



हाइड्रोकार्बन महानिदेशालय

पेट्रोलियम और प्राकृतिक गैस मंत्रालय
भारत सरकार

DIRECTORATE GENERAL OF HYDROCARBONS

Ministry of Petroleum & Natural Gas
Government of India

Date: 31.08.2023

DGH/Audit/2023

To,

The Chairman & Managing Director
Oil and Natural Gas Corporation (ONGC)
Third Floor, Plot 5A & 5B
Nelson Mandela Marg, Vasant Kunj
New Delhi-110070
Fax:-011-23383585 & 23383100

Sub: Audit Exceptions for the Block CY-ONN-2002/2 for the financial year 2019-20.

Sir,

This has reference to the Audit report submitted by M/s Chatterjee & Co., Chartered Accountants, for the block CY-ONN-2002/2 operated by M/s Oil & Natural Gas Corporation Limited (ONGC) for the financial year 2019-20. Audit exceptions reported by the auditor for which necessary compliance and corrective action required by the operator are notified as under:

Audit Exception 1: Actual vs Budgeted Expenditure

The actual expenditure incurred by contractor is well within the approved Budget, except on scrutiny of Total item wise Expenditure we have observed this for budget allocated for the Cost of Setting up of CPE & Pipelines Projects under Development Cost is USD 35,61,892 but actual expenditure reported was USD 37,03,208, which shows a variance of USD 141,316

Audit View & Recommendation: Operator is directed to obtain the MC approval for excess cost incurred in Setting up CPE & Pipeline Costs.



We Care

OIDB BHAWAN, TOWER-A, PLOT NO. 2, SECTOR-73, NOIDA - 201 301

दूरभाष/Phone : +91-120-2472000 फैक्स/Fax : +91-120-2472049

Audit Exception 2: Site Restoration Fund

Site Restoration Fund not maintained by the operator.

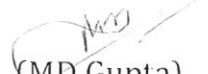
As the restoration fund account was opened after our visit in June, 2022 we are unable to comment upon the funding to such fund are done as per provisions of PSC and Govt. Site Restoration Fund Scheme 1999 or not.

Audit View & Recommendation: Operator is directed to comply with the PSC provision for Site Restoration Fund and also get evaluation report from qualified Independent third party and provide copy of MC approval for the same.

Audit Exception 3: Compliance report of the Prior Years' Audit exceptions was still pending at Operator's end. Details are as per Annexure-I.

Accordingly, the above audit exceptions are forwarded to Operator for adjustments and compliance within 120 days in line with PSC provisions.

Yours faithfully,


(MD Gupta)
ED & HOD- Audit

Encl.: As above

Previous Years Audit Exceptions for the block CY-ONN-2002/2**Annexure-I**

Sr No.	Exception No.	Financial Year	Exception in Brief	Action Taken / to be Taken by Operator
1	1	2018-19	Acquisition/Procurement of Goods and Services	The Operator is directed to follow the Procurement Procedure as per PSC.
2	2	2018-19	Management Committee	Operator is directed to adhere to the terms of PSC regarding MC Meeting.
3	3	2018-19	Domestic Supply, Sale, Disposal and Export of Crude Oil and Condensate	Operator is directed to explain the reasons for not providing required documents to the Auditor for verification during Audit.
4	4	2018-19	Site Restoration Fund	Contractor is directed to create the Site Restoration fund in accordance with the SRF Guidelines and prevailing law in this regard.
5	5	2018-19	Production Sharing of Petroleum	Operator is directed to give reasons for not providing requisite documents to the Auditor at the time of Audit.
6	1	2016-17 2017-18	Measurement of Petroleum	Operator is required to take the approval of OC and MC for measurement methodology at the earliest as per the PSC provisions.
7	2	2016-17 2017-18	Site Restoration Fund	Operator is required to open SRF account and deposit sufficient amount as per provisions of Site Restoration Fund Scheme 1999.
8	3	2016-17 2017-18	Insurance	Operator is required to explain the reasons of audit exception and Operator is required to take appropriate coverage of all Assets including wells of the block.
9	4.1	2016-17 2017-18	Mining Lease	Operator is advised to follow up with the State Govt. for the issuance of PMI..
10	4.2	2016-17 2017-18	Procurement Procedure	Operator is advised to expedite MC approval for procurement policy.
11	4.3	2016-17 2017-18	Approval of Annual Accounts	Operator is advised to take approval of Annual Accounts from MC within prescribed timeline hence forth.
12	1	2015-16	Accrual Accounting	As the contract cost was brought forward in the FY 2015-16, Operator is advised to take MC approval.

13	2	2015-16	Procurement	The Operator is requested to do the necessary follow-up and co-ordination to obtain MC approval on the procurement procedure especially with respect to any deviation from the procurement procedure as laid down in PSC.
14	1	2014-15	Essentiality Certificate	Reasons for non-compliance be recorded
15	2	2014-15	Procurement	Operator is required to seek MC approval for procurement procedure as directed by MOP&NG letter no. O-22015/37/2012-ONG-IV/EO dated 23.01.2015 and subsequent reminder on 11.05.2017.
16	1	2011-12 2012-13	Chart of accounts	Operator has already submitted charts of accounts to DGH. Operator is requested to take further necessary action and get the chart of accounts approved.
17	8	2011-12 2012-13	Procurement	Please refer to MOP&NG letter no. O-22015/37/2012-ONG-IV/EO dated 23.01.2015 addressed to C&MD, ONGC regarding procurement procedure. DGH is requested to advise operator to take necessary action accordingly. In addition to this operator may be clearly advised to follow relevant provisions of PSC while acquiring services and materials.
18	1	2009-10 2010-11	Procurement Procedure	Operator is advised to obtain MC approval on priority for the deviation from the PSC provisions.
19	6	2009-10 2010-11	Exchange Rates	Operator is advised to obtain MC approval on priority for the deviation from the PSC provisions.