



# COMMERCIAL AUDIT MANUAL

**Office of the  
Principal Director of Audit (Infrastructure)  
3<sup>rd</sup> floor, A-Wing, I.P. Bhawan, I.P. Estate,  
New Delhi**

**2023**

## **Preface**

In July 2020, Indian Audit and Accounts Department carried out an internal restructuring to achieve vertical integration of audit domains. This resulted in creation of Office of the Director General/Principal Director of Audit (Infrastructure) from erstwhile Principal Director of Commercial Audit & Ex-officio Member, Audit Board-I. With change in office profile from a commercial audit office to the principal auditor of three union Ministries viz., Ministry of Housing and Urban Affairs (MoHUA), Ministry of Civil Aviation (MoCA), and Ministry of Road Transport and Highways (MoRTH), a need for creation of a Civil Audit Manual for the Office of the Principal Director of Audit (Infrastructure) was felt necessary.

This Manual is intended to provide guidance in the audit of Commercial units under the jurisdiction of this office. It embodies a general direction and detailed instructions for efficient performance of audits. The instructions contained in this Manual derive their content from guidelines and instructions issued by the office of Comptroller and Auditor General (C&AG) of India.

An attempt has been made in this manual to cover a wide ground and periodical revisions based on actual experience gained in field audits to keep up with audit procedures considering the ever-expanding activities of the Government Departments.

The principles and guidelines incorporated in this manual are only to provide a guidance for the functioning of officials deployed at the Coordination Sections and field audit parties (Local Audit Party i.e., LAP) of Infrastructure- I, III and IV and should not be quoted as an authority for supporting audit observations and audit reports.

**(Atoorva Sinha)**

**Principal Director of Audit (Infrastructure),  
New Delhi**

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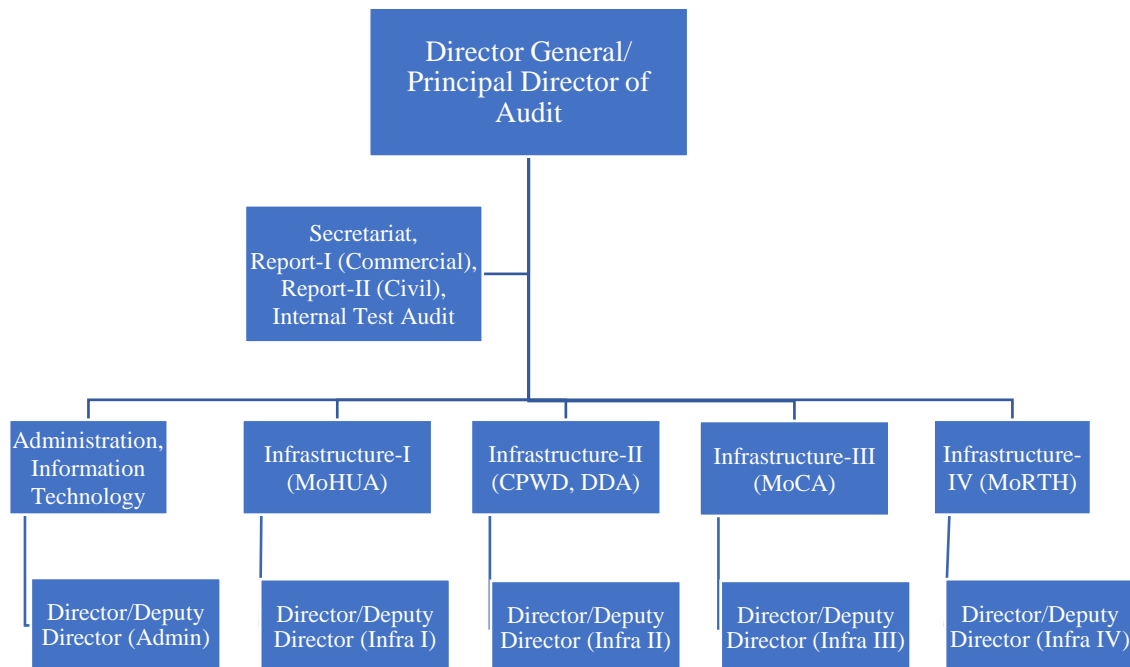
## Section A - Overview

### 1. Introduction

The office of the Director General/Principal Director of Audit<sup>1</sup> (Infrastructure), New Delhi conducts audit of the Ministry of Housing & Urban Affairs (MoHUA), Ministry of Civil Aviation (MoCA) and Ministry of Road Transport and Highways (MoRTH) and their attached/subordinate offices including public sector undertakings (PSUs) and autonomous bodies. Further this office conducts Audit of various Commercial Units/Companies which comes under the purview of O/o the PDA(Infrastructure).

### 2. Organisational Structure

The office of the Principal Director of Audit (Infrastructure), New Delhi is headed by the Principal Director (PD) and constitutes of five wings i.e., Administration & Information Technology, Infrastructure-I, II, III and IV. Each wing is headed by a Group Officer (GO) i.e., Director/ Deputy Director who reports to the Principal Director (PD). In addition, Report Sections (commercial and civil), and Internal Audit Wing function directly under the control of the PD.



<sup>1</sup> Name of the office is derivative of the designation of incumbent Head of Department. It shall be referred to as the office of Principal Director of Audit in this manual.

Each wing has a co-ordination section and several field audit parties or local audit parties (LAPs) that are staffed with the Senior Audit Officer(s) (SAOs), also called Branch Officers (in co-ordination sections) and Inspecting officers (in LAPs); Assistant Audit Officer(s) (AAOs); Supervisors/Assistant Supervisors; Senior Auditors/Auditors, Data Entry Operators and Multi-Tasking Staff (MTS), as per the requirement.

Branch Officer(s) (BO) i.e., Senior Audit Officer(s) (SAO), who is functioning as a co-ordinator of the wing and Inspecting Officer(s) i.e., Senior Audit Officer(s) (SAO), who is the head of LAP, report directly to their respective Group Officer of the wing.

### 3. Functions of Group Officer

As head of the wing, Group Officer (GO) ensures overall efficient and effective working of the wing and performs the following main functions (relating to Civil Audit):

- (i) To personally supervise the work of field parties through One IAAD One System (OIOS) as well as undertaking field visits.
- (ii) Approval of important paras from inspection reports for further processing as Factual Statements (FS) and Draft paragraph (DP) for inclusion in the Audit Report.
- (iii) Bring to the notice of PD, any serious or financial irregularities noticed during the course local audit of an office/institution.
- (iv) See that effective action is taken by the co-ordination section for settlement of outstanding audit objections.
- (v) Review and approve extension of time allotted for audit.
- (vi) To convene and attend ad-hoc Audit Committee meetings as representative of PD.
- (vii) Ensure through various control registers/Calendar of Returns maintained by the co-ordination section that the prescribed returns and reports are correct and sent in time.
- (viii) Internal posting and transfer of staff from one field party to another or from Co-ordination Section to a field and vice versa, within the overall sanctioned strength of the Co-ordination Section.
- (ix) Any other work incumbent upon the wing or as directed by the PD. Communications to and from CAG, Departmental office, Ministry etc.
- (x) In addition, following work is carried out by the Group Officer in OIOS and e-office/e-file:

OIOS	E-office/e-file
a) Submission of <a href="#">Annual Audit Plan</a> . b) Submission of <a href="#">Quarterly Audit Plan</a> . c) Approval of the tour programmes.	a) Approval of various returns and reports. b) Approval of various PUCs. c) Approvals of vetting remarks/replies on the IR.



d) Approval of Audit Design Matrix (ADM). e) Processing/approval of Toolkits. f) QA/QC of the completed Field Visits. g) Approval and further submission of Finance and Appropriation Accounts. h) Approval/Processing of Audit Products (IR, FS, PA, PDP). i) Any other directions related to Civil Audit.	d) Verification of Complaints/ RTI. e) Approval of general correspondences with Ministries/Departments under the audit jurisdiction of the wing. f) Approval of the Desk Review. g) Approval of the Audit Assignment Notes. h) Vetting of ATN/ATR for onward submission. i) Any other directions related to Civil Audit. (section orders/circulars).
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#### 4. Functions of Co-ordination Section

The Co-ordination Section is the controlling section of the wing and responsible for carrying out all work of the wing, except the actual local inspection and initial drafting of the Inspection Report. Main functions (relating to Civil Audit) of the Co-ordination Section are:

- (i) Preparation and submission of the Annual Audit Plan of the wing.
- (ii) Preparation and submission of the Quarterly Audit Plan of the wing.
- (iii) Preparation and assignment of the Quarterly Audit Programme to LAPs of the wings on OIOS.
- (iv) Keeping up to date, the list of offices locally audited or the [audit universe](#) or the legacy data (auditable units under the audit jurisdiction of the wing).
- (v) Maintenance and providing of previous inspection audit reports and other records (all important office orders, sanction orders, circulars etc., which are useful for inspection purposes) relating to local audit of the field parties.
- (vi) Vetting the draft inspection reports received from the field parties and submission to Group Officer for approval (whole process done on OIOS).
- (vii) Issuance of Inspection Report to the audit entity within thirty days of the last date of conclusion of audit after getting the approval from the Group Officer.
- (viii) Furnishing of records/ information as and when required by the Report (Civil) section and/or CAG Headquarters through e-office as well as in physical format.
- (ix) Submission and issue of all returns on due dates (through email/e-office).
- (x) Correspondence with auditee units regarding matters related to local audit.
- (xi) Checking of movement of party personnel shown in T.A. bills with the approved tour programmes, weekly diary, and Casual Leave Register etc. and forwarding the T.A. bills to the Administration Section with certificates regarding verification of duties, etc.

- (xii) The entry of common discrepancies found during the time of vetting of inspection reports of various offices of a particular department will be entered in Register of Defects to facilitate attempting Departmental Appreciation Note on such common irregularities.
- (xiii) To send the records no longer required to Record Section with the period of preservation recorded on the front page of each file.
- (xiv) To circulate the digest of important and interesting cases for the guidance of the local audit parties.
- (xv) All other miscellaneous and policy matters relating to audit and local inspection.
- (xvi) In addition, various registers/returns/reports are maintained by the co-ordination section which are as detailed in [Annexure XX](#). These registers are maintained for internal control and assessment of the functioning of respective wings for further evaluation by supervising officer or HoD.

#### **4.1.Functions of Sr. Audit Officer (SAO) of Co-ordination Section**

The following are the main functions of the Branch Officer of the Co-ordination section:

- (i) Ensure timely submission of the sectional Calendar of Returns and watch through it that each item of work is completed by the due date. In case it is anticipated that a return is likely to be delayed, the matter should be brought to the notice of the GO in time to enable the latter to make special arrangements if required.
- (ii) Scrutinize and vet the inspection reports on OIOS, as received from the audit parties to affect a distinct improvement in their quality and ensure the prompt issue of these reports.
- (iii) To ensure the correctness of all information, facts and figures communicated to the office of the C&AG of India, government and departmental authorities, other audit offices as also to the different sections of the office.
- (iv) Ensure correctness of data related to audit universe and risk profiling as done on OIOS.
- (v) Preparation and submission of Annual Audit Plan and Quarterly Audit Plan of the wing for onward submission.
- (vi) Submission of tour programmes for approval of GO on OIOS.
- (vii) Supervision of work related to Factual Statement and Action Taken Report (ATN)/ Action Taken Report (ATR) and ensure timely compliance.
- (viii) Supervision of work relating to correspondence with the Headquarters office/Report Section.
- (ix) To accord necessary approval to the files put up through e-office, wherever applicable or ensure proper review of drafts for approval before submission of files to the GO for approval through e-office.

- (x) To ensure preparation and issuance of Departmental Appreciation Notes, if required, after completion of audit of all the units.
- (xi) To assist the legislative committees i.e., Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU) in briefing of CAG reports and any other assistance required in proper discharge of duties.
- (xii) To coordinate meetings with the head of the attached offices of auditable entities for timely submission of replies to outstanding paragraphs.
- (xiii) To ensure that the complaints received are attended and submit compliance report to the Group Officer.
- (xiv) Submission of TA bills for approval of the Group Officer.
- (xv) To attend any other directions as and when issued by the Group Officer.
- (xvi) To supervise all the work performed by AAOs of the co-ordination section.

#### **4.2.Functions of AAO of Co-ordination Section**

The following are the functions of the Assistant Audit Officer (AAO) of the Co-ordination section:

- (i) Vetting of DIR and linked KDs submitted by the LAP on OIOS for onward submission to SAO/BO.
- (ii) Issuance of IR after it gets approval from the GO.
- (iii) Review of replies received from the audited entities and making necessary changes in the IR before submission to SAO/BO.
- (iv) To update data of risk profiling of auditee units for appropriate preparation of Annual Audit Plan.
- (v) To aid in preparation of Annual Audit Plan, Quarterly Audit Plan.
- (vi) Review of tour programmes of LAP before submission to SAO/BO and ensuring necessary revisions are done as per the directions.
- (vii) Preparation of Factual Statement and ensuring that KDs are duly linked before submission to SAO/BO in OIOS.
- (viii) To see that all codes and reference books supplied to the section are kept up to date and are readily available.
- (ix) Preparation of various reports/returns before onward submission to SAO/BO.
- (x) Review of files put up through e-office and preparation of necessary drafts/noting for onward submission to the SAO/BO.
- (xi) To pursue vigorously all cases of financial irregularities/losses etc.
- (xii) In cases of accounts audit, submission of pre-audit analysis within one day after the receipt of accounts in e-office and verification of key documents (KD) on OIOS.

- (xiii) Vetting of TA bills submitted by LAPs for onward submission.
- (xiv) To send the intimation to auditee units before the start of audit of unit.

#### **4.3.Functions of Supervisor/Auditor/DEO in Co-ordination Section**

The following are the main functions of the Supervisor/Asstt. Supervisor/Sr. Auditor/Auditor/DEO of the Co-ordination section:

- (i) To submit the draft Inspection Report after checking the mandatory compliances as per the checklist ([Annexure X](#)) within three days from the date of receipt in OIOS.
- (ii) To aid AAO in perusal of the linked KDs in the DIR submitted in OIOS.
- (iii) Checking of KDs in DIRs submitted in OIOS.
- (iv) Initiation of tour program and making revisions in tour programs as directed in OIOS.
- (v) To update audit universe (legacy data) on OIOS as and when applicable.
- (vi) Consolidation of requisite data for preparation of various returns as per the approved Calendar of Returns (CoR) in e-office/registers/files.
- (vii) Initiation of various files/drafts through e-office for onward submission.
- (viii) Receiving and putting up of TA Bills of field audit staff.
- (ix) Maintenance and safe keeping of physical files and other records of the wing relating to Civil Audit.
- (x) Diarizing all letters, reports, and documents received in the section.
- (xi) Any other work/task assigned by the GO/SAO/AAO.

#### **5. Field Audit Party/Local Audit Party (LAP)**

Field Audit Party/Local Audit Party (LAP) is headed by a Senior Audit Officer who is also the inspecting officer of the LAP and assisted by the Assistant Audit Officer(s) and other staff as per the requirement. However, depending upon the quantum of work and man days, LAP(s) may consist of two or more SAOs.

Inspecting Officer of the LAP reports directly to Group Officer of the wing. The Inspecting Officer is responsible for supervision and the efficient functioning of the audit parties entrusted to his charge. The Inspecting Officer has the following main functions:

- (i) The Inspecting Officer shall approve the distribution of work between the members of the audit party.
- (ii) Make a thorough examination of various works and related documents and guide his/her staff about necessary checks required to be undertaken in those works.
- (iii) Collect and update information related to auditee profile of assigned units and submit the same to the co-ordination section for making relevant/applicable changes to the audit universe.

- (iv) The Inspecting Officer should acquaint himself with the system of finance of the office/institution/department, the accounts/records, of which he is inspecting as to what makes up its receipts and how its money is expended. He should then make up his mind as to what system of execution of work, accounts for these receipts and expenditure and what records/registers are necessary for internal check purposes, and how far the existing system conforms to the standards.
- (v) Make an intelligent probe of the initial records to see whether the defective maintenance or the non-maintenance of records is camouflaged to conceal fraud or misappropriation.
- (vi) Devote personal attention to important matters, as for example, review the way contracts are initially negotiated, plans and programmes of various department implemented. These reviews should be conducted to ascertain how far wisdom, faithfulness and economy are observed by the departments.
- (vii) Examine personally with reference to the initial documents, all serious and important points raised by the field staff.
- (viii) The Inspecting Officer's work of supervision consists in seeing that all the accounts register etc. are audited by his subordinate staff and that they carry out all the necessary checks. It must be ensured that no point of importance or case of serious irregularity or defalcation escapes attention during audit or is left undiscovered.
- (ix) The inspecting officer must discuss the points of importance with the head of office which is being audited and endeavour to settle on the spot as many objections as possible of the current audit as well as the outstanding points of previous audit reports.
- (x) In case of important audits, he should ensure that he gets necessary briefing where required from Co-ordination Section well in time with regard to any special points to be examined during such audit.
- (xi) Wherever Inspecting Officer feels that the points raised are so important that they may ultimately find a place in the Audit Report, he should take particular care to examine all the issues involved, collect all relevant information and also take attested copies of the documents which are likely to be useful in pursuing the matter with higher authorities. In addition, the relevant points must be brought to the notice of GO.
- (xii) In all cases, where there is supervision throughout, on the concluding day of audit, a certificate to the effect that the report has been drafted by the Inspecting Officer should invariably be furnished by the Inspecting Officer.
- (xiii) He should, whenever the AAOs of the field party are not available (either on leave or otherwise), exercise all the checks prescribed for them.
- (xiv) Vetting of ATR/ATN as and when assigned in a timely manner and submission to the Group Officer through e-office.

