

45

File No. O-22015/1/2014-ONG-IV/EO
Government of India
Ministry of Petroleum & Natural Gas

New Delhi, September 26th, 2016

To,

The Chairman & Managing Director,
Oil & Natural Gas Corporation Limited
9th Floor, Jeevan Bharti Building
124 Indira Chowk, Sansad Marg
New Delhi

Subject: Draft Audit exceptions in respect of KG-DWN-98/2 for the Year 2013-14

Sir,

I am directed to refer to Auditor's Reports on the subject cited above and to forward the following exception for taking necessary action:

Exception No. 1: Approval of Chart of Accounts

As per Appendix- C, Section-1, Para-1.4.1, operator is required to get Chart of accounts approved Within 60 days of effective date of Contract. However, operator has not got the approval of Chart of Accounts.

Operator is required to get the chart of accounts approved and provide the reasons for non compliance.

Exception No. 2: Quarterly Cost Recovery Statement

As per Appendix – C, Section – 8, Para-8.2, operator is required to submit Quarterly Cost Recovery Statement Within 21 Days after the end of each quarter. However, operator have submitted the same for Q1 , Q2 and Q3 on 26.03.2014 for the FY 2013-14.

Operator is required to provide the reasons for non compliance as well as advised to submit the documents required under PSC as per PSC timelines.

Exception No. 3: Late submission of local procurement statement

As per Appendix – C, Section – 10, Para-10.2, operator is required to submit local procurement statement Within 60 Days after the end of the year. However, operator have submitted the same for 2013-14 on 11.08.2014.

Operator is required to provide the reasons for non compliance as well as advised to submit the documents required under PSC as per PSC timelines.

Exception No. 4: Quarterly Statement of cost, expenditure and receipt to Govt.

As per Appendix – C, Section – 7, Para-7.2, operator is required to submit Quarterly Statement of cost, expenditure and receipt to Govt. Within 21 Days after the end of each quarter. However, operator have submitted the same for Q1 & Q2 on 29.11.2013 and for Q3 was submitted late on 26.03.2014 for the FY 2013-14.



Se Aniruddha K. N.

Se K. G. Kalyan. P. S.
09/12

O/C. 27.9.16

Operator is required to provide the reasons for non compliance as well as advised to submit the documents required under PSC as per PSC timelines.

Exception 5: Late Submission of Budget statement

The contractor has to prepare a budget statement for each year and should be submitted in not less than 90 days before the commencement of such year. The Annual Budget statement along with annual work programme was submitted late by the operator by more than six months.

Operator is required to explain the reasons for non compliance and late submission of budget statement.


Exception 6: Procurement from affiliates and others, other than are at arm length.

it was observed that the an Expenditure of US\$ 1,521,607 for Well named #G2P1AB relating to uses charges of the Rig-SAGAR VIJAY has been claimed as Cost Recovery which is subject to COMPLINACE OF ARMS LENGTH Mechanism- WHICH WAS NOT COMPLIED WITH BY THE OPERATOR, as Rig is owned by the Operator. These expenditures are cost recoverable ONLY subject upon the MC Approval of the Audited Accounts for the F.Y. 2013-14.

Operator is required to explain the reasons for non compliance of PSC provisions and take the specific approval from MC. As this is an arms length transaction, ONGC to certify that there is NO PROFIT into this transaction. And ONGC is required to get their procurement procedure approved by MC as is already intimated by MoP&NG to ONGC vide MoP&NG letter dated 23rd Jan. 2015 (Copy attached).

2. The contractor is required to forward their compliance reports/further comments directly to DGH within 15 days from receipt of the letter.

Yours faithfully,



(D.K. Ghosh)

Under Secretary to the Govt. of India

Copy to:-

1. DG, Directorate General of Hydrocarbons, Noida with the request to monitor the progress and to ensure compliance of the audit exception.