

Government of India
Ministry of Petroleum and Natural Gas
 Shastri Bhawan, New Delhi-110001
 (Off.) (Fax : 23383585 & 23383100)

File No.O-22015/54 /2014-ONG-IV/EO

04 September, 2014

To

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

Sub.: ~~Draft~~ audit exceptions in respect of Block KG-DWN-98/2 for the years 2011-12 & 2012 -13.

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 Budgeted Vs.Actual Expenditure

Auditor observed that the expenditure has been incurred in accordance with approved work program by M.C.

However, there is an excess expenditure totalling to US \$ 307,280,00 during the FY 2011-12 & 2012-13. The year wise details of which are as follows:

FY2011-12		Amount in USD	
Particulars	Budget	Actual	Variance
G&G Cost	520,833	758,741	237,908
G&G Study for Appraisal plans	0	5,834	5,834
Total	520,833	764,575	243,742

FY2012-13		Amount in USD	
Particulars	Budget	Actual	Variance
Seismic spl processing -3D	0	63,538	63,538
Total	0	63,538	63,538

Above Excess Expenditure are not Allowable for Cost Recovery as per PSC. However, the Audited Accounts for both the F.Y. are submitted to MC for approval. Hence, these expenditures are cost coverable, if MC Approved the Audited Accounts for the actual expenditure incurred in the respective F.Y.



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A. Bhishit Majumdar M

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Operator may be advised to get the audited accounts for excess expenditure approved by MC or reverse the same.

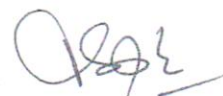
Exception No.2 Procurement

The Operator-ONGC has not procured any material separately for this block. In ONGC, Centralized Procurement carried out for NELP Blocks in accordance with ONGC material management manual which has detailed and well-documented Procedure & has been relied by other Regulatory/Audit like CAG.

Operator is advised to make necessary changes in Procurement Procedure to make it full compliant with PSC procedure and take approval of OC and MC.

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

Yours faithfully



(K.K. SHARMA)

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.