- (xv) To attend to the complaints and press clippings forwarded by the co-ordination section and submit compliance report along with units' DIRs to the Group Officer.
- (xvi) As majority of the field audit work conducted by LAPs is done through OIOS, the following table indicates the functions performed by AAO(s) and SAO(s) of LAP on OIOS:

<b>Work carried out in LAP at various levels in OIOS</b>	
<b><u>AAO</u></b>	
<ul style="list-style-type: none"> <li>a) Uploading approved Desk Review and signed minutes of entry conference.</li> <li>b) Aid in preparation and uploading of approved Audit Design Matrix.</li> <li>c) Preparation and issue of audit requisitions and audit enquiries.</li> <li>d) Preparation and submission of audit observation after duly linking KDs.</li> <li>e) Uploading signed minutes of exit conference and other necessary compliances such as code of ethics, title sheet etc.</li> <li>f) Uploading details/Information in OIOS portal under head 'Draft IR Info' (Introduction, Best Practices and Acknowledgement).</li> <li>g) Developing all the annexures (Duty List, Verification Note and Part-III, Risk Analysis, Auditee Profile, Organization Structure) and uploading to OIOS portal under head 'Attachment info' after approval of SAO.</li> <li>h) Closing of field visit.</li> </ul>	
<b><u>SAO</u></b>	
<ul style="list-style-type: none"> <li>a) Preparation and submission of <a href="#">Desk Review</a>.</li> <li>b) Initiation of field visit.</li> <li>c) Preparation and submission of Audit Design Matrix.</li> <li>d) Review, preparation and issuance of Audit Requisitions, Enquiries and Audit Observations.</li> <li>e) Perusal and approval of Audit Enquiries and Audit Observations submitted by AAOs of the LAP.</li> <li>f) Preparation and submission of DIR.</li> <li>g) Initiation of 'Deviation Info' (Cancellation, Deferral, Extension, Pre-closure and Others) in OIOS portal and sent to Group Officer for approval.</li> <li>h) Closing field visit and submission of field visit for QA/QC.</li> </ul>	

## **6. Functions of Report (Commercial) Section**

Report (Commercial) looks after the various matters related to the commercial audit portion of this office. The following are the main functions of the Report (Commercial) section related:

- (i) Consolidation of Annual Audit Plans (AAP) as received from each wing, and submission to the PDA for approval and onward submission to the CAG Headquarters through e-office.
- (ii) All correspondence with the CAG Office regarding commercial audit matters is done through the Report Section.
- (iii) All Compliance Audit Report' paragraphs/ Performance Audit Reports/ Finance and Appropriation Accounts' audit paragraphs are vetted and scrutinized at the

Report Section for approval from the PDA and onward submission to the CAG headquarters and Ministry through OIOS.

- (iv) Reports generated for ATN/ATR are vetted and scrutinized at the Report Section and obtain approval from PDA for their onwards transmission to the CAG Office through OIOS/e-office.
- (v) Comments on the Financial attest audit of Companies/Corporations will be submitted to CAG Hqrs through Report section.

## **7. One IAAD One System (OIOS)**

CAG began digitization of audit process with ‘One IAAD One System’ ([OIOS](#)) from November 2020. OIOS is a comprehensive IT system for audit process automation and knowledge management. It is a workflow-based IT application where all the audit activities are carried out end-to-end in real-time within the application itself. The OIOS has the capabilities to handle all the critical areas of audit such as audit planning, drawing up of audit teams and programmes, issue of requisitions, enquiries, audit observations, consolidation of observations into DIR based on materiality, draft and issue of IR as well as Statement of Facts, Draft Paras, Audit Reports and other audit products to various authorities and the same has been indicated in the relevant parts of this manual as well.

Switching over/ operationalization of the entire audit process from manual system to OIOS has been done from 1<sup>st</sup> April 2023 onwards and now the complete audit process (from audit planning to audit reporting) is done and documented through OIOS on real time basis. (The details of process of work done in OIOS can be found [here](#).)

## **8. E-office**

All the intra office correspondence that was done in physical files format is now being done through [e-office/e-file](#). The files are created (subject and name of the file) by the co-ordination sections and all the notes/ drafts for approval etc., are submitted and approved through e-files to ensure timely submission of files and prompt action thereof. In addition, circulation of relevant orders to officials is done through official email channel from the co-ordination wings. (The details of process of working on e-office can be found documented [here](#).)

## **9. Action Taken Note (ATN)/Action Taken Report (ATR)**

ATNs and ATRs to be examined by the Parliamentary PAC are processed through an online portal - the Audit Para Management System (APMS). The portal is managed by the Office of the Controller General of Accounts in the Ministry of Finance. Vetting comments on ATNs for the Audit Reports/paras that have been selected by the Parliamentary PAC/COPU as well as the ATRs, need the approval of the concerned functional wing at Headquarters before these are returned to the concerned Ministry/Department.

## Section B - Audit Planning

### 1. Introduction

The Audit Plan arrives at an optimum mix of available resources for conducting high priority and high-risk audits; improves the quality of audit by minimizing the risk of crucial areas remaining uncovered; and directs attention to new and emerging challenges in the auditee environment which might necessitate capacity building among the auditors or adoption of new audit techniques and tools.

Planning begins with mapping of the audit universe, drawn from the circle of the audit mandate, and with an assessment of the resources available with the audit organization. The second step is risk assessment that results in identification of priority areas of audit and high risk auditable entities.

Stakeholders provide vital inputs at all stages of audit planning. Finally, the resources available are deployed on the audit universe in the identified hierarchy of priorities.

### 2. Audit Universe

The [audit universe](#) is the totality of auditable processes, functions, and entities that the office has the mandate to audit. The details for determining the audit universe may be found in [Para 3.2 and 3.3 of the compliance audit guidelines](#).

The co-ordination section prepares and periodically updates the audit universe in OIOS as per the information available with and provided by the apex auditable entity. The responsibility to ensure such updation lies with the GO. Timely updation of the audit universe relies largely on effective co-ordination with the government.

### 3. Risk Assessment

A formal, documented and structured risk analysis must be carried out for identification and grading of risk of various auditable entities and subjects for audit, which will inform their prioritization for audit. The [risk assessment will have to be comprehensive, based on a close review of the operations of the audited entity](#).

Detailed risk assessment methodology can be found in [para 3.9 to 3.11 of the compliance audit guidelines](#).

Each auditable unit is classified as High risk, Medium risk or Low risk based upon the risk assessment undertaken. The frequency of audit of auditable unit is based upon its risk profile as determined by the co-ordination wing.

### 4. Types of Audit

The following are the [three main types of audit in the public sector auditing](#) to meet the audit objectives:



- A. **Compliance Audit** is an independent assessment of whether a given subject matter (an activity, financial or non-financial transaction, information in respect of an entity or a group of entities) complies in all material respects with the applicable laws, rules, regulations, established codes etc., and the general principles governing sound public financial management and the conduct of public officials.
- B. **Performance Audit** is an independent, objective and reliable examination of whether Government entities, institutions, operations, programmes, funds, activities (with their inputs, processes, outputs, outcomes and impacts) are operating in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement.
- C. **Financial Audit** deals with determining whether an entity's financial statements and information is properly prepared, complete in all respects and is presented with adequate disclosures in accordance with the prescribed financial reporting and regulatory framework; and, is accomplished by obtaining sufficient and appropriate evidence to enable the auditor to express an opinion as to whether the financial statements and information represents a true and fair view of the entity's financial situation and is free from material misstatement due to fraud or error.

The audit of Finance & Appropriation accounts of the three ministries i.e., MoHUA, MoCA and MoRTH is carried out under the civil audit mandate of this office.

Besides, audit which combine either all or some aspects of financial, compliance and performance audits are also conducted. The determination of the type of audit is to be guided by the objectives of the audit assignment and the kind of audit assurance it strives to provide.

Based on the types of audits mentioned above resources are allocated in the Annual Audit Plan and alternative audit terminologies i.e., thematic audits, CCO based audits etc., are avoided while preparing Audit Plans.

## **5. Auditing in an Information Technology (IT) environment**

Governments and other public sector entities have continuously adopted innovations in Information Technology (IT) into their information systems, in order to enhance efficiency and effectiveness in their functioning and delivery of various public services.

### **5.1.Introduction**

Information Technology (IT) has been defined as comprising “the hardware, software, communication and other facilities used to input, store, process, transmit and output data in whatever form”.

Information Systems has been defined as a “combination of strategic, managerial and operational activities in gathering, processing, storing, distributing and using information and its related technologies.”

### **5.2.Audit of IT Systems and IT-assisted audits**

Auditing in an IT environment cover either or both of the following sets of activities:

- (i) Audit of IT (Information Technology) systems or IS (Information System);
- (ii) Financial, Compliance or Performance audits (or combinations thereof) using various IT tools for supporting the achievement of the audit objectives – also referred to as “IT-assisted audits.”

### **5.3.Risk-based approach to planning of auditing in an IT environment**

A risk-based approach to planning of audits of IT systems is to be adopted. For this purpose, a listing of significant IT systems in use or in development in the auditable entities falling within the audit universe is to be maintained and kept up to-date. The prioritization of audits of IT systems will depend, inter alia, on the criticality of the IT system to the functioning of the audited entity. For this purpose, a risk assessment exercise<sup>2</sup> will need to be carried out periodically, in line with the detailed Standard Operating Procedure (SoP) issued by Headquarters Office.

In general, audit of IT systems is important to derive assurance about the integrity, non-acceptance and reliability of data which is input, processed and output for these systems.

### **5.4.Applicability to financial, compliance and performance audits**

For financial audits, the adequacy and effectiveness of controls relating to the IT systems used to capture, process and output data for the preparation of financial systems is important. This could be considered either along with the audit of the financial statements or separately.

Stand-alone audits of individual IT systems are usually taken up as compliance audit assignments, although it is possible to define the compliance audit of an organisation or activity to include audit of the associated IT system.

For performance audits (of schemes, activities, organizations etc.), the audit scope could include audit of the underlying IT-based transaction processing system/MIS/reporting system.

## **6. Annual Audit Plan**

Annual audit plan (AAP) of the office would include performance audits, compliance audits and financial audits to be taken up during the financial year. It is an exercise of balance between the audit priorities and the resource availability.

This requires top down, risk based, department centric mechanism for macro level planning and conducting compliance audits and preparation of annual compliance audit plans by defining the apex auditable entities and audit units and risk profiling.

An Audit Unit is therefore defined as a unit, which has one or more of the following attributes:

- (i) substantial devolution of administrative and financial powers;

<sup>2</sup> Functional impact of IT System, investment made in IT System, last when audit was conducted, and long delay in implementation of IT system, functional / security risk associated with IT System, any other parameter.

- (ii) functional autonomy; and
- (iii) Operational significance with reference to achievement of objectives of the apex auditable entity.

### **6.1.Preparation of Annual Audit Plan**

Process followed for arriving at the annual audit plan by each co-ordination wing involves:

- (i) Assurance that the audit universe is updated. (OIOS [allows such an updation](#) as and when required, depending on the information received by the audit office on audit entities that are opened new, wound-up, merged or split. The responsibility for such updation lies with the Group officer)
- (ii) Risk assessment across the audit universe preferably with extensive use of data analytics.
- (iii) Justification for selection of topics for performance audits and subject specific compliance audits, borne from the results of pilot studies.
- (iv) Stakeholder Participation.

The Annual Audit Plan, thus prepared and subsequently approved by the Principal Director for the entire office, is sent to the O/o C&AG for approval from DAI/ADAI.

### **7. Quarterly Audit Plan**

After the AAP is approved by the O/o C&AG, the operational plans are translated into implementation plans in the form of a Quarterly Audit Plan.

This is prepared by each co-ordination wing and provides the details of audit engagements that will be taken up in a quarter by various audit parties, the sequence in which the audit parties will visit the auditee units and the time assigned to each Audit.

Once this plan gets approval from the PDA, it forms the basis of the advance intimations (both by OIOS and hard copy) to be sent to auditees (usually three weeks before the start of audit) and approval of tour plans. The intimation for audit shall state the likely duration of audit including duration of visit to auditable entity, audit scope and objectives, and composition of the audit team ([Annexure XVIII](#)).

### **8. Desk Review (Unit Audit Plan)**

Each audit engagement requires its own detailed, operational level micro-level planning. This planning is done in the form of Unit Audit Plan (or Desk Review or Engagement level plan), which defines the audit objectives, the scope, the criteria and the methodology. The audit is planned to reduce audit risk to an acceptably low level.

The inspecting officer of the LAP must carry out a desk review at Head Quarters before embarking on an audit. The review should comprise study of guard file, data analysis to determine the focus of audit and to identify transactions that are potentially error prone for verification in the field. The LAP should prepare a plan of audit procedures for the

auditee unit detailing the audit objectives, scope of audit, focus area for audit and assignment plan for the team members, which should be approved by the GO before the Audit is undertaken. The approved desk review must be mandatorily uploaded in OIOS. The generalised format for submitting Desk Review is provided in [Annexure I](#). (More detailed information on engagement level planning along with duties at various levels in planning can be found [here](#)).

The approved audit programme has to be initiated in the OIOS by the inspecting officer of the LAP, so that the process of audit implementation can be suitably conducted and documented in OIOS.

## **9. Planning for Performance Audit**

Performance audit planning has two parts: [selection of topics](#) and [designing the audit](#). The annual audit plan of the field audit offices would depict various stages of all performance audits under the captions of 'brought forward', 'to be taken up', 'to be completed' and 'carried forward'.

[Performance Audit Guidelines](#) provide the overall framework for the process of performance auditing within the IAAD under the O/o CAG.

### **9.1.Pilot Study/ Preliminary Survey**

The single virtue of a preliminary survey is the perspective it provides to the team leaders of a performance audit on what direction the audit should take. The survey shall consist of:

- making a study of a small sample of the entire programme, project, or an organisation to be audited for its performance;
- deciding on the period over which the performance audit will focus, again, based on information/clues gathered from various sources, internal and external;
- the approach and techniques which will be used to analyze the data;
- determining the organizational structure of the department and the central administration structure by reviewing the department's organization chart;
- identifying issues raised in prior audits of the department; and
- deciding the nature, extent and availability of audit evidence required and how it is to be collected.

### **9.2.Performance Audit Guidelines**

Preliminary Survey/ Pilot Study for the proposed performance audit is followed by the preparation of Performance Audit Guidelines which would contain overall organizational structure and functions of the auditable entity, audit approach, scope of Audit, audit objectives, audit criteria, methodology to be adopted by audit, the sample of units finalized to be audited, and the timeline of the audit, along with the Audit Design Matrix. These guidelines (after getting approval from PDA) are approved by the O/o CAG before the commencement of Performance Audit, beginning with an entry conference.

The approved guidelines along with the approved audit design matrix are uploaded in the OIOS at the beginning of the performance audit.

## **10. Planning for Financial Attest Audit**

The audit of the PSUs/Statutory Corporations/ Govt. Companies/Autonomous Bodies of the three ministries viz., [MoHUA](#), [MoCA](#), and [MoRTH](#) is carried out under the audit jurisdiction of this office. The audit procedures that are required to be carried out during the planning of Financial Attest Audit comprise understanding the entity , checking the compliances with IND AS/Accounting Standards as the case may be, Companies Act in case of companies , CARO reporting , other relevant rules and regulations etc.

## **11. Handing over of important records to the LAP**

The co-ordination wing shall ensure that the following list of records/ information is handed over to the audit team before the start of audit:

- Register of Important Points.
- Board Agenda and minutes.
- Copy of complaints pertaining to that unit, if any.
- Press Clippings.
- Full text of outstanding Inspection Report Paragraphs.
- List of High Value Contracts (if applicable).

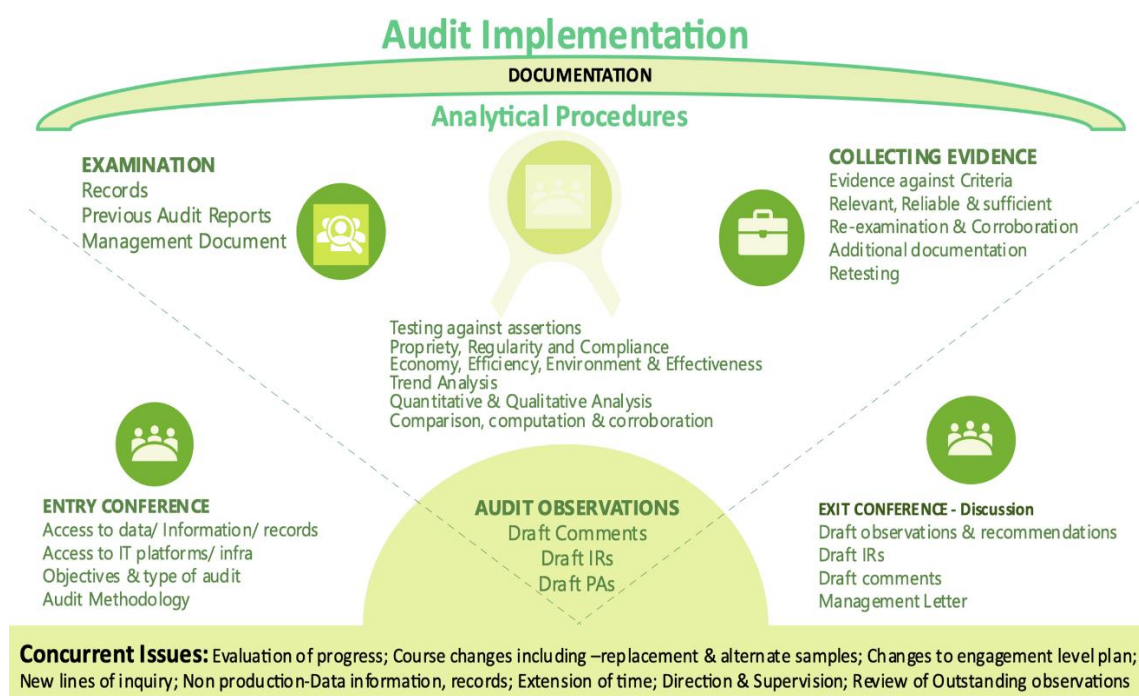
## Section C - Audit Implementation

### 1. Introduction

Audit implementation follows a laid-down and stage-wise procedure, where you first hold an entry conference, conduct analytical, system-based and substantive tests, in conjunction with each other or otherwise; collect and evaluate audit evidence, issue audit observations and discuss the audit conclusions with the executive in an exit meeting.

### 2. Audit Implementation Process

At the core of this process, is collection of evidence that is sufficient (quantitatively) and appropriate (qualitatively), filtered through the lens of materiality, professional judgement, and professional skepticism to arrive at the audit conclusion, thus mitigating the audit risk to an acceptable level. The auditor's decisions on the nature, timing and extent of audit procedures will impact on the evidence to be obtained. An effective two-way interface may be established where audit party can report on audit challenges and follow up on Headquarters directions.



### 3. Entry Conference

The implementation of audit engagement by the field audit party (LAP) commences with the holding of an entry conference with the head of the office being audited.

