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OFFICE OF GM - BASIN MANAGER, KG-PG
10th Floor West, CMDA Tower -1
No.1, Gandhi Irwin Road, Egmore,
Chennai -600 008.
Phone: 044 -28542568 Fax : 28542527

No.ONGC/BM/KG-PG/AE-122/2015
Dated 28th July 2015

From: GM-Basin Manager, KG-PG Basin, ONGC, Chennai

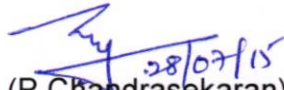
✓ To: Director General, DGH, OIDB Bhavan, Noida-201 301 (FAX no. 0120-2472049)

Sub: Audit exception in respect of KG-DWN-98/2 for the years 2011-12 & 2012-13

Ref: No.: DGH/CC/51/2015 dated 13.01.2015

Please find enclosed replies to the MoP&NG directions on Audit Exceptions pertaining to KG NELP Block KG-DWN-98/2 referred vide letter as above, for your perusal and settlement of the issues.

Regards


(P Chandrasekaran)
GM-Basin Manager, KG-PG

Encl: As above

Copy to:

1. GGM- HEAD, EXCOM, ONGC, DELHI
2. GM (F&A), CHIEF- IA, ONGC, DELHI

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29.7.15

Sh. Anurag Kumar B
DGH
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Sh. R. B. B. B.

Block: KG-DWN-98/2 for 2011-12 & 2012-13

Ref.:DGH/CC/51/2015 dated 13.01.2015

Sl. No.	Exception No.	Particulars	Reply
1.	1	<p>Budgeted Vs Actual Expenditure</p> <p>Quote</p> <p>Accounts have not been approved by MC so far. DGH is requested to ask operator to get the accounts approved by MC.</p> <p>Unquote</p>	<p>The Management Committee has reviewed the appointment of auditors vide MCR no. 47, on 28.03.2015 (Annex-1), for financial year 2008-09 to 2014-15. The audited accounts reports submitted by the auditors for each financial year have been submitted to DGH, regularly along with variance including 2011-12 & 2012-13 for approval & adoption of audited accounts by MC.</p> <p>DGH has initiated the process for adoption of audited accounts, as evident by their communication ref. DGH/PSC/NELP-I/KG-DWN-98/2/Audited Account/1 dated 25.05.2015 (Annex-2), seeking required information for approval & adoption by Management Committee. The documents required for adoption of audited accounts are being submitted to DGH for review. The operator will submit the MC approval for adoption of audited accounts as soon as it is reviewed. In view of above it is requested to drop the Exception no.1.</p>
2.	2	<p>Procurement</p> <p>Quote</p> <p>Procurement procedure has not been approved by OC/MC so far. DGH is requested to ask operator to get the same approved by MC. Till then this audit exception will prevail.</p> <p>Unquote</p>	<p>Reiterating to earlier reply on the matter, it is stated that the contracts for procurement are centrally concluded & executed for both nomination PEL/NELP blocks. The procurement policy of ONGC is being constantly reviewed and upgraded as per CVC and other guidelines.</p> <p>Moreover, ONGC has taken note of the communication dated 23.01.2015 of MoP&NG and the issue is being perused and deliberated with the concerned sections at appropriate level in the Company. In line with PSC provisions specified under Article 8.3(f), the outcome shall be brought to the notice of Management Committee for its approval.</p>

will prevail till approval is obtained

exception will prevail

**47th Management Committee Resolution
for the Block KG-DWN-98/2**

Date: 28.03.2015
Place: New Delhi

MC Members:

1. Govt. Representative
2. ONGC Representative

MC Agenda	Views of MC Members	MC Decision
Proposal for Appointment of M/s. Padmanabhan Ramani & Ramanujam, as auditor for the FY 2008-09 for fees of Rs. 40,000/- (Forty Thousand only), including applicable service tax and out of pocket expenses for NELP-I Block KG-DWN-98/2.		MC approves the appointment of M/s. Padmanabhan Ramani & Ramanujam for FY 2008-09, M/s. Arun K Agrawal and Associate, Chartered Accountants for FY 2009-10, M/s. Rajgopalan Associates, Chartered Accountants for FY 2010-11, M/s. S Sunder & Associates, Chartered Accountants for FY 2011-12 & 2012-13 and M/s. Padmanabhan Ramani & Ramanujam for FY 2013-14 & 2014-15 as auditors for the NELP-I Block KG-DWN-98/2 subject to Auditor specifically report inter-alia about:-
Proposal for Appointment of M/s. Arun K Agrawal and Associate, Chartered Accountants as auditor for the FY 2009-10 for fee of Rs. 40,000/- (Forty Thousand only), including applicable service tax and out of pocket expenses for NELP-I Block KG-DWN-98/2.		a) Conflict of interest prior to conduct of audit assignment.
Proposal for Appointment of M/s. Rajgopalan Associates, Chartered Accountants as auditor for the FY 2010-11 for fee of Rs. 22,060/- (Twenty two thousand & sixty only), including applicable service tax and out of pocket expenses for NELP-I Block KG-DWN-98/2.		b) Related party transaction as per AS-18 and compliance of section 3.2.4 of the accounting procedure by the Operator.
Proposal for Appointment of M/s. S Sunder & Associates, Chartered Accountants as auditor for the FY 2011-12 & 2012-13 for fee of Rs. 30,884/- (Thirty Thousand eight hundred eighty four only), including applicable service tax and out of pocket expenses for NELP-I Block KG-DWN-98/2.		c) Issue of Internal control, fixed assets and fraud as per CARO 2003,
Proposal for Appointment of M/s. Padmanabhan Ramani & Ramanujam, as auditor for the FY 2013-14 & 2014-15 for fees of Rs. 56,180/- (Fifty six thousand one hundred eighty only), including applicable service tax and out of pocket expenses for NELP-I Block KG-DWN-98/2.		d) Quantitative details of oil, gas and condensate as per Schedule III of the Companies Act 2013,
		e) Non-Compliance of PSC provisions in respect of procurement of material & services.
		f) Cost to be disallowed as per PSC provisions.
		As part of audit report the audit should validate:-
		i) Computation and remittance of License fee, Royalty on oil and gas and Govt. share of profit petroleum, along with IM and national tax calculation, if applicable.
		ii) Invoice wise Sales / Revenue schedule and its valuation as per PSC provisions, if applicable.

28.3.15
1st Govt. Representative
(Name/Date/Signature)

Special Govt. Invitee
(Name/Date/Signature)

2nd Govt. Representative
(Name/Date/Signature)

G. Ramani
ONGC Representative
(Name/Date/Signature)

Signature
ONGC Representative 28/3/15
(Name/Date/Signature)
(Y. A. SASTRI)



Annexure-II

हाईड्रोकार्बन महानिदेशालय

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय
भारत सरकार

DIRECTORATE GENERAL OF HYDROCARBONS

Ministry of Petroleum & Natural Gas
Government of India

4/4

DGH/PSC/NELP-I/KG-DWN-98/2/Audited Account/1

25.05.2015

ED-Basin Manager,
ONGC -KG-PG Basin
10th Floor (W), CMDA Tower-1
No.# 1, Gandhi Irwin Road, Egmore
Chennai-600 008
FAX: 044-28542527
: 04428542568

Subject: Adoption of Audited Account for the NELP blocks KG-DWN-98/2 FY 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 & 2013-14.

This is with reference to audited account for the FY 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 & 2013-14 in the block KG-DWN-98/2. The adoption of audited account of the block KG-DWN-98/2 is pending since 2005. The following information is required for adoption of audited accounts:

- Comparison chart for the reviewed work program and the actual quantum of work carried out during the FY 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 & 2013-14 in the block KG-DWN-98/2.
- If the excess work has been conducted beyond the reviewed work program in any of the FY 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 & 2013-14, you are requested to provide technical justification for the same.

With regard to the above, information need to be submitted earliest so that audited account for FY 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 & 2013-14 could be adopted.

[Handwritten signatures and initials]
I/c Finance

[Handwritten signature]

(Akshaya Kumar)
Nodal officer, KG-DWN-98/2

OIDB BHAWAN, TOWER-A, PLOT NO. 2, SECTOR-73, NOIDA - 201 301
दूरभाष/Phone : +91-120-2472000 फैक्स/Fax : +91-120-2472049

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25/5/15