

Chapter 2

Audit Methodology

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2.1 Audit Objectives

The performance audit was undertaken to assess whether:

- The planning required for implementation of the programme was appropriate and adequate;
- The funds were released in accordance with the guidelines and were commensurate with the progress of the work;
- The projects were implemented in an efficient and effective manner; and
- The mechanism for monitoring and evaluation of the projects was adequate and adherence to quality and timelines was ensured.

2.2 Audit Scope and Sample

The performance audit covered the period from the start of the R-APDRP scheme (December 2008) to 2014-15. The performance audit covered 29 States. In respect of Part A and Part B projects, a sample of 25 *per cent* of the sanctioned projects, subject to a minimum of 25 projects in each State was selected. In States where the number of sanctioned projects were less than 25, all the projects were selected for examination. In all, 596 Part A projects, 570 Part B projects and all 72 SCADA projects were examined in audit. State-wise number of projects sanctioned for implementation and selected for audit are presented at *Annexure - I and II*.

2.3 Sources of Audit Criteria

The main sources of audit criteria for the performance audit were:

- R-APDRP Guidelines;
- Detailed Project Reports (DPR), Quadripartite Agreements (QA) and Memorandum of Agreements (MoA) with State Electricity Boards (SEB);
- Electricity Act, 2003;
- General Financial Rules, 2005 (GFR);

- Methodology for establishing baseline AT&C losses; and
- Records and correspondence relating to the Scheme in MOP, PFC and Utilities.

2.4 Audit Methodology

The performance audit was taken up in May 2015. The performance audit commenced with an entry conference with MOP in May 2015 which was also attended by officers of PFC, the nodal agency. In the entry conference, audit methodology, scope, objectives and criteria were discussed.

Audit was conducted at MOP/PFC and SEBs/ State Electricity Departments (SEDs)/ Distribution Companies (Utilities / DISCOMS) in States.

The draft audit report was issued to the MOP in February 2016 and replies were received from MOP in April 2016. An exit conference was held in May 2016 with the MOP, where the audit findings and recommendations were discussed. Representatives of PFC were also present in the exit conference. The State Audit offices also conducted entry/exit conferences with the respective Utilities/SEBs (Utilities).

Audit acknowledges the cooperation extended by the officers of the MOP, PFC, Utilities and/or the State Governments in the conduct of this audit.