The information to be shared in the entry conference include audit objectives and criteria; scope and coverage of audit; proposed techniques of evidence collection; overall time frame and tentative time schedule; audit protocols to be set in place such as reasonable

turnaround time for audit requests, nodal officers from both sides, access to IT systems, suitable office accommodation, access to office equipment, arranging joint inspections and authentication of audit evidence etc.

For the audit entity, this is the platform to convey its viewpoints on the subject matter and its proposed audit approach. A written record of the proceedings of the entry conference is signed both by audit and the head of the office of the audited entity and duly uploaded on OIOS ([Annexure III](#)).

Prior to commencement of an auditing assignment, all members of the audit party, including the Group Officer, are required to give individual, signed undertakings in a prescribed format ([Annexure XI](#)) in adherence to the Code of Conduct.

#### **Obligations of the Head of the Audited Entity during the conduct of Audit**

- To provide appropriate and reasonable office accommodation and other office amenities to the audit team for official use and at par with facilities available in the auditable entity for its own officers and staff of similar seniority/ rank/ pay scale.
- To comply with all requests for information, in as complete a form as possible and with all reasonable expedition.
- To provide access to its information systems and data as requested by Audit, irrespective of the fact whether the systems are owned, maintained and operated by the auditable entity or by any other agency on behalf of the auditable entity.
- To ensure that to-the-point and correct replies are rendered to the audit queries and audit observations are sent within the stipulated time. All such replies should be either personally signed by the officer in charge or carry an indication of his approval.

#### **4. Work allocation**

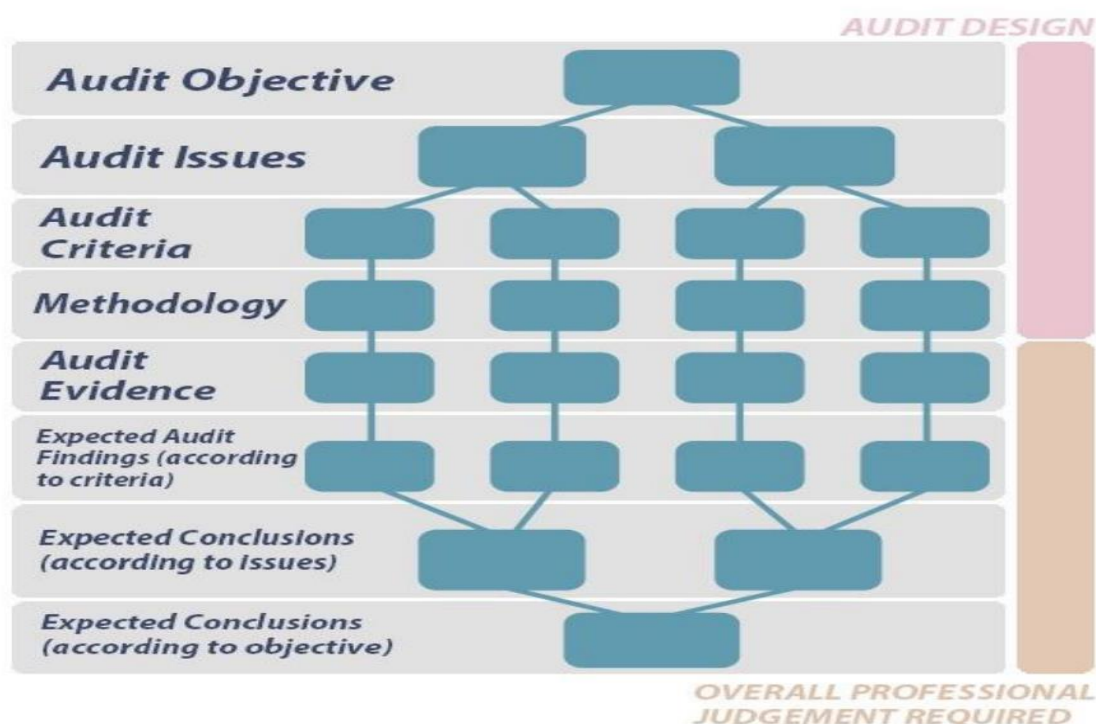
Work allocation is done by the inspecting officer of the LAP on the first day of the audit and the same is signed by all the members of the LAP and is uploaded in OIOS ([Annexure IV](#)).

In cases of audit in IT environment, audit execution may be carried out through a combination of techniques e.g., document review, questionnaire, observation, walkthrough, flow charts, data capture and analysis, verification, re-computation, re-processing, third party confirmation etc., as defined during the audit planning and design stage and the work appropriation may be done accordingly.

#### **5. Audit Design Matrix**

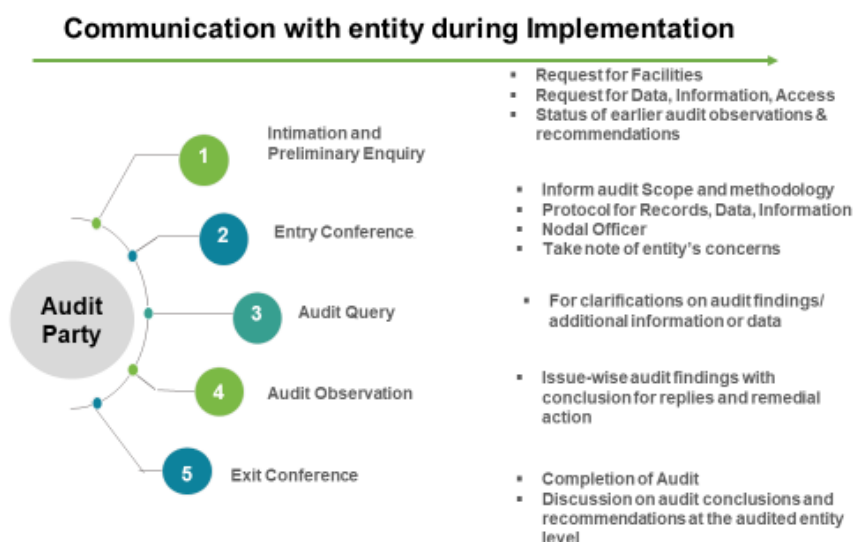
After determination of the scope of audit, development of audit objectives, identification of relevant criteria for measuring the selected subject matters, when specifically selected for an apex auditable entity or across auditable entities, both for regularity and propriety issues, an Audit Design Matrix must be prepared within a week of the start of audit.





This is prepared in OIOS and approved by the supervising officer. The Audit Design Matrix exhibits the nature of evidence likely to be collected for examining a subject matter based on information available at the planning stage ([Annexure XIX](#)).

## 6. Communication with audited entity



Formal written communication with entity during implementation of audit takes various forms such as audit requisitions, queries, observations, etc. While audit requisitions and queries can be issued by members of the audit team, audit observations must be issued with the approval of the audit team leader/supervisory officer. All communications are issued electronically via OIOS and automatically assigned a unique number. Any



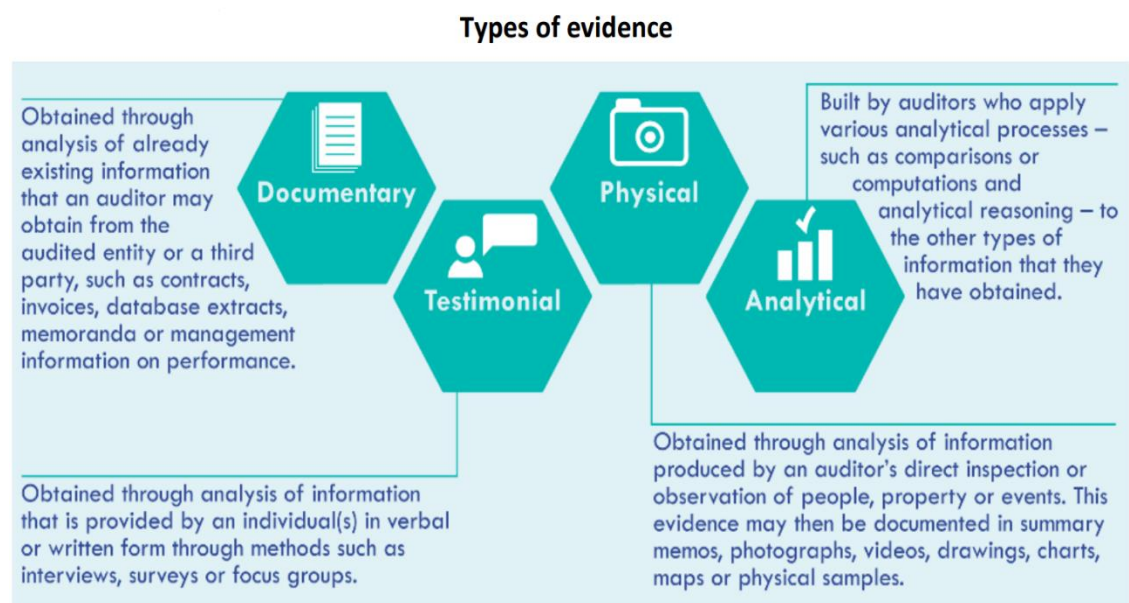
communication issued offline/manually must be uploaded into the OIOS workflow and sent electronically at the earliest opportunity.

On-site physical inspection is another widely used technique to draw assurance on the claims made by the entity on tangible assets e.g., machinery, inventory, a work site or an irrigation tank claimed to have been constructed. It should be ideally done with the representative of the audited entity and the findings should be signed-off by both the parties. Time and date stamped photographs of the visual inspection are acceptable evidence.

## 7. General audit checks for collection and evaluation of Audit Evidence

Collecting, analysing and evaluating audit evidence lies at the heart of the implementation phase of an audit.

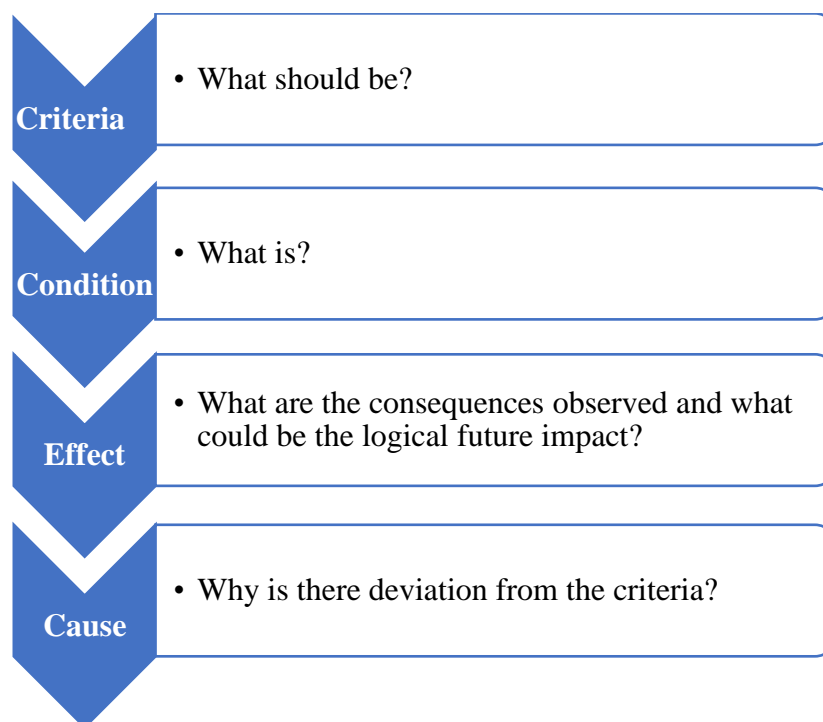
Data compiled into information (qualitative and quantitative) during the course of audit planning helps develop an understanding of the subject matter. Information when used to support or establish an audit conclusion, becomes [evidence](#). Various types of evidence are depicted in the figure below:



The **audit checks which have to be done in general in respect of various categories of auditable units** under the audit jurisdiction of this office are provided in [Annexure XV](#).

## 8. Audit Findings

After applying audit procedures to collect evidence, the next stage of audit implementation is [evaluating the evidence for sufficiency and appropriateness as well as for materiality and weighing it for drawing audit conclusions](#). Audit findings should be drafted in sequence of the following elements that answer the questions:



Audit findings may also appropriately indicate the extent of non-compliance and whether they involve systemic issues or represent isolated cases of non-compliance. The findings are analysed after giving due consideration to written responses from the responsible officers in the entity to determine the cause and effects of the shortfall. These audit findings become audit observations. The audit observations are issued in OIOS by the inspecting officer of LAP.

The following points must be considered before deciding on whether the audit findings are material enough to find a reflection in the audit opinion or audit conclusion:

- a) Extent and importance of amounts involved, which include both monetary values and other quantitative measures;
- b) Nature of the non-compliance;
- c) Cause leading to the non-compliance;
- d) Possible effects and consequences of the non-compliance;
- e) Visibility and sensitivity of the program in question; and
- f) Needs and expectations of the legislature, public and other users of audit reports.

Audit observations on transactions where authorisation of a higher authority was required but not obtained, or where a sum of money was recoverable are called audit objections.

## 9. Audit Findings Matrix

An Audit Findings Matrix mapped with the Audit Design Matrix (done in OIOS) is a useful tool to complete the cycle of audit. Audit Findings Matrix should contain both

positive and negative findings and also indicate in what percentage of sample, a particular finding was observed.

## **10. Audit Documentation**

Auditors shall prepare [audit documentation](#) that is sufficiently detailed to provide a clear understanding of the work performed, evidence obtained and conclusions reached. It shall record the procedures performed and evidence obtained and support the communicated results of the audit. Majority of audit documentation is now done and saved on OIOS.

## **11. Draft Inspection Report (DIR)**

The observations as issued by the LAPs are compiled in the OIOS based on their materiality in the form of automatically generated Part II of the DIR.

The DIR thus generated is appropriately filled in with relevant information by the LAPs, and is then discussed and got signed by the head of the office of the audited entity.

## **12. Exit Conference**

At the close of audit, team leader/supervisory officer and the officer in charge of the entity should meet and discuss the audit observations. Where more than one department/agency is involved in the audit, representatives of each such agency should also be part of the exit conference.

The purpose of an exit conference is to confirm the facts and figures included in the audit observations and clarify any point of doubt or discuss disagreements you have with a view to resolve the same. The head of the entity may offer insights on the audit conclusions, if not already done in replies. Even where the entity agrees on the conclusions, there may be disagreements on the recommendations; the exit conference helps to nuance the recommendations accordingly. In case an exit conference cannot be held despite pursuing the matter, the fact should be recorded. A written record of the proceedings of the meeting duly signed by both the parties should be kept and uploaded on OIOS as well ([Annexure IX](#)).

## **13. Submission of Audit Inspection Report**

Inspecting officer of the LAP should certify that the audit process was conducted as planned and in accordance with the auditing standards and code of ethics and that documentation requirements have been adhered to. ([Annexure VIII](#))

### **13.1. Compliance Audit and Financial Attest Audit**

The DIR must be submitted to the GO on the last date of tour programme through OIOS along with duly filled title sheet ([Annexure II](#)).

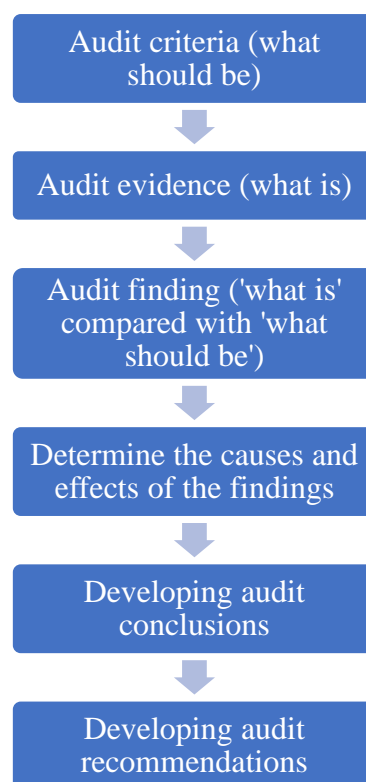
The LAPs must ensure that the Key Documents (KDs) are properly linked with the audit findings and the files collected from the co-ordination section are duly returned.

During the entire execution phase of financial attest audit, the auditors need to be alert to the risk of material misstatements. Therefore, when the audit procedures carried out on a selected sample of accounts or transactions indicate any potential deviation, abnormality or doubt, conducting further audit procedures should be considered either to confirm or dispel the doubt, deviation or abnormality.

### 13.2. Performance Audit

The Audit Design Matrix should be suitably updated at each stage of audit as the same was initially prepared based on the limited knowledge acquired during the pilot study and also to be linked with the audit findings matrix.

The process of analysing evidence, developing findings and producing recommendations to resolve identified areas of poor practice during performance audit is summarised below:



The audit team may identify a cause-and-effect chain and have the option of reporting the findings and conclusions at different points in the chain. In this situation, the auditor should highlight the most critical deficiencies in the chain.

In addition, the audit teams are encouraged to prepare an Audit Findings Matrix indicating the audit findings vis-à-vis good practices and the potential audit recommendation along with the expected benefits in case the recommendation is implemented.

### 14. List of Records to be handed over to the co-ordination wing

The following list of documents/records are required to be maintained in the physical form after the completion of audit and handed over to the co-ordination wing by the LAP:

- Copy of final desk review after discussion with GO
- Final inspection report as issued to the management (without key documents)
- Audit Findings Matrix as submitted by audit team.
- Sub unit or contract sample selected for audit.
- Physical signed copy of fraud/embezzlement certificate submitted by the auditee unit.
- Review of outstanding paras submitted by team and letter issued to management, calling for additional information on issued IR paras.
- Any correspondence received from the management.
- Any other document considered sensitive by the wing, if any.

#### **15. Action Taken Note/Report (ATN/ATR)**

As soon as ATN/ATR is received by the PDA Secretariat from the O/o CAG/Ministry/Management, the ATN/ATR is forwarded to the Report Section for intimation and the concerned co-ordination wing for assigning an audit party on priority basis.

Depending upon the timeline available (and the content of ATN/ATR), the co-ordination wing assigns an LAP to submit its report vide OIOS, which is then reviewed by the GO of the wing and then sent to the Report Section where it is vetted and after obtaining approval of PDA send it to the CAG Headquarters in a time bound manner.

(Detailed procedure followed during verification of ATN can be found in [Annexure XXI.](#))

## **Section D - Audit Reporting**

### **1. Introduction**

Audit report is the written communication of the results of audit performed, in the form of an audit certificate or opinion or of audit conclusions with or without specific recommendations.

