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हाइड्रोकार्बन महानिदेशालय

पेट्रोलियम और प्राकृतिक गैस मंत्रालय
भारत सरकार

DIRECTORATE GENERAL OF HYDROCARBONS

Ministry of Petroleum & Natural Gas
Government of India

Date: 08.09.2022

DGH/Audit/OP/2022

To,

The chairman & Managing Director,

Oil and Natural Gas Corporation (ONGC),

3rd 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 year 2018-19.

Sir,

This has reference to the Audit report submitted by M/s A.M.A.A & Associates, Chartered Accountants, for the block CY-ONN-2002/2 operated by ONGC for the year 2018-19. Audit exceptions reported by the auditor for which necessary compliance and corrective action required by the operator are notified as under:

AUDIT EXCEPTION 01: Acquisition/Procurement of Goods and Services: -

No procurement procedure was followed by the Contractor laid down in PSC regarding acquisition of goods & services.

Auditor's View & Recommendation: - The Operator is directed to follow the Procurement Procedure as per PSC.

AUDIT EXCEPTION 02: - Management Committee

During the Audit it has been observed that the meeting of Management Committee was not held in lines with the terms of PSC.

Auditor's View & Recommendation: - Operator is directed to adhere to the terms of PSC regarding MC Meeting.

AUDIT EXCEPTION 03: - Domestic Supply, Sale, Disposal and Export of Crude Oil and Condensate

During the Audit Crude Oil Sale Agreement (COSA) has not been provided to us.

1 of 4



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Auditor's View & Recommendation: - Operator is directed to explain the reasons for not providing required documents to the Auditor for verification during Audit.

AUDIT EXCEPTION 04: - Site Restoration Fund

During the period under review it has been observed that the contractor has not created Site Restoration Fund even after start of commercial production.

Auditor's View & Recommendation: - Contractor is directed to create the Site Restoration fund in accordance with the SRF Guidelines and prevailing law in this regard.

AUDIT EXCEPTION 05: - Production Sharing of Petroleum

Provisional estimate approved by the Management Committee was not provided to us.

Auditor's View & Recommendation: - Operator is directed to give reasons for not providing requisite documents to the Auditor at the time of Audit.

AUDIT EXCEPTION 06: - Adjustment of Past Audit Observations:

Compliance report of the Prior Years' Audit exceptions are still pending at Operator's end. Details are as per Annexure-1.

Auditor's view & Recommendation: - Operator is directed to send Compliance Report Immediately on prior year's Audit exceptions.

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

Copy to HOD CCA
Copy to Nodal Officer - Naveen Kumar Saxena

Annexure-1**Previous Years Audit Exceptions for the block CY-ONN-2002/2**

YEAR	AUDIT EXCEPTION	ACTION TO BE TAKEN BY OPERATOR/CONTRACTOR
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.
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.
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.
2016-17 & 2017-18	Mining Lease	Operator is advised to follow up with the State Govt. for the issuance of PML.
2016-17 & 2017-18	Procurement Procedure	Operator is advised to expedite MC approval for procurement policy.
2016-17 & 2017-18	Approval of Annual Accounts	Operator is advised to take approval of Annual Accounts from MC within prescribed timeline hence forth.
2015-16	Accrual Accounting	As the contract cost was brought forward in the FY 2015-16, Operator is advised to take MC approval.
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.

2014-15	Essentiality Certificate	Reasons for noncompliance be recorded.
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.
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.
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 advice 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.
2009-10 & 2010-11	Procurement Procedure	Operator is advised to obtain MC approval on priority for the deviation from the PSC provisions.
2009-10 & 2010-11	Exchange Rates	Operator is advised to obtain MC approval on priority for the deviation from the PSC provisions.

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