



# OIL AND NATURAL GAS CORPORATION LIMITED

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SPECIALIST GROUP, CAUVERY BASIN

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File No. ONGC/CB/SPG/Audit/DGH/Audit Exceptions/2019-20

Dated 03.05.2019

From : R. Veeramani, DGM (Geophy), Cauvery Basin, Chennai

To: The Directorate General,  
Directorate General of Hydrocarbons,  
OIDB Bhavan Sector -73,  
Noida-201301(UP).

Sub: Replies for Audit Exceptions in respect of NELP blocks CY-ONN-2002/2 for years 2009-10&2010-11

Ref: 1. MOP&NG letter No O-22015/99/2012-ONG-IV/EO dated 28.11.2014 Block CY-ONN-2002/2 and DGH letter DGH/CF/51/2019 dated 05.02.2019

Please find enclosed herewith the replies to the Exceptions given in the above referred letters pertaining to the NELP Blocks of Cauvery Basin CY-ONN-2002/2 for the years 2009-10 & 2010-11.

Submitted for your kind perusal.

Regards.

(R. Veeramani)  
DGM(Geophy)

Audit Coordinator, Cauvery Basin,

Encl:

1. Replies for DGH audit Exceptions on NELP Audit

Copy for kind information to:

1. ED – Basin Manager, Cauvery, Chennai
2. GGM-Head EXCOM, ONGC, New Delhi
3. GGM-Chief Internal Audit, ONGC, New Delhi
4. CGM-Block Manager-I, Cauvery Basin, Chennai
5. CGM (F&A)-Head Finance, Cauvery Basin, Chennai
6. Regional Audit Head, Southern Sector, ONGC, Chennai
7. Office copy

आर. वीरमणि / R. VEERAMANI  
मुख्य भूभौतिकीविद् (धरातल) / CHIEF GEOPHYSICIST (S)  
विशेषज्ञ समूह, कावेरी बेसिन / SPG, CAUVERY BASIN  
ओएनजीसी, चेन्नै / ONGC, CHENNAI - 600 008

हाईड्रोकार्बन महानिदेशालय  
Directorate General of Hydrocarbons  
डी.जी. प्रकोष्ठ / DG Cell  
जायरी सं. / Diary No.  
तिथि / Date

## Final reply to DGH Audit Exceptions on CY-ONN- 2002/2 for the FY 2009-10 &amp; 2010-11

Exception No.	Exception	REPLY
1	<b>Procurement Procedure</b> Operator is advised to follow up and coordinate for obtaining necessary MC approval.	ONGC is in the process of obtaining MC's approval for adopting ONGC's Procurement Policy in place of PSC prescribed Procurement Procedure. In this direction, approval of OC was obtained in 75 <sup>th</sup> OC meeting (The OCR is enclosed as annexure-1). The OCR was submitted for MC's review on 10.08.2015. Remainders have been sent on 22.03.2018, 01.10.2018 and 03.05.2019. (Copies are enclosed as annexure-2). As no action is pending from ONGC's side. <b>In view of above, the audit observation may be settled.</b>
6	<b>Exchange Rates</b> Operator is advised to follow up and coordinate for obtaining necessary MC approval.	Section 1.6 of the Accounting Procedure that deals with Exchange rate conversions has undergone modifications in various NELP rounds explained as below. Before NELP VI Monthly average daily mean (if transaction exceeds USD 50000 then daily average mean) of buying and selling rate as quoted by SBI (or any other financial body as may be mutually agreed by the parties).  NELP VI Round Monthly average daily mean (if transaction exceeds USD 50000 then daily average mean) of buying and selling rate as quoted by RBI (or any other financial body as may be mutually agreed by the parties).  NELP VII Round onwards RBI Reference Rate for the transaction day.  ONGC operates in a number of blocks offered under various NELP rounds. It is following a centralized SAP system that the system is designed to follow the daily average mean rates of SBI (buying and selling) for conversion of its INR transactions to USD. The same through SAP is consistently being followed for all the Blocks, be it NELP VII block or earlier NELP blocks. It is submitted that the difference between SBI rate followed by ONGC and RBI's reference rate is negligible,

Block: CY-ONN-2002/2

Basin: Cauvery Basin

Financial Year: 2009-10 & 2010-11

Audit Exception date: 05.03.2019

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		<p>merely 0.03% on average (ref. comparison for 2017-18 is enclosed). In actual terms, it would be USD 300 per USD 1 million. Further, the Operator has adopted ONGC's policy on exchange rate in 99<sup>th</sup> OC meeting. Copy of Operating Committee Resolution(OCR) was mailed to DGH on 21.05.2018 (Annexure-3). This was followed up with emails dated 17.07.2018, and 01.10.2018 and 03.05.2019(Annexure-4). <b>Hence the audit Observation may be dropped.</b></p>
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use refer to our earlier correspondences regarding MIC approval for processing.

For your reference and immediate necessary action. Please arrange for the MC approval at the earliest.

*e attached file: OC approval for procurement procedureCY-ONN-2002by2.pdf)*

Arthama Verna

(Geophysicist), Block Manager-I  
Every Basin

Every Basin

Attachments: (Click the filename to launch)

approval for procurement procedureCY-ONN-2002bv2.pdf