### **2. Audit Conclusions**

Conclusions allow you to make a concise and persuasive argument that action is needed to address a deficiency or take advantage of an opportunity for improvement and set up the basis for any recommendations. When drafting conclusions, it is vital that the audit team critically consider the conclusions in relation to the audit findings, evidence, and audit criteria. It is also important to link the conclusions with the audit objective.

### **3. Audit Recommendations**

Recommendations should address the causes of the deficiencies identified and help to improve the audited entities' programmes, operations and performance, without encroaching on the audited entities' management responsibilities. Recommendations are often aimed at eliminating the deviation between the evidence and the audit criteria. Recommendations are most effective when they clearly demonstrate that they are worthy of action, reasonable and cost-effective.

### **4. Drafting of Audit Reports**

Financial audits require auditors to form an opinion on the financial statements that supports the audit certificate, which certifies, "based on an evaluation of the conclusions drawn from the audit evidence obtained, as to whether the financial statements as a whole are prepared in accordance with the applicable financial reporting framework." The opinion is expressed clearly in a written report that also describes the basis for the opinion.

On the other hand, Performance audits yield conclusions and recommendations, and it is attempted to provide an audit report which is comprehensive, convincing, timely, reader-friendly and balanced.

Similar considerations of completeness, objectivity, timeliness, and validation guide reporting in compliance audits.

The provisions contained in style guide issued by CAG for [English](#) and [Hindi](#) must be invariably followed to ensure consistency in the reports.

### **5. Compliance Auditing**

Preparation of Draft Inspection Report (DIR) and vetting of DIRs are very crucial processes. As envisaged in the Compliance Auditing Guidelines, the Inspection Report

should provide a perspective of the unit level compliance may comprise the following parts:

**Part I – Introduction:** This part may commence with an overview of the audit unit and may provide its functional/geographical jurisdiction, budget, financial performance and a perspective of the relative significance of the unit in the overall hierarchy of the department in pursuit of organisational goals. This may be followed by a brief explanation of the scope of audit, the sampling procedure followed and the audit sample – including the implementing units, the subject matter(s) selected and the sources of criteria that have been adopted to evaluate the selected subject matter(s).

**Part II – Audit Findings:** This part shall contain all findings that pertain to the audit unit and may be arranged in two distinct parts – Part IIA and IIB.

**Part IIA** comprises of significant audit findings relating to evaluation of the regularity related subject matter(s)/ specific subject matter(s) and propriety related subject matters.

**Part – IIB** comprises of other incidental findings relating to both regularity and propriety aspects.

(The audit findings are organised in decreasing order of materiality and significance in OIOS.)

**Part III - Follow up on findings outstanding from previous reports:** This part may indicate the progress of settlement of audit findings outstanding from previous Inspection Reports and list out the findings that continue to be outstanding.

**Part IV – Best Practices:** Any good practices or innovations, if noticed, during audit may be mentioned.

**Part V – Acknowledgement:** This part may contain the acknowledgement of the extent of audit units’ cooperation in all matters including production of records called for in Audit. It may also contain details of persons holding the leadership positions in the audit units.

The responsibility of drafting the Inspection Reports and addressing any queries related to it, shall vest with the respective LAP and that of review and approval of the report lies with the respective Group Officer of the wing.

### 5.1.Vetting of Inspection Reports

The vetting process should ensure that every finding is supported by sufficient and appropriate evidence (Key Documents) and conclusions reached should be appropriate in the circumstances. While seeking approval of the Group Officer for issuing the Inspection Report, a judgement of the persistent irregularities that need to be brought to the notice of the executive through a Department Appreciation Note needs to be taken. Accordingly, a Department Appreciation Note may be issued by the Principal Director.

**Departmental Appreciation Note:** A Departmental Appreciation Note may be issued to the Apex Auditable Entity (Department/ Sector) where a specific subject matter has been selected to assess the extent of compliance from a departmental perspective or the Principal Director intends to draw attention of the executive towards system weaknesses etc. The Departmental Appreciation Note shall be issued to the Head of the Department typically the Principal Secretary, for initiating remedial measures with a copy provided for information to the Secretary Finance, Chief Secretary - the next higher level charged with governance and to Headquarters Office.

## **5.2.Nil IRs**

To maintain the deterrent value of audit, some low-risk entities may have to be audited and, in such cases, nil reports may have to be issued. All cases of nil reports should be well documented, logically borne out and should be issued only after prior approval of the Principal Director.

## **5.3.Grading of Inspection Reports**

The Inspection Reports should be graded so that their quality can be benchmarked. A scoring methodology has been defined to measure the efficiency and effectiveness of critical audit processes against a maximum score of 100, which would consequently be translated into a grade to evaluate the quality of inspection report on scale of 10.

The co-ordination section should be vested with the responsibility of scoring and grading each inspection report which should be approved by the group officer after the dispatch of each inspection report. The generalised format for grading of Inspection Reports has been provided in [Annexure XII](#).

Detailed instructions related to compliance audit, as contained in the [compliance audit guidelines](#) should be invariably followed.

## **5.4.Important points regarding Compliance Audit Report**

- (i) Draft Paras that relate to irregularities which are more than five years old are not proposed for inclusion in the audit reports unless the issue raised has continued relevance.
- (ii) Draft Para should not contain the cases that are sub judice or refer to arbitration etc.
- (iii) The quality of the draft paras/thematic audit should confirm to the auditing standards of CAG of India and other guidelines and instructions.
- (iv) While reporting cases related to fraud and corruption, instructions issued by the Headquarters from time to time may be followed scrupulously.

## **5.5.Preparation and Issue of Statement of Facts (FS)**

As per para 6.10 of the Compliance Audit Guidelines, the significant audit findings that could potentially feature in the compliance audit report are presented by the concerned LAP to its co-ordination wing after the incorporation of the reply of issued DIR/IR.



The co-ordination wing would initially mark PDP flag in OIOS during the vetting of DIR and after receipt and perusal of reply of IR, then prepare the statement of facts/factual statement (SoF/FS) in OIOS, under the supervision of GO. FS should be issued to the ministry with the approval of the GO, so that only topical and sustainable cases are pursued.

A reminder is sent to the ministry if no reply to the FS is received within a month of the issuance. Auditors should ensure that facts and figures are accepted by the auditee and shall pursue responses from it to ensure objectivity of the audit findings.

After consideration and incorporation of the reply or in cases where no reply is received, the FS is then developed into potential draft paragraph and submitted to the Report (Civil) section via OIOS for preparation of draft paragraph.

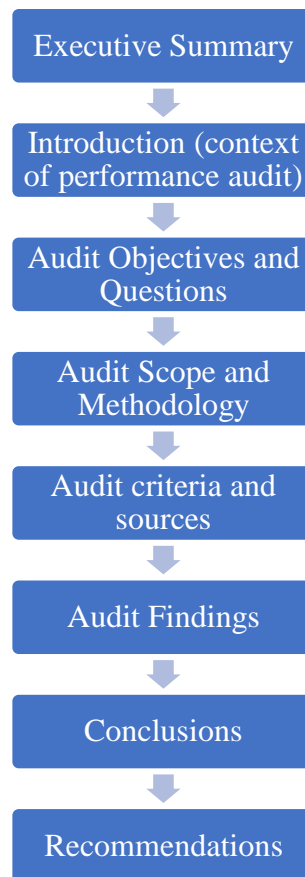
#### **5.6.Preparation of Draft Paragraph (DP)**

The preparation of draft paras should receive the personal attention of the PDA. The Group Officer should take every precaution to ensure that the information included therein has been verified and is complete in all respect for the purpose of supporting the audit conclusions.

The draft paragraph is issued to the Ministry with a copy to the head of apex audit entity, along with a copy to the Headquarters office. The Report (Civil) section must ensure that the draft paras/review sent to Headquarters office should be duly linked with KDs in OIOS, highlighting the relevant portion therein.

### **6. Performance Auditing**

Performance auditing seeks to provide new information, analysis, or insights and, where appropriate, recommendations for improvement. Hence, auditors shall strive to provide audit reports which are comprehensive, convincing, timely, reader-friendly and balanced. The Performance audit report should be drafted in the following sequence:



### 6.1.Executive Summary

The executive summary is a short chapter designed to provide a quick synopsis of the main points and key messages of the report. Many people only read this section of the report; thus, it is important that it is written clearly and that it concisely summarises the most important parts of the report. Typically, an executive summary includes an explanation on why the audit was carried out, brief information on the subject of the audit and the audited entities, the audit objective and questions, the scope, the methodology, the key findings, the conclusions and the recommendations.

Executive Summary provides the précis of the main report. The summary should not be very long and should contain only essential information. It should be a free-flowing narrative that tells the reader the story, keeping the principal message at its core. Hence it need not be in the sequence of audit objectives.

### 6.2.Important points regarding Performance Audit Report

The analysis in Performance Audit is distinct from, and goes beyond, compliance issues, and seeks to provide new information, analysis, or insights on the actual benefit of the activity undertaken by the entity.

All performance audit reports ought to conclude with well thought-out recommendations, and clearly spell out possible solutions, without taking over management's responsibilities. For developing recommendation, the underlying cause(s) of a finding

should be identified, as this forms the basis for the recommendation. The cause is that which, if changed, would prevent similar findings. The recommendations should be clear and be presented in a logical and rational fashion. They should be linked to the audit objectives, findings and conclusions.

[Performance Audit Guidelines](#) may be referred to by the parties for more details as issued by the O/o C&AG, while conducting Performance Audit.

## **7. Financial Auditing**

The objective of financial audit is to express an opinion on the financial statements. In order to form an opinion, the auditor must first conclude whether reasonable assurance has been obtained as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Audit opinion may be unqualified, qualified, adverse or disclaimed, as defined in the [CAG Auditing Standards 2007](#).

# INFRA- I

## NBCC (India) Limited

### A. Introduction-

The Company was incorporated on 15 November 1960 under the aegis of the Government of India, Ministry of Housing and Urban Affairs to execute civil engineering projects for the state governments, various central government ministries, public and private sectors. It achieved the status of a 'Navratna' Company in 2014. NBCC is listed with both the Indian Stock exchanges, National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Its headquarters is in New Delhi and it ventured into overseas operations in the year 1977 and the Company has its footprints in Dubai, Maldives, Africa, Mauritius, and Seychelles.

On the domestic front, company is executing various mega projects such as World Trade Centre and International Exhibition-cum-Convention Centre at New Delhi. Company is also a prime mover in redevelopment of GPRA colonies, country's healthcare infrastructure and has undertaken the execution of several significant projects such as hospitals, medical colleges, health care facilities pan India. Further, NBCC signed a MoU with the Government of Mauritius to undertake construction of 4 projects in Mauritius - Police Academy, Forensic Science Laboratory, National Archives & National Library and renovation of Bank of Baroda Building.

The Company has following Subsidiaries/ Associates/ Joint Venture companies:

1. NBCC Services Limited (wholly owned subsidiary)
2. Hindustan Steelworks Construction Limited(subsidiary)
3. HSCC (India) Limited
4. NBCC Dubai World Centre – Limited Liability Corporation (Foreign Wholly Owned Subsidiary)
5. Real Estate Development & Construction Corporation of Rajasthan Limited (Joint Venture)
6. NBCC-Ahinsa Builder (Joint Venture)
7. NBCC-Mahavir Hanuman Group (Joint Venture)

More information: <https://www.nbccindia.in/webEnglish/overview>  
Annual Report: <https://www.nbccindia.in/webEnglish/annualReport>

## **B. Activities--**

NBCC operates in three business segments:

- i. Project Management Consultancy:** The company provides management and consultancy for a range of civil construction projects including residential and commercial complexes, re-development of old government colonies, education and medical institutions, infrastructure project roads, water supply systems, storm water systems and water storage solutions.
- ii. Engineering Procurement and Construction:** The Company's infrastructure operations encompass chimneys, cooling towers, roads, border fencing, water and sewage treatment plants, solid waste management systems. NBCC provides services from concept to commissioning and also assists its clients/owners in getting clearances from various government departments.
- iii. Real Estate Development:** Real Estate Development focuses primarily on residential and commercial projects which includes residential buildings, corporate office buildings and commercial complexes.

## **C. Composition of the Board of Directors**

Board of Directors of NBCC is headed by Chairman and Managing Director. Board also has one Director (Finance), one Director (Commercial), two Government Nominee Directors and three Non-Official Independent Directors.

## **D. Accounting System and Computerization—**

The Company is maintaining Accounting records in ERP System. The company's ERP system is decentralized. HR, Finance & Accounts, Pay, Real Estate, Engineering, Employee Sewa, Administration, E-Billing and Internal Audit Modules are available in the system.

## **E. Environment Management-**

NBCC has made it mandatory to incorporate sustainability features such as Zero Waste, Dual piping, Rain Water Harvesting, Use of Solar Energy, Smart

Electricity metering, LED/Energy efficient fixtures etc. in all the future projects. It has executed number of green buildings for its customers in the last few years. The Indian Institute of Corporate Affairs at Manesar, Haryana (under Ministry of Corporate Affairs) has been the first, conceived and completed by NBCC in 2012. Leading from this, the company has enshrined in its policy, to execute all its future projects incorporating Sustainable Green features. Major ones that followed thereafter are Civil Services Officers Institute, Central Bureau of Investigation Headquarter Building, Aykar Bhawan, Coal India Office Building, National Institute for Solar Energy Building, etc. NBCC is now striving its best to introduce green features and make all Govt. buildings GRIHA compliant in order to give its customers value for money.

#### **F. Focus Areas**

- (i) Efficient/effective management of contract/project, work execution considering the fact that Project Management Consultancy contracts were back-to-back viz. clients-company-contractor. DPR, Agreement with client and Contractors, Running Bills of Contractors
- (ii) Existence of an adequate mechanism to monitor the project, to ensure timely completion of works and to ensure adherence to the quality standards and time schedule specified by the clients for implementation of their projects and EPC contracts.
- (iii) Administrative functioning of the company, budgetary system, Human Resource Management and the internal control system.
- (iv) National Environment Laws and other statutory laws, Rules under them, Regulations, policy documents and Notifications issued by the Government are being complied with for land acquisition/real estate and redevelopment contracts.
- (v) Existence of an adequate mechanism of corporate governance and corporate social responsibility.

# NBCC Services Limited

## 1. INTRODUCTION

NBCC Services Ltd (NSL), set up in October 16, 2014, is a wholly owned subsidiary of NBCC (India) Limited with mandate to extend maintenance services in respect of projects completed by the parent company, NBCC so as to provide end to end services to its customers. The maintenance projects earlier being handled by NBCC, have now become the responsibility of NSL since October 2014. In addition, the company has also secured some renovation/furnishing projects directly from the clients such as National Gallery of Modern Art (NGMA) Ministry of Minority Affairs (MOMA) Department of Public Enterprises (DPE), Travancore Bhawan, Oriental Insurance, Coal India Ltd., Bharat Electronics Ltd., etc. and in maintenance, have added Vanijya Bhawan under Ministry of Commerce and Industry.

NSL is also extending maintenance support to Real Estate Projects completed by NBCC and delivered to its customers.

**More information:** <https://www.nbccindia.com/Subsidiaries/NSL.html>

**Annual Report:** <https://www.nbccindia.com/Subsidiaries/NSL.html>

## 2. OBJECTIVES

1. Attaining Global Standards in post construction business with professional outlook.
2. To provide highly effective and cost-efficient services to the clients.
3. To create a niche in the market for interior renovation and furnishings of new buildings.
4. Value for Money Customer Delight.
5. Exploring new areas with the objective to diversify.
6. Upgradation of skill and knowledge with the changing scenario to remain in reckoning. NSL also looks for business opportunities from Ministries, Govt. /Semi Govt. Departments, PSUs, Autonomous Bodies. Of late, Central/State Govt. Agencies have started availing expert services of NSL for their maintenance works, renovation of their office premises.



### **3. ACTIVITIES**

Business operations of the company at present, comprise three verticals: -

- 1. Post Construction Maintenance:** The nature of work in the maintenance includes Facility Management Service; Operation-cum-Maintenance of buildings including civil and plumbing works; Electrical, HVAC Works; Fire Fighting Works; Operation of DG Sets; Pumps; Lifts etc.
- 2. Renovation & Furnishing:** All types of renovation, re-furbishing of old buildings and also interiors & furnishing of new buildings for various clients.
- 3. CSR:** Pertains to CSR works of the parent company at various locations as per requirement.

### **4. Composition of the Board Of Directors**

Board of Directors of NSL is headed by Chairman. Board also has two Directors and CEO.

### **5. ACCOUNTING and COMPUTERIZATION SYSTEM**

Accounting system of NSL is ERP in line with holding company which is centralized and being maintained at NSL Office, Okhla phase-I, New Delhi. ERP software is used for maintenance of accounts. NSL has implemented ERP application as developed by parent entity NBCC, which is a software, placing its focus on integrating an organization, department and functions (HRM, Finance, Projects, etc.) into a single and integrated computer system that aims to serve all those department needs.

### **6. ENVIRONMENT MANAGEMENT**

Being a subsidiary company of NBCC (India) Ltd (holding company), environment sustainability initiatives of holding company are applicable.

### **7. Focus Areas**

- (i) Efficient/effective management of contract/project, work execution considering the fact that Project Management Consultancy contracts were

back-to-back viz. clients-company-contractor. DPR, Agreement with client and Contractors, Running Bills of Contractors

- (ii) Existence of an adequate mechanism to monitor the project, to ensure timely completion of works and to ensure adherence to the quality standards and time schedule specified by the clients for implementation of their projects and EPC projects.
- (iii) Administrative functioning of the company, budgetary system, Human Resource Management and the internal control system.
- (iv) National Environment Laws and other statutory laws, Rules under them, Regulations, policy documents and Notifications issued by the Government are being complied with.
- (v) Existence of an adequate mechanism of corporate governance and corporate social responsibility.

## **HSCC (India) Limited (HSCC)**

### **(A) INTRODUCTION**

HSCC (India) Limited (Erstwhile Hospital Services Consultancy Corporation Limited) was incorporated on 31 March 1983 as a wholly owned Government Company under the administrative control of the Ministry of Health & Family Welfare. In December 2018, HSCC (I) Ltd. was acquired by NBCC (I) Ltd. as a wholly owned subsidiary under the administrative control of Ministry of Housing and Urban Affairs.

