

Chapter 2

Audit Framework

2.1 Scope of Audit

Performance audit of activities under Corporate Social Responsibility in CIL and its subsidiaries was undertaken for the period 2004-05 to 2009-10 to review these activities with reference to impact on the environment, safety in mining, health care of workers and community and peripheral development. These issues are of great significance to areas of operations of CIL and the adjoining areas, given the nature of mining operations and the working conditions involved. For this purpose, the corporate offices of CIL and its subsidiaries and 18 open cast mines, eight underground mines and four washeries in seven coal producing subsidiaries, viz., BCCL, CCL, ECL, MCL, NCL, SECL and WCL, were reviewed in audit. The details of the sample selected and selection criteria are given in **Annexure - 1**.

2.2 Audit Objectives

The objectives of the performance audit were to assess whether

- the companies have formulated CSR policy which adequately addresses CSR concerns and whether these have provided adequate resources for CSR activities;
- adequate measures were taken by CIL and its subsidiaries to minimize adverse impact on the environment in course of mining;
- safety practices prevailing in the companies conform to the norms/standards, rules prescribed; and
- the companies have been able to fulfill their social responsibility in an effective and efficient manner towards health care to workers, community and peripheral development, rehabilitation and resettlement.

2.3 Audit Criteria

The main criteria used by audit to assess the performance of the companies were as follows:

- Ministry of Environment and Forest (MoEF) guidelines,
- Directorate General of Mines Safety (DGMS) guidelines,
- CSR policy of CIL,
- Conditions imposed by MoEF/DGMS in respect of individual projects.

The details have been provided in the **Annexure- 2**

2.4 Audit Methodology

Audit examined the relevant records based on which preliminary observations were issued to the Management and the replies of the Management wherever received, were considered while drawing audit conclusions which have been discussed in the subsequent chapters. An exit conference was held in December, 2010 to discuss the audit findings with the Management and the report was finalized and issued to the Ministry of Coal, Government of India in January 2011. The response of the Ministry of Coal was received in May, 2011 and has been appropriately incorporated while finalising this report.

2.5 Acknowledgement

Audit acknowledges the active cooperation and assistance provided by CIL and its subsidiaries at all levels of management which facilitated the completion of this performance audit.

2.6 Audit Findings

Audit findings are discussed in four chapters as detailed below:

- **Chapter 3:** includes issues relating to CSR policy and implementation set up
- **Chapter 4:** highlights environmental concerns regarding backfilling and reclamation of land, afforestation, mine closure plan, dust suppression measures, disposal of slurry and rejects etc.
- **Chapter 5:** flags the issues of employees safety, fatal accidents, stowing in underground mines, shortage of safety equipments etc.
- **Chapter 6:** discusses the issues of social development, rehabilitation and resettlement, absence of need assessment/ survey of society for planning CSR activities and impact assessment of CSR activities.