	297.64	482.91
-Staff on Contract	3800.43	5719.44
-Consultants	299.09	680.02
-IEC (etc)	48.77	123.73
4. Incremental Operating Costs	98.39	755.95
Soft activities (3+4)	5064.97	9505.83
5. Total Eligible Expenses for reimbursement (1+2+3+4)	21248.76	46839.74
6. Salary - Non reimbursible	442.13	1448.05
7. TOTAL EXPENSES (5+6)	21690.89	48287.79
8. Refund		
Refund from TNMSC to Government account	141.53	609.01
Refund to Government from Temporary Advances	242.83	392.53
Total Refund	384.36	1001.54
9. Closing Balances		
Cash/Bank Balance	837.36	837.36
Advances:	0	0
with TNMSC	5264.47	5264.47
with PMU + DPMUs	176.46	176.46
Total closing balances	6278.29	6278.29
Total uses of Funds (7+8)	28353.54	55567.62
Reconciliation with SOE Claims filed		
Gross Eligible Expenditure	21248.76	46839.74
Claims filed -72,74,75,76,78 to 112 till date of audit excluding nos. (as per details attached)	21208.48	46307.70
Balance to be claimed in 2010-2011	40.28	532.04
Note:1. A sum of Rs. 120.95 Lakhs from the Society funds included in TNMSC's closing balance amount		
Note:2. Bank Balance is furnished excluding a sum of Rs. 77.74 lakhs relating to NRHM funds(CTF)		

Chinthamani
SRI. R. CHINTHAMANI
 Joint Director / Audit Officer
 The Principal Accounts General (Civil Audit)
 Tamil Nadu, Chennai

[Signature]
**Financial Adviser &
 Chief Accounts Officer**