**More information:** <http://www.hscltd.co.in/>

**Annual Report:**

[http://www.hscltd.co.in/index.php?option=com\\_content&view=article&id=90&Itemid=71&lang=en](http://www.hscltd.co.in/index.php?option=com_content&view=article&id=90&Itemid=71&lang=en)

### **(B) ACTIVITIES**

Main activities of the Company address themselves to all levels of the health system pyramid and encompass conceptual studies, health-care facilities design, project management, procurement and supply, logistics and installation, commissioning and skill enhancement through training and retraining. Since hospitals represent a substantial portion of any health system, a significant part of HSCC's activities is devoted to design and implementation of new hospitals & medical colleges teaching institutions and/or rehabilitation/up-gradation of existing Institutions.

### **(C) COMPOSITION OF THE BOARD OF DIRECTORS**

Board of Directors of HSCC (India) Ltd is headed by Chairman. Board also has one Managing Director, one Government Nominee Director and three Independent Directors.

\\The Company is wholly Subsidiary of NBCC (India) Limited and has no outstanding debt as at the end of the respective years.

### **(D) Accounting and Computerization System**

Accounting System of HSCC (India) Limited is ERP in line with holding company which is centralized.

**(E) Environment Management**

Being a subsidiary company of NBCC (India) Ltd (holding company), environment sustainability initiatives of holding company are applicable.

**(F) Focus Areas**

- (i) Efficient/effective management of contract/project, work execution considering the fact that Project Management Consultancy contracts were back-to-back viz. clients-company-contractor. DPR, Agreement with client and Contractors, Running Bills of Contractors
- (ii) Existence of an adequate mechanism to monitor the project, to ensure timely completion of works and to ensure adherence to the quality standards and time schedule specified by the clients for implementation of their projects and EPC projects.
- (iii) Administrative functioning of the company, budgetary system, Human Resource Management and the internal control system.
- (iv) National Environment Laws and other statutory laws, Rules under them, Regulations, policy documents and Notifications issued by the Government are being complied with.
- (v) Existence of an adequate mechanism of corporate governance and corporate social responsibility.

## **Hindustan Steelworks Construction Limited (HSCL)**

### **(A) Introduction**

Incorporated in June 1964, HSCL was a leading CPSU under the aegis of Ministry of Steel, Govt. of India. HSCL, after approval by Union Cabinet on 25.05.2016 and has been taken over by NBCC (India) Limited as a subsidiary w.e.f. 01.04.2017, now under the Ministry of Housing and Urban Affairs. It achieved the status of Mini Ratna-I category on 12<sup>th</sup> April 2022.

Presently, 51% shares of the company are held by NBCC (India) Ltd. and the remaining 49% share which were with Ministry of Steel were transferred to Ministry of Housing Urban Affairs on 22.12.2017.

HSCL was formed as a construction organization with a mandate of developing and sourcing indigenous capabilities for setting up of Integrated Steel Plants in India. As the company progressed, HSCL diversified itself into other areas of Civil & Construction sector like buildings, roads, dams and bridges, power plants and highways and rural roads under PMGSY, hospital and education infrastructure, Opencast Mining, creation of Sports facilities, Solar Power Generation Units etc. establishing its comprehensive credibility across the country.

**More information:** <https://hsclindia.in/webEnglish/Overview>

**Annual Report:** <https://hsclindia.in/webEnglish/AnnualReport>

### **(B) Objectives**

To promote productivity and professionalism both at industrial as well as organizational level and generate urge always to do better tomorrow than we do today so that there is better satisfaction to the customer, better satisfaction to the customer, better profitability to the organization and better sense of achievement to the employee.

### **(C) Activities**

The Company operates into two major segments namely Project Management Consultancy and Engineering Procurement & Construction.

**(D) Accounting system and Computerization**

Accounting system is centralized. HSCL has implemented in-house ERP application developed by NBCC which is software, placing its focus on integrating the organization, department and functions (HRM, Finance, etc.) into a single and integrated computer system that aims to serve all those department needs. ERP software suites are built to collect and organize data from various levels of an organization and connect business activities across departments. ERP reduces the communication time, effective communication and transparency within and outside the organization.

**(E) Environment Management**

Being a subsidiary company of NBCC (India) Ltd (holding company), environment sustainability initiatives of holding company are applicable.

**(F) Focus Areas**

- (i) Efficient/effective management of contract/project, work execution considering the fact that Project Management Consultancy contracts were back-to-back viz. clients-company-contractor. DPR, Agreement with client and Contractors, Running Bills of Contractors
- (ii) Existence of an adequate mechanism to monitor the project, to ensure timely completion of works and to ensure adherence to the quality standards and time schedule specified by the clients for implementation of their projects and EPC projects.
- (iii) Administrative functioning of the company, budgetary system, Human Resource Management and the internal control system.
- (iv) National Environment Laws and other statutory laws, Rules under them, Regulations, policy documents and Notifications issued by the Government are being complied with.
- (v) Existence of an adequate mechanism of corporate governance and corporate social responsibility.

## **Real Estate Development & Construction Corporation of Rajasthan Limited**

### **A. Introduction**

Real Estate Development & Construction Corporation of Rajasthan Limited was incorporated on 07 September 2015, a Joint Venture of Government of Rajasthan and N.B.C.C. (India) Ltd. (formally known as National Building Construction Corporation Limited). It was formed to undertake, execute, carryout, administer, manage or control various construction and re-developmental projects in the state of Rajasthan.

The operations of the company have not started till date. Major Source of Income is 'Interest on FD' as work is not yet started.

Website of REDCCR is not available on Web currently.

### **B. Objectives/Activities**

To undertake, execute, carryout, administer, manage or control various construction and re-developmental projects in the state of Rajasthan.

### **C. Composition of Board**

The Company is managed by a Board of Directors headed by a chairman to carry out the affairs of the company:

1	Chairman of BOD, Chief Secretary, GoR.
2	Principal Secretary PWD GoR
3	Finance Secretary, PWD, GoR
4	Sr. Executive Director, NBCC.
5	Sr. Executive Director, NBCC.
6	Executive Director, NBCC.
7	Principal Secretary, GAD, GoR
8	Director (Finance), NBCC

### **D. Accounting and Computerization System**

Accounts of the unit is computerized, for accounting purpose Tally ERP 9 is being used in all departments of the unit and it is centralized.

**E. Environment Management**

Being a subsidiary company of NBCC (India) Ltd (holding company), environment sustainability initiatives of holding company are applicable.

**F. Focus Areas**

- (i) Procurement of any job orders by the Company. Was it on direct entrustment basis or through competitive bidding.
- (ii) Future plans of the company if the company was yet to procure any job orders.
- (iii) Administrative functioning of the company, budgetary system, Human Resource Management and the internal control system.
- (iv) National Environment Laws and other statutory laws, Rules under them, Regulations, policy documents and Notifications issued by the Government are being complied with.
- (v) Existence of an adequate mechanism of corporate governance and corporate social responsibility.



## **Hemisphere Properties of India Limited (HPIL)**

### **(A) Introduction**

Hemisphere Properties of India Limited (HPIL) is a Government Company as defined under section 2(45) of the Companies Act, 2013, incorporated as Real Estate Company on 17.01.2005 with the intent to get surplus land demarcated at the time of disinvestment of Videsh Sanchar Nigam Ltd (Now Tata Communications Limited). Initially, HPIL was under the administration control of Department of Telecommunication which was transferred to Ministry of Housing and Urban Affairs (MoHUA) on 12 July 2018. It is a listed company. The Company does not have any holding companies, subsidiary companies, associate companies, joint ventures and branches/sub-branches.

**More information:** <https://www.hpil.co.in/>

**Annual Report:** <https://www.hpil.co.in/annual-report/>

### **(B) Objectives/Activities**

The Company objective is to construct, acquire, hold, manage, develop, administer, protect, reserve and to deal in any other manner with properties, including sale and purchase thereof, whether such properties are in the nature of land or building (semi-constructed or fully constructed) or partially land and partially buildings, anywhere in India. The Company has not initiated any operations/activities as the only assets are the vacant land parcel demerged from Tata Communications Ltd.

### **(C) Composition of Board**

Board of Directors of HPIL is headed by Chairman and Managing Director. Board also has four Directors and two Independent Directors.

### **(D) Accounting and Computerization**

The Company is using Tally ERP (Software) for maintaining its Books of Accounts.

### **(E) Environment Management**

The company has taken a green initiative by circulating Annual Report containing Financial Statements, Auditors' Report, Board Report, Management Discussion and Analysis Report (MDAR), Corporate Governance Report and Business Responsibility Report including information for the Shareholders and other important information through electronic mode to the members and others entitled thereto.

**(F) Focus Areas**

- (i) Management of surplus land transferred from Videsh Sanchar Nigam Limited.
- (ii) Administrative functioning of the company, budgetary system, Human Resource Management and the internal control system.
- (iii) National Environment Laws and other statutory laws, Rules under them, Regulations, policy documents and Notifications issued by the Government are being complied with.
- (iv) Existence of an adequate mechanism of corporate governance and corporate social responsibility.

## **National Capital Region Transport Corporation Ltd.**

### **(A) Introduction**

NCRTC was formally incorporated on 21st August, 2013 as a joint venture company of Govt of India and States of Delhi, Haryana, Rajasthan and U.P, under the administrative control of Ministry of Housing and Urban Affairs, is mandated for implementing the Regional Rapid Transit System (RRTS) project across the NCR of India, ensuring a balanced and sustainable urban development through better connectivity and access. The Secretary (UD) is the ex-officio Chairman of the Board of Directors and the Managing Director, a nominee of MoHUA. NCRTC also has the flexibility of forming separate subsidiary companies for implementing specific projects. It has one subsidiary ‘NCRTC Express Transit Limited’.

**More Information:** <https://ncrtc.in/about-us-overview/>

**Annual Report:** <https://ncrtc.in/reports/>

### **(B) Objectives**

Planning, designing, development, construction, implementation, operation, maintenance and financing of Regional Rapid Transit System (RRTS) project across the NCR of India, ensuring a balanced and sustainable urban development through better connectivity and access.

### **(C) Activities**

Implementation of Rapid Rail Transit System Corridor in NCR connecting Delhi-Meerut.

### **(D) Composition of the Board**

The Company’s Board of Directors comprises of 13 (thirteen) Directors as under: **i.** 04 (four) nominee Directors from Government of India including Secretary (MoHUA), Government of India is the ex-officio Chairman of the Board. **ii.** 04 (four) nominee Directors from State Governments, one nominee Director from each State Government i.e., NCT of Delhi, Uttar Pradesh, Haryana and Rajasthan. **iii.** 05 (five) Whole-Time Functional Directors including the Managing Director.

**(E) Accounting and Computerization system**

Accounting is centralized and company has system in place to process all the accounting transaction through IT system. All accounting transactions are accounted for through IT System for accounting- Tally.

**(F) Environment Management**

The implementation of RRTS is part of 'Comprehensive Action Plan' (CAP) for Air Pollution Control in Delhi & NCR' and the recommendation of 'High Powered Committee on Decongesting Traffic in Delhi'. This transformational regional transit system with small-footprint and high-throughput will lead to significant reduction in pollution in the region. Majority of the energy requirements of RRTS will be met through renewable sources. Solar power panels will also be installed across the RRTS depots and station buildings.

**(G) Focus Areas**

- (i) Efficient/effective management of construction contracts.
- (ii) Quality standards and Safety standards are not compromised with.
- (iii) Constructions works are in line with General conditions of contract and special conditions of contract.
- (iv) Scheduled rates and non-scheduled rates are as per parameters for estimates of contracts instead of last accepted rates (LAR).
- (v) Administrative functioning of the company, budgetary system, Human Resource Management and the internal control system.
- (vi) National Environment Laws and other statutory laws, Rules under them, Regulations, policy documents and Notifications issued by the Government are being complied with.
- (vii) Existence of an adequate mechanism of corporate governance and corporate social responsibility.

## NCRTC Express Transit Limited (NETRA)

### **(A) Introduction**

NCRTC EXPRESS TRANSIT LIMITED is a Public Limited Company domiciled in India, was incorporated on 6th August 2020 with the object of planning, designing, financing, implementing, managing, operating and maintaining transit systems and any or all or any combination of sub-systems. The company is a wholly owned subsidiary of NCRTC. Administrative Ministry is MoHUA.

**More Information:** <https://www.ncrtc.co.in/ncrtc-express-transit-limited/>

**Annual Report:** <https://www.ncrtc.co.in/reports/>

### **(B) Activities: -**

Planning, designing, financing and implementation of operations and maintenance of transit system.

### **(C) Organizational Set-up**

No permanent employee is appointed yet, except one employee on secondment basis. Employees of the Holding Company i.e. National Capital Region Transport Corporation Limited, having rich and varied experiences in relevant fields have been deployed on part-time basis for operational convenience and managing affairs of the Company.

### **(D) Accounting and Computerization system: -**

Accounting system is being used in Tally.

### **(E) Environment Management**

The implementation of RRTS is part of ‘Comprehensive Action Plan’ (CAP) for Air Pollution Control in Delhi & NCR’ and the recommendation of ‘High Powered Committee on Decongesting Traffic in Delhi’. This transformational regional transit system with small-footprint and high-throughput will lead to significant reduction in pollution in the region. Majority of the energy requirements of RRTS will be met through renewable sources. Solar power panels will also be installed across the RRTS depots and station buildings.

### **(F) Focus Areas**

- (i) Planning, implementation and operations of transit system and maintenance thereof.
- (ii) Administrative functioning of the company, budgetary system, Human Resource Management and the internal control system.
- (iii) National Environment Laws and other statutory laws, Rules under them, Regulations, policy documents and Notifications issued by the Government are being complied with.
- (iv) Existence of an adequate mechanism of corporate governance and corporate social responsibility.

## Delhi Metro Rail Corporation

### **(A) Introduction**

Delhi Metro Rail Corporation Limited (DMRC) was registered on 03 May 1995 under the Companies Act, 1956 for the implementation and subsequent operation of the metro rail in Delhi. DMRC is a joint venture between the Government of India (GoI) and the Government of National Capital Territory of Delhi (GNCTD) with 50:50 equity participation. DMRC is under the administrative control of Ministry of Housing and Urban Affairs (MoHUA), erstwhile Ministry of Urban Development (MoUD).

The Company also has a wholly owned Subsidiary – Delhi Metro Last Mile Services Ltd.

**More Information:** <https://www.delhimetrorail.com/pages/en/introduction>

**Annual Report:** <https://www.delhimetrorail.com/pages/en/annual-report-and-review-statement>

### **(B) Composition of the Board**

As on 31st March 2022, the Board comprised 13 Directors of which 7 are Functional Directors, 5 Directors including part-time Chairman were nominated by the GOI and 1 Director (whole-time Managing Director) was nominated by GNCTD. The Nominee Directors and whole-time Functional Directors are senior officers, who have wide range of experience in the functioning of Government and possess top order administrative skills, financial and technical expertise.

### **(C) Accounting and Computerization System:**

DMRC uses SAP at centralized level. All the accounting transactions are passed through IT (SAP) system by DMRC at centralized level. The Company has taken various initiatives viz. implementation of vendor payment portal, revamping of employee grievance portal, central manpower management system for O&M contractual workers, SAP ESS module and Intranet were further extended for submitting request for staff quarters, inclusion of dependents, etc.

### **(D) Environment Management**

DMRC has taken initiatives to formulate Policies on Environment, Energy Management, Water Management, Waste Management, Quality, QEHS and Solar Energy Policies, which guide the various activities that take place under its Project and Operation &

Maintenance (O&M) Division. Major aspects which are focused in this section are Environmental Impact Assessment (EIA), Social Impact Assessment (SIA), Clean Development Mechanism, Water Management, Use of Renewable Energy, Waste Management, ISO Implementation, Tree Preservation & Plantation, Green Building Initiatives and Benefits of metro.

In construction activities all contracts awarded by DMRC has Environment Management Manual as an integral part and all contractors are required to implement the requirements contained therein.

**(E) Focus Areas**

- (i) Efficient/effective management and maintenance of contracts including new phases construction contracts, DPR, Agreement with client and Contractors, Running Bills of Contractors
- (ii) Operational functioning of the company, leasing out of the developed property and property business.
- (iii) Contracts entered for advertisement on metro trains/stations and co-branding of metro stations.
- (iv) Administrative functioning of the company, budgetary system, Human Resource Management and the internal control system.
- (v) National Environment Laws and other statutory laws, Rules under them, Regulations, policy documents and Notifications issued by the Government are being complied with.
- (vi) Existence of an adequate mechanism of corporate governance and corporate social responsibility.



## Delhi Metro Last Mile Services Limited

### (A) Introduction

Delhi Metro Last Mile Services Ltd (DMLMSL) was registered as Government Company on 13.04.2018. The company has been established as a wholly owned subsidiary company of DMRC (holding company) to provide the state of the art, dedicated, safe & secure, reliable, punctual, cost effective and environment friendly first & last mile connection to the metro passengers via buses, e-rickshaw, cycles, etc. in the National Capital Territory of Delhi and other adjoining areas of NCR. Since its inception, the activities of the company are being carried out by the DMRC.

**More Information:** <https://www.delhimetrorail.com/pages/en/last-mile-services-limited>

### (B) Objectives:

- a) Planning, identification, development, operation, maintenance and financing of feeder services for provision of ‘last mile connectivity’ on Mass Transit and other Urban Transport and People Mover Systems of all types including river transport and description in the National Capital Territory of Delhi and other areas of the National Capital Region (NCR), either individually or in association with other undertakings or companies in India and/or abroad, including but not limited to preparation of feasibility reports, detailed project reports site selection, route selection, vehicle selection, preparation of specifications and tender documents, tender evaluation and purchases, project management, operation & maintenance, training of personnel and any other services related to providing ‘last mile connectivity’.
- b) To design, establish, provide, maintain and perform consultancy services for development of last mile transport projects of all types.

### (C) Activities

DMRC intend to engage DMLMSL to render General Consultancy services relating to following activities of DMRC: -

- (i) First/last mile connectivity viz. cab aggregators, auto aggregators, cycle operators, e-rickshaw, e-scooter, feeder buses, feeder buses including electric buses, etc.
- (ii) Metro commuter parking.
- (iii) Public toilet blocks in circulating/Multi Modal Integration (MMI) areas.
- (iv) Construction, development & maintenance of MMI areas at various metro stations.
- (v) Any other activity considered as first/last Mile activity assigned by DMRC.

#### **(D) Composition of Board**

Board of Directors of DMLMSL is headed by Chairman. Board also has three Directors i.e., Director (Finance), Director (Operations) and Director (Project & Planning).

