

Chapter 2 Audit approach

2.1 Audit objectives

The objective of the performance audit was to assess the implementation of the scheme and ascertain whether:

- The reform agenda sought to be achieved has been achieved
- City Development Plans (CDP) were comprehensive and were based on a detailed assessment of requirements and on surveys and feedback from stakeholders
- Individual projects were selected and planned appropriately in accordance with the CDP
- Projects were executed efficiently and economically to achieve integrated development of infrastructural services and ensured basic services to urban poor
- Adequate arrangements for Operation and Maintenance of created assets were made
- Financial management controls were adequately exercised
- There was a mechanism for adequate and effective monitoring and evaluation

2.2 Audit scope and sample

The performance audit covered the implementation of the JNNURM scheme for the period 2005-06 to 2010-11. The audit was conducted in 25 states⁹ and five union territories¹⁰.

The audit sample comprised 216 projects in 39 mission cities and 46 cities and towns other than mission cities. Out of these 216 projects, there were 82 housing projects and 134 urban infrastructure projects. In these projects, the focus of audit was on ground level execution. Audit did not cover purchase of buses under urban transport as this was a procurement issue and not project oriented.

Table No. 2.1: Total projects approved and selected for audit under various components

Name of the Component	Urban Infrastructure Projects		Housing Projects		Total
	UIG	UIDSSMT	BSUP	IHSDP	
Total number of projects ¹¹	532	766	499	1018	2815
Number of projects selected	97 ¹²	37	53	29	216

2.3 Audit criteria

The main sources of audit criteria were:

- Guidelines, instructions / circulars / orders issued by MoUD, MoHUPA, Ministry of Finance and Planning Commission in respect of the JNNURM Scheme.

⁹ Except Goa, Mizoram and Tripura

¹⁰ Except Andaman & Nicobar Islands and Lakshadweep

¹¹ Approved upto 31 March 2011

¹² Four withdrawn projects were also selected.

- Memorandum of Agreement signed between State/UT, Government of India and Urban Local Bodies
- City Development Plan of selected cities
- Detailed Projects Reports of selected projects
- Toolkits issued by MoUD/MoHUPA for various issues under JNNURM
- Minutes of the meetings of Central Sanctioning and Monitoring Committees.

2.4 Audit methodology

Prior to the commencement of the Performance Audit, a pilot study was conducted in Dehradun in June / July 2010. Based on this pilot study as well as a study of JNNURM related documents including the scheme guidelines, the performance audit guidelines were issued to all the participating field offices which were to conduct the audit in their respective states. The field audit in the States took place between April 2011 and November 2011.

Entry conferences with MoHUPA and MoUD took place on 23 June 2011 and 09 September 2011 respectively. These entry conferences served to explain and discuss the audit methodology, scope, objectives and criteria. The selected States and UTs also conducted entry conferences.

Audit at Government of India level covered the audit of MoUD and MoHUPA and interaction with other stakeholders like Ministry of Finance (MoF), Ministry of Home Affairs (MHA) and Planning Commission etc.

Field audit at the State level involved the audit of State Government Departments, State Level Nodal Agencies and ULBs / Parastatal agencies, which were responsible for implementation of the projects. Site visits of selected projects were also carried out. In some cases, the audit teams were accompanied with officials from the department concerned. Surveys of intended beneficiaries were also carried out.

Draft audit findings were issued to respective State Governments for confirmation of facts and figures and seeking comments on the audit observations. Exit Conferences were held in all selected States / UTs (except Dadra and Nagar Haveli) to discuss audit findings. The replies of the State/UT governments where ever received were considered and suitably incorporated in the report.

The Draft Performance Audit Report was issued to MoUD and MoHUPA on 16 March 2012. The replies of both the ministries have also been suitably incorporated in this report. Exit conferences were held with MoHUPA and MoUD on 20 June 2012 and 21 June 2012 respectively to discuss the audit findings.

2.5 Acknowledgement

Audit acknowledges the co-operation and assistance extended by MoUD, MoHUPA, MoF, MHA, Planning Commission, State Governments, Urban Local Bodies and their implementing agencies during the course of this performance audit.