

Chapter 2 Audit Framework

2.1 Audit Objectives

Performance audit of the USBRL project was undertaken in view of the strategic nature of this rail link and its critical importance to the nation and the state of J&K. The focus of audit was principally on the progress of the still incomplete Udhampur-Qazigund section of the project which is the most challenging segment to be executed and constitutes over 80 per-cent of total project cost. The following were the main concerns sought to be addressed in the audit process–

- Planning strategy
- Project execution
- Financial Management.

2.2 Audit Scope and Methodology

The audit covered the project activities since its inception in 1994-95 to October, 2010. The facts and figures, subject matter of audit findings contained in this report have been updated to July 2012. Audit methodology involved scrutiny of the relevant documents in the Railway Board, the offices of the three executing agencies *viz.* NRCO, KRCL and IRCON, and the selected project sites. Discussions were held with the concerned officials at both Headquarters as well as at the project sites chosen for detailed scrutiny including those of tunnels, bridges etc., and an analysis of relevant data obtained from diverse sources. Joint inspection of the sampled sites was carried out with NRCO and KRCL officials and photographic evidence taken to substantiate audit findings, where required.

Audit findings were discussed with NRCO, KRCL and IRCON officials at various levels. The audit findings were subsequently reported to the Railway Board (March 2011) and their reply received (September 2011) has been verified through revisiting the relevant records at project sites. The reply of the Ministry and the comments thereon updated as of July 2012 has been incorporated in the Report at appropriate places.

2.3 Audit Sampling

Out of 2731 works contracts, 182 major contracts were selected for detailed audit scrutiny on considerations of financial materiality, other significant factors relating to planning and implementation.

2.4 Acknowledgement

We gratefully acknowledge the cooperation and assistance rendered by the Railway Administration, especially NRCO, IRCON and KRCL and their officials at Udhampur, Srinagar, Banihal, Reasi, Katra, Sangaldan, Delhi and Mumbai for their support and cooperation during the course of audit.