#### **(E) Accounting and Computerisation system**

NIL

#### **(F) Environment Management**

The Company provides dedicated, safe & secure, reliable, punctual, cost effective and environment friendly first & last mile connection to the metro commuters via buses, e-rickshaw, cycles, etc.

#### **(G) Focus Areas**

- (i) Planning, identification, development, operation, maintenance and financing of feeder services for provision of ‘last mile connectivity’ on Mass Transit and other Urban Transport.
- (ii) Construction, development & maintenance of Multi Modal Integration (MMI) areas at various metro stations.
- (iii) Administrative functioning of the company, budgetary system, Human Resource Management and the internal control system.
- (iv) National Environment Laws and other statutory laws, Rules under them, Regulations, policy documents and Notifications issued by the Government are being complied with.
- (v) Existence of an adequate mechanism of corporate governance and corporate social responsibility.

## **Housing & Urban Development Corporation (HUDCO)**

### **A. Introduction**

Housing and Urban Development Corporation Limited is a listed public limited Company (Government of India undertaking) domiciled in India and incorporated on 25th April, 1970 under the provisions of Companies Act, 1956. The Company is a Housing Finance Company ('HFC') registered with the National Housing Bank ('NHB'). The Company is primarily engaged in the business of financing Housing and Urban development activities in the country. A Public Sector Company, under the Ministry of Housing and Urban Affairs (MoHUA), HUDCO has been a key partner with the Government in building assets for the Nation. In its operations, HUDCO lays a considerable emphasis on the housing need of the "deprived" that is Economically Weaker Sections (EWS) and Low-Income Groups (LIG).

The company serves Pan India through 21 Regional Offices and 11 Development Offices. It has one associate company i.e., Ind Bank Housing Limited (IBHL) and three Joint Venture(s) namely Pragati Social Infrastructure & Development Limited (PSIDL); Shristi Urban Infrastructure Development Limited (SUIDL) and Signa Infrastructure India Limited (SIIL).

### **More Information:**

<https://hudco.org.in/Site/FormTemplate/frnTemp1PLargeTC1C.aspx?MnId=19&ParentID=6>

**Annual Report:** <https://www.hudco.org.in/writereaddata/ar22.pdf>

### **B. Objectives**

The main objects of our Company as contained in Memorandum of Association are:

- to provide long term finance for construction of houses for residential purposes or finance or undertake housing and urban development programmes in the country;
- to finance or undertake, wholly or partly, the setting up of new or satellite towns;

- to finance or undertake the setting up of industrial enterprises of building material;
- to administer the money received, from time to time, from the Government of India and other sources as grants or otherwise for the purposes of financing or undertaking housing and urban development programmes in the country;
- to promote, establish, assist, collaborate and provide consultancy services for the projects of designing and planning of works relating to Housing and Urban Development programmes in India and abroad;

### **C. Activities**

Project Loans for housing and infrastructure finance. Borrowers are primarily State Governments and their agencies.

Retail finance: It provides housing finance for individuals.

Consultancy: HUDCO provides Consultancy Services in the area of housing and urban development.

### **D. Composition of the Board**

Board of Directors of HUDCO is headed by Chairman and Managing Director. Board also has one Director (Finance), one Director (Corporate Planning), two Government Nominee Directors and four Non-Official Independent Directors.

### **E. Accounting and Computerization System**

The company has the system in place to process all the accounting transactions through IT systems with some exceptions. All the base calculation like finalization of PDS Interest, Interest Payable on bonds and Borrowings, Depreciation etc. are processed outside IT systems i.e., through excel sheets. Once the calculations are finalized then final vouchers are passed through various IT system. Company is using Lenovo Server, Weblogic, Linux OS and Developer forms/oracle for maintaining the Holfin in which accounting entries/vouchers are routed through. The company is also in process of implementation of ERP.

### **F. Environment Management**

Environment protection mechanism is insisted upon by HUDCO in the scheme wherever applicable. Agencies are required to submit environmental clearance/no objection certificate if any wherever applicable.

#### **G. Focus Areas**

- (i) Due diligence in credit appraisal mechanism to sanction and release of loans. Compliance to the directions of the GoI in releasing of loans under various schemes viz. PM Awas Yojana, Jal Shakti mission, smart city etc.
- (ii) Action taken by the company to recover the outstanding amount classified as Non-Performing Assets by way of various means viz. one-time settlement, restructuring of loans, legal action etc.
- (iii) Cash/Investment Management through surplus funds as per approved investment policy as per DPE guidelines.
- (iv) Proper utilization of Investment property.
- (v) Borrowings through Non-convertible debentures and rupee term loans from banks in cost effective manner as per prevailing market conditions
- (vi) Administrative functioning of the company, budgetary system, Human Resource Management and the internal control system.
- (vii) National Environment Laws and other statutory laws, Rules under them, Regulations, policy documents and Notifications issued by the Government are being complied with.
- (viii) Existence of an adequate mechanism of corporate governance and corporate social responsibility.

## **DIU Smart City Limited**

### **(A) INTRODUCTION**

Ministry of Housing and Urban Affairs (MoHUA), Government of India had launched the ‘Smart Cities Mission’ on 25th June 2015. It aims to transform 100 cities into smart cities by 2020. The mission promotes sustainable and inclusive cities that provide core infrastructure, clean and sustainable environment, apply technology driven solutions which altogether improve the quality of life of the citizen. The 100 cities who would be beneficiaries of the smart city mission funds were selected through a competitive route – a ‘smart cities challenge’.

Diu smart city Limited seeks to achieve growth in Diu (an island situated slightly off the coast of Kathiawad near the Port of Veraval in Gujarat with a coastal length of 21 kms. and is at a distance of about 768 kms. from Daman, the Capital of the newly formed Union Territory of Dadra & Nagar Haveli and Daman & Diu) by improving access, improving mobility conditions in the city Centre, addressing all gaps in basic infrastructure, creating a clean and healthy urban environment, increasing avenues for art, culture and recreation, promoting skill development and using technology to provide smart governance.

Diu Smart City Limited is promoted by the Government of U.T. Administration of Dadra and Nagar Haveli and Daman and Diu with Diu Municipal Council with equal shareholding and was incorporated as a limited company under the Companies Act, 2013.

Website of DIU Smart City Limited is not available on Web currently.

### **(B) OBJECTIVES**

The focus of Diu smart city is its people and the prime focus is to provide benefits such as:

1. A better quality of life for residents and visitors/Tourists
2. Economic competitiveness to attract industry and talent
3. An environmentally conscious focus on sustainability
4. Promoting mixed land use in area-based developments — planning for ‘unplanned areas’ containing a range of compatible activities and land uses close to one

another in order to make land use more efficient. The States will enable some flexibility in land use and building bye-laws to adapt to change;

5. Housing and inclusiveness — expand housing opportunities for all;
6. Creating walkable localities — reduce congestion, air pollution and resource depletion, boost local economy, promote interactions and ensure security. The road network is created or refurbished not only for vehicles and public transport, but also for pedestrians and cyclists, and necessary administrative services are offered within walking or cycling distance;
7. Preserving and developing open spaces — parks, playgrounds, and recreational spaces in order to enhance the quality of life of citizens, reduce the urban heat effects in Areas and generally promote eco-balance;
8. Promoting a variety of transport options — Transit Oriented Development (TOD), public transport and last mile para-transport connectivity;
9. Making governance citizen-friendly and cost effective — increasingly rely on online services to bring about accountability and transparency, especially using mobiles to reduce cost of services and providing services without having to go to municipal offices; form e-groups to listen to people and obtain feedback and use online monitoring of programs and activities with the aid of cyber tour of worksites;
10. Giving an identity to the city — based on its main economic activity, such as local cuisine, health, education, arts and craft, culture, sports goods, furniture, hosiery, textile, dairy, etc;
11. Applying Smart Solutions to infrastructure and services in area-based development in order to make them better. For example, making Areas less vulnerable to disasters, using fewer resources, and providing cheaper services.
12. Mobilize resources within timelines and take measures necessary for the mobilisation of resources.

### **(C) ACTIVITIES**

**Conservation and restoration of Heritage precincts:** This includes restoration and maintenance of old heritage structures with renovation, re-furbishing and also interiors & furnishing of same.

**Urban Design Plan:** Development of Coastal Promenade for Tourist attraction

**Smart Governance:** Geo spatial mapping of all projects of Diu Smart City on Geo-Spatial Management Information System

**Solid waste management:** The city has been successful in implementing an effective solid waste management system across the entire city ensuring Clean and healthy city environment.

**(D) ACCOUNTING and COMPUTERISATION SYSTEM**

DSCL is using Tally software to keep the accounting records.

**(E) Environment Management**

Nil

**(F) Focus Areas**

- (i) Effective Geo spatial mapping of all projects of Diu Smart City on Geo-Spatial Management Information System for enhanced monitoring of development of the city.
- (ii) Efficient Mobilization of resources for development of parks, playgrounds, and recreational spaces in order to enhance the quality of life of citizens, reduce the urban heat effects in Areas and generally promote eco-balance.
- (iii) Efficient/effective management of contracts, project work and execution.
- (iv) Maintenance of smart city in order to reduce congestion, air pollution and resource depletion, boost local economy, promote interactions and ensure security.
- (v) Administrative functioning of the company, budgetary system, Human Resource Management and the internal control system.
- (vi) National Environment Laws and other statutory laws, Rules under them, Regulations, policy documents and Notifications issued by the Government are being complied with.
- (vii) Existence of an adequate mechanism of corporate governance and corporate social responsibility.



## Hindustan Prefab Limited

### A. Introduction

Hindustan Prefab Limited (HPL), one of the oldest CPSEs, functions under the administrative control of the Ministry of Housing & Urban Affairs. It was set up by Government of India in the year 1950 as Hindustan Housing Factory (HHF) primarily to manufacture prefabricated houses. The company diversified its activities into pre-stressed concrete electric poles and PRC railway sleepers for Railways. HHF was subsequently converted into private company in 1953 and thereafter a Public Sector Enterprise in 1955. In 1978, the name of HHF Ltd. was changed to Hindustan Prefab Limited (HPL). The company has since diversified its activities into field of consultancy, project management etc.

Disinvestment process of HPL started in February 2016 when the Cabinet Committee on Economic Affairs took in principle decision for 100% stake sale of HPL to any other similar placed CPSEs. However, no bids were received. Government is considering an option to explore closure of the company.

Company's operations have been shutting down and not pursuing any new projects since last 4/5 years. Neither Board of Directors in its meeting has passed any resolution to shut down the operations of the company nor GoI/MoHUA directed to closure of the company. Due to this, total revenue of the company was sharply decreased from Rs.11289.99 crore in 2020-21 to Rs.4861.77 crore in 2021-22.

**More Information:** <http://www.hindprefab.in/Home.aspx>

**Annual Report:** [http://www.hindprefab.in/Financial\\_report.aspx](http://www.hindprefab.in/Financial_report.aspx)

### B. Objectives: -

The objectives of the company are: -

- To pioneer Prefabrication methods and technology whereby ensuing optimum quality and effortless construction techniques within one's means.
- To become the customers most preferred choice by attaining excellence in quality and on time completion of value-added ventures
- To act as execution arm of Govt. of India, Ministry of Housing & Urban Affairs for mass housing/development of infrastructure in urban areas

- To act in a socially responsible manner whilst upholding environmental responsibility ensuring customer & employee satisfaction by enhancing employee competence and ensuring the interest of other stake holders

### **C. Composition of the Board**

Hindustan Prefab Limited is managed by the Board of Directors which consists of Chairman & Managing Director, one Functional Director, two part-time (official) Directors and two part-time (non-official) Directors. One position of part time (non-official) director is lying vacant due to completion of incumbent's tenure. The appointment is in process.

### **D. Accounting and Computerization System**

HPL is using Tally 9 system for Accounting and Payroll.

### **E. Environment Management**

NIL

### **F. Focus Areas**

- (i) Government is considering an option to explore closure of the company. Latest status of its closure proposal to be explored.
- (ii) Recovery status of outstanding debtors of completed projects and running projects.
- (iii) Administrative functioning of the company, budgetary system, Human Resource Management and the internal control system.
- (iv) National Environment Laws and other statutory laws, Rules under them, Regulations, policy documents and Notifications issued by the Government are being complied with.
- (v) Existence of an adequate mechanism of corporate governance and corporate social responsibility.

# INFRA-III

## AI ASSETS HOLDING LIMITED

### INTRODUCTION

AI Assets Holding Limited is a 100% Government of India (GOI) Company incorporated by the GOI as a Special Purpose Vehicle (SPV) for the purpose of disinvestment of Air India with the specified objects. As the Company is a Special Purpose Vehicle, formed for a specific object, it does not have any business operations of its own. AIAHL has following four Subsidiaries.

- i) AI Airport Services Limited (AIASL)
- ii) AI Engineering Services Ltd (AIESL)
- iii) Alliance Air Aviation Ltd. (AAAL)
- iv) Hotel Corporation Ltd. (HCI)

#### Information related to overview, objectives:

<https://www.aiahl.in/Overview.aspx>

#### Organizational set up

<https://www.aiahl.in/Management.aspx>

### FINANCE

The organization has following sources of income.

- Rent from Properties (Other Income)
- Other Miscellaneous Income
  
- The main categories of expenditure are as under
- Employee benefit expenses
- Finance cost
- Depreciation and amortization cost
- Other Expenses

### Focus Areas

- 1) Whether the process of warehousing of accumulated working Capital Loans not backed by any asset along with four Subsidiaries AI Airport Services Limited (AIASL), Alliance Air Aviation Ltd. (AAAL), AI Engineering Services Ltd

(AIESL) and Hotel Corporation Ltd. (HCI), non-core assets other non-operational assets of Air India Ltd have been followed.

- 2) To review the disposal of immovable properties, whether leasehold or freehold, moveable properties including intangible properties, paintings, artifacts and other non-operational assets, non-core assets.
- 3) Review of Minutes of Meeting of Oversight Committee which formed to oversee the process and procedure of monetization of assets under transfer from Air India Limited.
- 4) Whether statutory dues have been paid from time to time and compliance thereof.
- 5) To review the procedure for Purchases in accordance with the provisions laid down in the GFRs.
- 6) To examine the system of locating, accounting and disposal of unserviceable, slow moving and obsolete items.
- 7) Whether records and physical verification of the stores and accounting adjustments of excesses and shortages have been maintained.
- 8) To review the transfer of unsold properties of Air India Limited in the name of AI Assets Holding Properties for monetization.
- 9) To review realization of receivables from Air India.
- 10) To review the actual status of non-core Assets as Physical Verification has not been completed and monetization there against is yet to be initiated.
- 11) To review the compliances of DIPAM instructions/guidelines regarding monetization of properties.
- 12) To review the collection of rent of properties/assets which are being used by subsidiaries of AIAHL.
- 13) Whether the terms and conditions of Appointment of Consultant have been complied with.
- 14) To review the compliances with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE).

# AI AIRPORT SERVICES LIMITED

## INTRODUCTION

AI Airport Services Limited (AIASL), was operationalized on 1st February 2013 and started its independent operations effective April 2014. AI Airport Services Limited (AIASL) is a Public Sector Undertaking and a wholly-owned subsidiary of AI Assets Holding Limited. From the period starting from 01.04.2021 to 13.01.2022, AIASL was the wholly-owned subsidiary of Air India Limited (AI), however pursuant to the disinvestment of AI and the decision of AISAM, the investment of AI in AIASL was transferred to AI Assets Holding Limited (AIAHL) on 13.01.2022.

<https://www.aiasl.in/index>

## Vision and Mission

<https://www.aiasl.in/vision>

## ORGANISATIONAL SETUP

<https://www.aiasl.in/Management>

**Manpower:** As on 31.03.2022 the Organization has a total strength of 14239 employees.

## CAPITAL STRUCTURE

The authorized capital of the Company as on 31 March 2022 was Rs.1000 crores. The paid-up share capital of the Company is 138.42 crores that has been subscribed and paid up by Air India Limited. The company is a wholly owned subsidiary of Air India Limited. Air India Limited holds 100% of shares in the company till January, 2022 (After 13.01.2022, Air India Asset Holding Company hold 100% of share in the company after disinvestment, A Special Purpose Vehicle (SPV) be created for warehousing accumulated working capital loan not backed by any asset along with four subsidiaries AIATSL, AASL, AIESL, HCI, noncore assets, paintings & artifacts and other non-operational assets. This entity be named “Air India Assets Holding Limited”).

## PRICING POLICY AND SALES

The Company has no pricing policy as such. It provides ground handling services to its client airlines and the prices are being determined by contracts division, located in Mumbai. Further, to ensure completion of jobs the Company keeps bank guarantees, security deposits from the parties.

## **FINANCE**

The organization has following sources of income.

- i. Revenue from Handling Services
- ii. Revenue from Cargo Handling Services
- iii. Equipment Loading
- iv. Miscellaneous Income

The main categories of expenditure are as under

- i. Employee benefit expenses
- ii. Finance cost
- iii. Depreciation and amortization cost
- iv. Other Expenses

## **COMPUTERISATION**

The company has computerized its Accounts System and uses SAP for all the accounting related work.

## **PLANNING AND PROGRAMME**

Budget Estimates are prepared every year and have the approval of the Board of Directors in

### **Focus Areas**

- 1) To review purchase procedure that has been adopted towards the capital budget procurement of ground handling equipment's is in accordance with CVC guidelines and GFR.
- 2) Whether the terms of contracts are precise and definite and there is no room for ambiguity or misconstruction therein.
- 3) To review the credit policy and action taken against the overdue accounts
- 4) To review the awarding of Contracts related to Passenger Handling / Ramp Handling / Cargo Handling / Cabin Services etc.
- 5) To review the handling forms submitted by the client airlines and to ensure that the bills are raised after verifying the same.

- 6) Whether the payment of statutory dues have been done on due dates as prescribed by tax authority.
- 7) To review the compliances of terms and conditions of contract agreements for hiring manpower.
- 8) To review the targets and Achievements of MoU with administrative ministry.
- 9) Whether the procurements are being done through GeM portal or not.
- 10) Whether the DPE Guidelines are complied with in granting pay scales, payment of performance related pay, creation of posts, encashment of leave, pay fixation and appointment at board level posts.
- 11) To review the compliances with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE).

#### **Planning and Process of Audit:**

Planning of Audit shall be carried out on the basis of criteria of risk assessment at the level of coordination section followed with desk review and preparation / Audit Assignment Note at the level of field parties after going through various records such as Board Agenda and Minutes, Annual Report of the company, complaints, RIP items, Press clipping, Previous Inspection Reports, MIS etc. Process of Audit involves visit of the field parties to the unit conducting the entry conference with auditee, obtaining and reviewing of relevant records to arrive at conclusion and exit meeting on the last working day of audit.



# **ALLIANCE AIR AVIATION LIMITED**

## **(FORMERLY AIRLINE ALLIED SERVICES LIMITED)**

### **INTRODUCTION**

Alliance Air Aviation Limited (formerly known as Airline Allied Services Limited), was a wholly-owned subsidiary of Air India Limited (AI), however pursuant to the disinvestment of AI and the decision of Air India Specific Alternative Mechanism (AISAM), the entire shareholding of the AAAL was transferred from AI to AI Assets Holding Limited (AIAHL) on 25 January 2022 and consequently, AAAL has become a wholly owned subsidiary of AIAHL w.e.f 25 January 2022. The company is in the business of air transportation which includes mainly passenger and cargo services and other related services in India. The Company mainly operates between Tier 2 and Tier 3 cities in India. Company has a fleet of 18 ATR 72-600, 1 ATR 42-600 and 1 Dornier DO-228 aircraft deployed to operate about 65 flights every day over a network of 50 stations (as on 6th September, 2022). The Company has deployed made in India Dornier 228 Aircraft in the month of April 2022. The registered office of the company is situated at Alliance Bhawan, Domestic Terminal-1, I.G.I. Airport, New Delhi – 110037.

### **MAIN OBJECTIVES AND ACTIVITIES**

#### **Vision and Mission:**

<https://www.allianceair.in/our-company>

#### **Objectives:** Prominent International Regional Airline Customer

- Provide safe, reliable and on-time services
- Take effective steps to provide high level of customer satisfaction
- Explore new passenger base for airline market
- Provide one-stop connectivity to metros and beyond for seamless travel to main domestic and international destinations.

#### **Processes**

- Continuously improve standards of safety and efficiency
- Operate and maintain a young and modern fleet
- Provide the best and most efficient network in conjunction with main network of Air India
- Create economic value

- Enhance its competitive market standing and image as a domestic short haul airline operator.

#### **Route – Network**

- Compete with high density train traffic
- Meet regional aspirations of swift connection to metros and beyond
- Provide connectivity to cities so far not air connected.

#### **People**

- Build a highly motivated and professional team
- Maintain highest degree of transparency and ethics
- Be a responsible corporate citizen

### **MANPOWER**

As on 31 March 2022, AAAL had 849 employees on Fixed Term Employment Agreement basis. In addition, there were 2 employees on deputation from Air India Limited, 10 employees on deputation from AIESL and 05 employees on deputation from IAF. The Industrial Relation scene remained peaceful during the period 1 April 2021 to 31 March 2022.

### **ORGANIZATIONAL STRUCTURE:**

#### **Board of Directors**

<https://www.allianceair.in/bod>

#### **Management**

<https://www.allianceair.in/our-management>

### **NEW CIVIL AVIATION POLICY – REGIONAL CONNECTIVITY SCHEME (RCS)**

Alliance Air is a Front Runner in Government of India's flagship scheme UDAN/Regional Connectivity Scheme (RCS). The Hon'ble Prime Minister of India flagged off the first UDAN flight on the Shimla- Delhi sector on 27th April 2017 and Alliance Air had the privilege of being the launch carrier. Alliance Air is also expanding its network in the north-east and southern region under the RCS-UDAN scheme which will improve the connectivity and enhance the opportunities for trade and tourism across the nation.

### **BUDGET**

The Organization prepares its annual budget in March for the next financial year. It includes capital and revenue income / expenditure estimates. The income generated by way of traffic revenue, etc. realized from passengers, baggage, etc. is credited to Profit & Loss Account.

### **Revenue and Expenditure mix**

The company has following sources of income.

- a) Revenue from passengers
- b) Charges for excess baggage
- c) Revenue from mail & freight
- d) Miscellaneous Receipts (VGF, Charter flights, etc.).

The main categories of expenditure are as under

- i. Aircraft Lease Charges
- ii. Aircraft Maintenance Charges
- iii. Aircraft Redelivery Charges
- iv. Fuel & Oil
- v. Landing & parking fee
- vi. Establishment / Office Expenses

### **LEASING / PURCHASE AND CONTRACTS**

The company takes aircraft for its operations on lease basis generally for a period of 10-12 years. The aircraft on lease are taken after following the tendering process.

### **INVENTORY CONTROL**

The inventory is mainly comprised of aircraft spares & consumables and tools of ATR aircraft. The spares for exclusive use in ATR aircraft are being procured through the MMD department and recorded with the help of Inventory Management System called RAMCO system, which is also used for procuring, controlling, issuing and managing the inventory of the entire Air India Group Companies maintained at AIESL. For inventory including consumables, which can be commonly used for ATR, Airbus and Boeing aircraft are being procured either by AIL or by AAAL.

## **INTERNAL AUDIT**

The internal audit of the organization has been entrusted to a firm of Chartered Accountants. The internal audit has been carried out for the period 2020-21. The Organization till date has not created its own internal Audit Department comprising team of departmental officers. The Organization has not prepared Internal Audit Manual also.

## **COMPUTERISATION**

The company is maintaining its records through various modules of SAP, inventory of the company is maintained through Laminar.

## **Focus Areas**

- 1) To review the lease agreements for procuring Aircrafts on lease basis for flying and collecting revenue through sale of tickets to passengers.
- 2) To review the expenditure incurred by the company on repair and maintenance of aircraft.
- 3) To review of internal audit report and follow up action taken by the management on the deficiencies pointed out in the report.
- 4) Company's policy and practice with respect to realization of debts, pursuance of outstanding debtors and remission of dues to be critically examined with a view to find out lapses in the system, reasons attributable to accumulation of huge outstanding debts.
- 5) Whether statutory dues have been paid from time to time and compliance thereof.
- 6) Whether records and physical verification of the stores and accounting adjustments of excesses and shortages have been maintained.
- 7) To review the compliances with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE).
- 8) Whether the DPE Guidelines are complied with in granting pay scales, creation of posts, encashment of leave, pay fixation, Payment of TA/DA, foreign tours and appointment at board level posts.
- 9) Whether terms and conditions of agreement signed for hiring manpower have been complied with for payments to the contractual employees.

- 10) To review the non-realization of VGF with respect to flight operations under RCS/UDAN and other such schemes.
- 11) To review the huge interest penalties towards delay in payment of related parties dues to non-performance.

To review the credit policy and action taken against the overdue accounts

## **AI Engineering Services Limited (AIESL)**

### **INTRODUCTION**

Air India, country's proud flag carrier, also has the biggest MRO set up in India that can serve as a One-stop-Shop for all engineering requirements. Air India Engineering Services Limited is a wholly owned subsidiary company of Air India Limited was formed in 11<sup>th</sup> March, 2004 (after disinvestment of Air India on 27.01.2022, it become the wholly owned subsidiary of Air India Asset Holding Company Limited). Presently, AIESL is approved by the DGCA under the purview of CAR-145 which carries with it nomination and acceptance by the DGCA of additional Managers (Base Maintenance, Line Maintenance and Workshops) who are competent and experienced in the area of their work. AIESL policy is to be self-reliant in areas of Aircraft Maintenance (Line and Base Maintenance), Preventive Maintenance, alterations and required Inspections, overhaul of aero engines and components and accessories and specialized services NDT etc.

<https://www.aiesl.in/AboutUs.aspx>

### **VISION AND MISSION**

[https://www.aiesl.in/Vission\\_Mission.aspx](https://www.aiesl.in/Vission_Mission.aspx)

### **MAIN OBJECTS AND MAJOR AREAS OF ACTIVITY**

The main objects of the company are as follows:

- i. To carry on the business and activities of providing engineering services to aircraft and the services of repairing, maintaining, servicing and refurbishing aircraft and all components and parts thereof.
- ii. To carry on business and activities of to provide engineering services for aircraft engines, auxiliary power units and services of repairing, maintaining, servicing and refurbishing aircraft engines, auxiliary power units and all parts and all components thereof.
- iii. To carry on the business of providing engineering services, repairing and maintaining services of any nature of aircraft, flying machines, helicopters, dirigibles, balloons, aerial conveyances etc. and their engines and auxiliary power units etc. and all components and parts of any of the foregoing, in any part of the World.

- iv. To undertake, render and provide whether by itself or in association with other carriers or entities, all services and facilities as are necessary or desirable for the operation of air transport services in any part of the world including but not limited to engineering services, maintenance, servicing and repairing of aircraft, flying machines, aerial conveyances and any engines, auxiliary power units, components, parts, all kinds of vehicles, machinery and equipment and to undertake, render and provide training of personnel, technical or otherwise.

The major area of activities of the company is classified among various services that they offer under the overall framework of MRO facilities which are as follows: -

- i. Base/Heavy Maintenance: Base maintenance services cover all checks up to and including Phase checks, “D”/ “C” check and defect rectification.
- ii. Line Maintenance: Following line maintenance services are managed by well trained and highly experienced personnel: Strategic Line Maintenance Services at major network stations in India. Transit, Base, Daily and Weekly checks at multiple locations.
- iii. Engine and APU Overhaul: The Company has proven expertise in managing the main driver of maintenance cost i.e. the Engine. AIESL is the only FAA/EASA approved Engine repair station in India.
- iv. Landing Gear Overhaul: Landing gear (under carriage) section which carries out repair, overhaul and functional testing of entire landing gear and its components including wheels and brakes.
- v. Avionics Accessories Overhaul: Extensive range of services include repair, overhaul & modification of components and DFDR transcription facilities. The world class facilities cater to the sensitive avionics components like flight deck instruments, radio communication & navigation equipment, on board computers, inflight entertainment, Weather radar, Displays and CVR/DFDR readout.
- vi. Component Overhaul: The Company has extensive capabilities for Hydraulic, Pneumatic & Electrical components of airframes, engines, landing gear, Cabin safety & Survival Equipment, Thrust Reversal wheels and Brakes shop equipped with the latest automatic eddy current inspections and auto torque equipment.
- vii. Structural Repair: The structural repair caters to all kinds of Structural repair work and support AOG events, customized programs as per schedule and requirements.

Our advanced state of the art Composite Repair Facility is staffed with highly trained and experienced technicians.

## **CAPITAL STRUCTURE**

As on 31.03.2022, the authorised capital of the Company is Rs.1000 crore. The paid up capital of the Company is Rs.166.67 crore. As on 31<sup>st</sup> March, 2021 Air India Limited holds 100% of shares in the company till Jan, 2022 (After 27.01.2022, Air India Asset Holding Company hold 100% of share in the company after disinvestment, A Special Purpose Vehicle (SPV) be created for warehousing accumulated working capital loan not backed by any asset along with four subsidiaries AIATSL, AASL, AIESL, HCI, noncore assets, paintings & artifacts and other non- operational assets. This entity be named “Air India Assets Holding Limited”).

## **ORGANISATIONAL SET UP**

### **Board of Directors**

[https://www.aiesl.in/Board\\_Directors.aspx](https://www.aiesl.in/Board_Directors.aspx)

### **Management**

<https://www.aiesl.in/Management.aspx>

## **BUDGET**

The organization prepares its annual budget in September/October and no Grants-in-aid are extended by the Government to the Company. The revenue is recognized by way of following activities

- a) Sale of services which includes technical Handling Services, MRO Services Revenue and Other Servicing Revenue.
- b) Revenue collected from Engineering Training revenue and other Incidental revenue.

## **FINANCE**

The organization has following sources of income:

- i. Technical Handling Services Revenue



- ii. Other Servicing Revenue
- iii. Other Operating Revenue
- iv. Incidental Revenue
- v. Other Income
- vi. Interest income

The main categories of expenditure are as under:

- i. Employee benefit expenses
- ii. Finance cost
- iii. Depreciation and amortization cost
- iv. Other Expenses

#### **INTERNAL AUDIT**

Internal audit of AIESL has been outsourced to a firm of Chartered Accountants. The Internal Audit of AIESL for the year 2021-22 was carried out by M/s. G S Mathur & Company, Chartered Accountants.

#### **STATUS OF DISINVESTMENT**

As per Annual accounts for the year 2020-21, as on 31<sup>st</sup> March, 2021 the Ministry of Civil Aviation (MOCA) has not taken any decision for disinvestment of AI Engineering Service Limited (AIESL) and will separately decide the contours of the mode of disposal of AIESL.

#### **COMPUTERISATION IN AIESL**

The company has the system in place to process all the accounting transactions through AIESL IT system.

#### **Focus Areas**

1. Whether statutory dues have been paid from time to time and compliance thereof.
2. To review the procedure for Purchases in accordance with the provisions laid down in the GFRs.
3. To examine the system of locating, accounting and disposal of unserviceable, slow moving and obsolete items.

4. Whether records and physical verification of the stores and accounting adjustments of excesses and shortages have been maintained.
5. Whether the terms and conditions of Appointment of Consultant have been complied with.
6. To review the compliances with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE).
7. To review the credit policy and action taken against the overdue accounts
8. To review the compliances of terms and conditions of contract agreements for hiring manpower.
9. To review the execution of the contracts as per the agreements.
10. Whether the DPE Guidelines are complied with in granting pay scales, creation of posts, encashment of leave, pay fixation, Payment of TA/DA, foreign tours and appointment at board level posts.
11. To review the targets and Achievements of MoU with administrative ministry.
12. To review the compliances of EPF Act and ESIC Act provisions on account of depositing of Employee PF and ESIC contributions.
13. To review purchase procedure that has been adopted towards the procurements is in accordance with CVC guidelines and GFR.

# CHANDIGARH INTERNATIONAL AIRPORT LIMITED

## INTRODUCTION

The Chandigarh International Airport Ltd. (CHIAL), has been incorporated on 28<sup>th</sup> January 2010 as a joint venture company under Companies Act, 1956 by Airport Authority of India in association with Punjab Government through Greater Mohali Area Development Authority (GMADA) and Haryana Government through Haryana Urban Development Authority (HUDA) now Haryana Shahari Vikas Pradhikaran (HSVP) to operate and maintain Chandigarh International Airport which has come up with a new state of art International Airport at Mohali, Punjab. As per the Joint Venture agreement, the equity contribution is in the ration of 51%, 24.5% and 24.5% respectively by AAI, GMADA and HUDA. AAI's contribution towards its hare of equity is construction of the New Terminal Building and allied works. GMADA and HUDA have provided land for the said construction towards their equity contribution. CHIAL has commenced commercial operation on 19<sup>th</sup> October 2015, the Airport Opening Date (hereinafter "AOD)

<https://www.chial.org/>

## VISION AND MISSION OF CHIAL

<https://www.chial.org/vision-and-mission/>

## MAIN OBJECTIVE AND ACTIVITIES

- To undertake the operations and maintenance of the International Civil Air terminal at Chandigarh Airport.
- To manage, develop, operate, maintain, finance, plan, design, construct, alter, repair, set up and commission Airports including International Airports, allied ancillary activities and facilities such as runway, terminals for passengers and cargo, passenger amenities, Aero-bridges, control systems, flight kitchen , shopping Ares, fire stations, parking and fuel hydrants, either alone or jointly with any other company, central/State/ local Bodies/ Statutory Entities persons or any organization of any nature or form and provide consultancy service for above activities.

- To own, hire, lease and or operate aircraft of any description for operation in India and or abroad as air taxis, to provide repair, servicing, engine overhauling, on-line maintenance facilities and to create necessary infrastructure such as hangers and maintenance bays for providing such services to all types of aircraft including wide bodies turbojets, helicopters, turbo propellers either alone or jointly with any other Companies, Central/State/ local Bodies/ Statutory Entities or persons or any organization of any nature or form whether in India or abroad.

#### **ORGANIZATION SETUP:**

The Company is being governed by its Board of Directors consisting of Chairman from AAI and two nominee directors from Punjab Government and two nominee directors from Haryana Government and four nominee directors from Airport Authority of India including (one nominee director from Ministry of Civil Aviation and three from AAI). The key personnel of the Company are the Chief Executive Officer, Chief Financial Officer and Company Secretary. There are five wings namely Engineering, HR, Operations, Airport System and Commercial under Chief Executive Officer.

#### **FINANCE**

Revenue from Airport operation are accrual basis, net of GST, when services are rendered and it is probable that an economic benefit will be received, which can be quantified reliably.

Aeronautical revenue includes revenue from all regulated charges levied at CHIAL i.e., Parking and Housing UDF, CUTE at the rates prescribed by Ministry of Civil Aviation, Government of India (“MOCA”) wherever applicable or at the existing rates being charged by AAI. Parking charges recognized, when such services are provided. Passenger service Fee (Security) is per rate fixed by MOCA.

#### **PURCHASE AND CONTRACTS**

To purchase, take on lease or tenancy or in exchange or hire take, options over or otherwise acquire any estate or interest, whatsoever and to hold, develop, work, cultivate, concession, grants, decrees, license, privileges, claims, options, leases, property, real or

personal or rights, or powers of any kinds which may appear to be necessary for the main business of the Company.

For all contracts approved by Board, the Contract Agreement will be signed by the CEO on behalf of CHIAL. The contracts approved by CEO, will be signed by concerned HOD. However, for Engg. Contracts, the signing authority will be Sr. manager (Engg.), In-Charge as defined Works manual of AAI (till implementation of work manual of CHIAL) or as amended with the approval of Board.

#### **PLANNING AND PREPARATION FOR EXHIBITION/FAIR**

To adopt such means of making known the main business of the Company as may seem expedient and in particular by advertising in the press by circulars, by purchase and exhibition of works of art or interest: by publication of books and periodicals and by granting prizes, scholarships, subsidies, rewards and donations. To subscribe or guarantee money for national, charitable, benevolent. Public, general or useful object or for any exhibition, subject to the provisions of Companies Act, 2013 as applicable.

#### **STATISTICAL REPORTS**

All exhibition reports are sent to higher management.

#### **COMPUTERISATION**

Areas computerized and details of package used in each functional area of the Company. Payroll & other allowances program, Financial Accounting, Revenue Accounting are computerized through outsourcing.

#### **AUDIT CHECKS**

- To ensure safety management are being done as per prescribed norms. To ensure that Standards Operating Procedures (SOP) are being followed.
- To ensure that systems and procedures as laid down in approved policies guidelines/manuals are being followed.
- Whether the provisions of GFR/Works Manual of AAI/ relating was adhered.
- Whether contract was awarded as per Govt. guidelines/ circulars.
- Whether any undue benefits extended to contractors.
- Concessionaire Agreement for Commercial Space in respect of Airports Audit need to be reviewed.

- Compliance of Manual/guidelines such as Engineering Manual, Commercial Manual etc. need to be reviewed and checked.

#### **FOCUS/RISK AREAS**

- To review the HR/Admin related issue viz. LTC, TA/DA, foreign tour, Pay-fixation, loan and advances given to employees.
- To review the various tenders / contracts awarded and their execution.
- To review the utilization of commercial space available at the airport and revenue generation from the same.
- To review the long pending outstanding dues from various stakeholders operating at CHIAL Airport.
- Review the capital contracts awarded by CHIAL to other authorities other than AAI (having 51% equity)
- Review of Grant in Aids to CHIAL, furnishing of the utilization certificates and status of unused/remaining balance etc. as per provisions
- Review various revenue generation activities/projects in compliance with rules and regulations which have been relaxed/non-recovered by CHIAL and attracted losses.
- Review the adherence to Commercial Manual by CHIAL
- To review the scrap disposal policy and its compliance.
- To review space audit in compliance with the space audit manual.
- Review all the opportunities of revenue generation through various facilities provided by CHIAL
- Review all pending dues form various Organisations to CHIAL
- To review the procurement of electricity from various sources like solar plant, state authorities, etc.
- The revenues/expenditures must be booked under proper heads/sub heads and disclosed in the financial statements
- Review of compliances of Accounting Standards and Policies are to be followed by CHIAL strictly.

## **AAI CARGO LOGISTICS & ALLIED SERVICES COMPANY LIMITED (AAICLAS)**

### **INTRODUCTION**

Airport Authority of India (AAI) Act 1994, mandated AAI to establish, develop and manage cargo terminals at the airports. AAI has been in the business of international cargo handling and storage and successfully managed Delhi, Mumbai, Chennai and Kolkata Airports before JVCs (DIAL & MIAL) took over Delhi and Mumbai airport in 2006. Further, AAI also ventured into the domestic cargo handling in Kolkata airport in the year 2008 followed by domestic cargo handling at Port Blair airport in 2010. Being the airport operator in majority of the Indian airports, AAI ventured into the new era of domestic cargo operation with an objective to create the basic infrastructure at AAI airports having potentials for air cargo growth by creating Common User Domestic-cum-Courier Terminals (CUDCT) so as to facilitate the cargo growth by creating the basic cargo infrastructure as done for the passenger terminal by AAI at second tier cities in India in the recent past.

AAI in its 168<sup>th</sup> Board Meeting (March 2016) deliberated that its cargo business is constituting less than 3 percent of the total revenue, which indicated limited focus on cargo development aggravated by lack of marketing strength, resulting in loss of appropriate business opportunities like domestic cargo handling, e-Commerce etc. Any successful cargo activity requires state of the art infrastructure and efficient, effective, faultless cargo handling services for which cargo operator must be equipped to respond quickly to fast changing needs of cargo handling. To tap the growing potential air cargo logistics business in the country, AAI proposed to de-merge and corporatize the cargo department into functionally and administratively independent organization, which would be professionally driven as a responsive service enterprise.

Accordingly, AAI Cargo Logistics and Allied Services Company Ltd. (AAICLAS) was incorporated on 11th August 2016 as a 100 % subsidiary of Airports Authority of India. AAICLAS was formed with a vision to become the foremost integrated logistics company internationally and work as multi-modal interface linking air, surface & water transport with primary focus on Air Cargo Handling & Allied Services and, act as one-

stop shop for all its customers and clients. Currently, AAICLAS is operating at 49<sup>3</sup> Air Cargo Terminal handling 21 percent (4.06 MT out of 19.61 MT) of total international cargo and 29 percent (3.42 MT out of 11.80 MT) of total domestic cargo across during 2021-22. AAICLAS is capable of handling special cargo and has successfully handled - live animals, heavy machinery, odd dimensional project cargo, Gems & Jewellery, gold bars, hazardous goods, pharmaceuticals, perishables etc. The activities of AAICLAS is managed through two websites which are-

1. <https://www.aaiclas-ecom.org/Live/index.aspx>

2. <https://www.aaiclas.aero/>

## **MAIN OBJECTIVE AND ACTIVITIES**

1. To provide Cargo and Air Cargo handling and related value-added services at airports in India and or aboard.
2. To plan, design, build, manage and operate Cargo terminal, Air Freight Station, Inland container depots and Free Trade Zone including Free Trade Warehousing Zone.
3. To provide Ground handling services including passenger and ramp handling to airlines at airports in India and or abroad inter-alia may also provide security services for securing of Cargo including Screening of cargo/pax-baggage by X-ray or physical examination and escort of cargo.
4. The company would may also undertake RA/RA-3 responsibilities as per the laid-down regulations.
5. To enter into one or more Joint Ventures with strategic partners as deemed necessary and business demand, to develop the cargo handling business and to exploit the available land resource for development of cargo logistics or related business including door-to-door delivery of cargo/courier goods

## **ORGANIZATION SET UP:**

The Company is headed by Chairman. There are 4 Directors, one chief Executive Officer, one Chief Finance Officer, one Chief Operating Officer and company secretary.

<sup>3</sup> Out of 49 airports, in 6 airports i.e Jaipur, Ahmedabad, Guwahati, Lucknow, Thiruvananthapuram, Mangalore, which were leased to private agency, the cargo facility is either started or about to start by private agency along with AAICLAS. Further, in AAI owned airports i.e Chennai is the only airports where the second agency i.e AIASL is providing cargo facility along with AAICLAS. In rest of 42 airports, AAICLAS is having monopoly in cargo operating cargo facility



## **IMPORTANTS BOOKS AND REGISTERS.**

The Company is maintaining all registers and records pertaining to the activities covering all the areas of activities like handling bills, fixed asset registers, Accounting and Finance and other Statutory Records as required under various acts and manuals.

## **COMPUTERISATION**

The company has computerized its Accounts System and uses SAP for all the accounting related work and for operational purpose uses Integrated Cargo Management System (ICMS).

## **AUDIT CHECKS**

- Issue related to Cargo Operations.
- Expenditure toward CSR activity,
- Recruitment of manpower,
- Outstanding dues, Contracts/ tendering process.

## **AREAS TO BE FOCUSED AND POTENTIAL RISK AREA**

- Inconsistency in business model adopted and no system to review the deficiency in the existing business model being followed.
- Non-creation of desired infrastructural facilities and lack of planning for future growth of cargo business.
- Lack of dedicated and specialized manpower in each department resulting in poor assessment and decision making without considering the interests of company. Absence of HR policy in the department resulting into non-retention of recruited manpower. Due to this there is acute shortage of manpower on ground level resulting into revenue loss.
- Lack of internal control system due to non-uniformity in implementation of IT based warehouse management system i.e. Integrated Cargo management system (ICMS) in operational area at all airports.
- No due diligence in recovery of outstanding dues and improper contract management.

## **AUDIT PLANNING**

For planning and selection of units for audit, audit team should consider the tonnage handled, revenue earned, expenditure incurred and profitability of units along with the following:

- The company is generating more than 80 percent revenue from two major units at Chennai and Kolkata out of around 49 units.
- The company is generating revenue through different models; Self handling of cargo operation, Operation & Management through third party and leasing the space at cargo terminal to airlines for cargo operation.

## **PAWAN HANS LIMITED**

### **INTRODUCTION**

Pawan Hans Limited (PHL) is a public limited company incorporated on October 15, 1985 under the Companies Act, 1956 (now Companies Act 2013) in the name of Helicopters Corporations of India. Subsequently the name of company changed to Pawan Hans Limited and Pawan Hans Helicopters Limited on 05.05.1987 and 26.06.96 respectively. The name of the company was again changed to Pawan Hans limited on 14.01.2013.

[https://www.pawanhans.co.in/english/inner.aspx?status=1&menu\\_id=35](https://www.pawanhans.co.in/english/inner.aspx?status=1&menu_id=35)

### **OBJECTIVES**

1. To plan, promote, develop, organize, provide and operate air support services to meet the requirements of Petroleum Sector including Oil and Natural Gas Commission, which would service by Helicopter and such other as may be determined.
2. To operate scheduled/non-scheduled services by Helicopter and such other means as may be determined by the Government in inaccessible areas and difficult terrains and to provide intra-city transportation for the carriages of passengers, mail and freight and for any other purpose.
3. To operate Tourist Charters by Helicopters and to undertake any other operations that may be directed/requisitioned by the Government.
4. To promote, operate and undertake setting up of Training Institute for training of Aircraft Maintenance Engineers, Pilots, Flight Engineer, Dispatcher, technicians and other categories aimed at skill development for obtaining a licence in their respective areas of specialization and Institute for safety Audit & Excellence individually or under joint venture and for the said purpose, acquire proprietary rights, assets & liabilities and undertake all necessary work of Training Institute and Safety Audit & Excellence Institute.
5. To purchase, lease, provide, repair, overhaul, hold, dispose-off and operate Fixed Wing Aircrafts, Sea Planes and any other types of aircraft individually or under joint venture

and to plan, promote, develop, organize and operate scheduled/non-scheduled services by the same.

6. To plan, promote, invest, develop, organize, purchase/lease land, provide, construct, hols, dispose-off, participate/create joint venture and operate Heliports/Helipads and other support services directly or on Public-Private Partnership basis or with any Central/State Government agency/Department and provide consultancy to others for planning, design and implementation of any Heliport or Helipad.

## **STRATEGIC OBJECTIVES**

[https://www.pawanhans.co.in/english/inner.aspx?status=2&menu\\_id=77](https://www.pawanhans.co.in/english/inner.aspx?status=2&menu_id=77)

## **VISION AND MISSION**

[https://www.pawanhans.co.in/english/inner.aspx?status=2&menu\\_id=76](https://www.pawanhans.co.in/english/inner.aspx?status=2&menu_id=76)

## **ORGANISATIONAL SETUP**

### **Board of Directors**

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## **OPERATIONS UNDER RCS UDAN SCHEME**

PHL is the first helicopter operator in India to get the Scheduled Commuter Operator (SCO) permit. It has been awarded 11 networks in 4 states under RCS UDAN tender 2.0, 2 networks under 4.0, 6 networks under RCS UDAN 4.1 and 8 networks under RCS UDAN 4.2.

## **PRICING POLICY AND SALES**

The company's main revenue from operations is from Sale of Services which includes Helicopter Hire Charges and Other Operating Revenue including Income from Operations & Maintenance Contracts, Training Fee & other recoveries.

## **FINANCE**

The organization has following sources of income.

- i. Interest income from deposits with Banks.
- ii. Interest on Loans to Employees.

iii. Profit on Sales of Inventory Items.

The main categories of expenditure are as under

- a) Helicopter Maintenance Expenses.
- b) Fuel.
- c) Land, parking and other expenses.
- d) Liquidated damages.
- e) Equipment/Specialists Hire Charges/Lease Charges.
- f) Royalty/Commission to Shrine Board.
- g) Provision for Non-Moving Inventory/Life Expired Items.
- h) Rotables, Stores & Spares Written Off
- i) Loss on impairment of Fixed Assets
- j) Fixed Assets Written Off.
- k) Storage, handling & Demurrage Charges.
- l) Freight, Transportation & Cartage.
- m) Other expenses

#### **Manpower**

The total manpower of the Company as on 31st March 2022 was 602 (with 298 permanent employees and 304 contractual employees) as against 655 as on 31st March 2021 which comprise of 111 pilots, 91 Aircraft Maintenance Engineers, 03 Flight Engineer, 59 Executives, 125 Technicians and 213 other technical and non-technical employees.

#### **STORE AND INVENTORY**

The item in inventory comprises of Stores & Spares, repairable & rotatable spares, Gem modules, Goods under inspection, Goods in transit, test tools equipment, Goods in Transit and Aviation Turbine Fuel (ATF). The company has an inventory of Rs. 6231.49 lakh as on 31.03.2022.

#### **COMPUTERISATION**

The company has computerized its Accounts System and uses MS-Excel for all the accounting related work. Company is utilising cloud services for business applications and Integrated Information System (IISp) covering Flight Data Scheduling System, Component Health Monitoring System, Material Management System, Finance & Accounting System, HR Management System and Business Dashboard. Other hosted

solutions implemented by your Company are e-Office, e-Tendering, e-RTI, e-GeM, e-PHASE60+ e-Ticketing, Online bill

### **Strategic Disinvestment**

Government of India decided for strategic disinvestment of the entire 51% shareholding of Government of India in Pawan Hans Limited along with transfer of management control. M/s SBI Capital Markets Ltd. and M/s Crawford Bayley & Co. were appointed as Transaction Advisor and legal Advisor respectively by DIPAM, Ministry of Finance for the said strategic disinvestment. M/s RBSA Advisor was appointed by Ministry of Civil Aviation for valuation of PHL assets. The work pertaining to valuation of assets by M/s RBSA is complete. Subsequently, Oil and Natural Gas Corporation Limited (ONGC), vide its board resolution dated August 02, 2018, also decided to offload its entire shareholding of 49% in PHL. The disinvestment process could not be completed due to poor response from bidders. The strategic disinvestment of PHL is currently in process for which PIM / request for Expression of Interest (EOI) was issued on 8.12.2020. Basis the evaluation of EOIs received till due date (March 05, 2021) and as per IMG directions, shortlisted bidders were provided access to VDR, SIM, RFP and draft Share Purchase Agreement. The shortlisted bidders undertook various due diligence activities and submitted their bids which were technically evaluated. The financial bids were opened on April 23, 2022 and a Consortium of three members (namely Star9 Mobility Pvt. Ltd.) was declared as highest bidder on April 29, 2022.

### **Demerger of Rohini Heliport limited**

The Scheme of Demerger has been approved vide order dated 29.8.2022 passed by Jt. Secretary, Ministry of Corporate Affairs (MCA) vide which Rohini Heliport will be demerged from Pawan Hans Limited to Rohini Heliport Limited on a going concern basis. The appointed date of demerger has been modified to 1.4.2022 in place of proposed appointed date of 1.4.2019. This change of appointed date will obviate the need for revising financial statements, income tax returns, etc. for both companies for the last three financial years. The Demerger Scheme is effective from 26.09.2022 (the date of filing of certified copy of the order with Registrar of Companies). From appointed date (1.4.2022), the business of Rohini Heliport is being carried on by your Company on behalf of RHL. For implemting the demerger, required

### **Focus Areas**

1. Whether the DPE Guidelines are complied with in granting pay scales, payment of TA/DA/LTC, foreign tours, creation of posts, encashment of leave, pay fixation and appointment at board level posts.
2. Whether the payment and collection of statutory dues have been done on due dates as prescribed by tax authority.
3. Whether records and physical verification of the stores and accounting adjustments of excesses and shortages have been maintained.
4. To review the compliances with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE).
5. To review purchase procedure that has been adopted for procurements is in accordance with CVC guidelines and GFR.
6. Whether the terms of contracts are precise and definite and there is no room for ambiguity or misconstruction therein.
7. To review the credit policy and action taken against the overdue accounts.
8. To review the targets and Achievements of MoU with administrative ministry.
9. To review of insurance claims and investments made by the Company.
10. To review the procedure of tendering of contracts followed by the Company.
11. Whether the systems and procedures as laid down in approved policies and Guidelines are being followed in various activities.
12. Whether due diligence and procedures were followed while entering into MOUs, agreements and further the compliances of MoUs are to be reviewed.
13. To review the payments received from clients is in order as per the terms and condition of the agreement/contract.
14. Whether the company have rules/policies relating to employee benefits and the same are being followed.
15. Whether the helicopters are being utilized in an efficient manner.
16. To review the expenditure done on the services of foreign pilot.
17. To review the deployment/non-deployment of helicopters as per the scheduled time.
18. To review the planning and implementation of the development of Helicopter Training Institute and Heliport at Gliding centre, Hadapsar.



## **ROHINI HELIPORT LIMITED**

### **INTRODUCTION**

As per Ministry of Civil Aviation OM dated 28.05.2018 regarding Demerger of Rohini Heliport for the strategic disinvestment of PHL which was approved by the ministry of civil aviation. In this connection, it was decided that Rohini Heliport shall not form a part of the disinvestment of PHL and shall be hived off by formation of a separate new company with Government of India holding at 51% and 49% of ONGC. Rohini Heliport Limited was incorporated on 07.01.2019 under the Companies Act, 2013 as a 'Limited' Company. The directors of the new company i.e. RHL were Dr. B.P. Sharma, CMD-Pawan Hans, Mrs. Usha Padhee, JS-In charge of PHL, MoCA and Sh. Rakesh Kaul, GM-Chief-BD&JV, ONGC at the time of incorporation.

### **OBJECTIVES**

The main objectives of the company are as follows:

- i) To takeover assets and liabilities of Pawan Hans Limited relating to Rohini Heliport by way of demerger or otherwise to pay for the same by allotment of shares to shareholder of PHL.
- ii) To carry on the business of developing, maintaining and operating of airports, heliports, airport infrastructure, maintenance facilities for aircrafts and helicopters, runways, communication satellite systems and radar systems for air traffic, provide facilities for air travellers at the station and on board or any other public facility of similar nature.
- iii) To provide all kinds of support system for air transport at the airports/ heliports and engage in the production of helicopters, aircrafts and other vehicles used in the air transport of men, materials and machinery or goods transported from one place to another.
- iv) To undertake research and development in the area of operation and maintenance of heliports, airports and aerodromes and to establish joint ventures and associations with existing operators of airports and heliports.
- v) To carry on the business of detailed studies for the airport projects inclusive of physical/ engineering surveys and investigation, concept planning, detailed master



planning, detailed design and engineering and all such activities that together provide the basis for the implementation of the project.

vi) To design, develop, fabricate, manufacture, assemble, export from and import into India, buy, sell or otherwise deal in and to act as consultants or render services in connection with all kinds of telecommunication equipments required for operating of heliports and airports including terminal equipments, exchange equipments, electronics private automatic branch exchanges (EPABX), rural automatic exchanges (RAX), telephone instruments, switching exchanges, equipments, power line protective relay systems wave traps, measuring and testing instruments, wire group selectors and inter digital multi line connectors, power line carriers, communication equipment systems, radar and satellite communication equipments, digital telemetering control systems and all components, accessories, spare parts, kits and sub-assemblies in respect thereof.

vii) To carry on the business of developing, maintaining and operating of providing telecommunication services whether basic or cellular including radio paging, domestic satellite services or network of trunking and electronic data interchange services, the telecommunication services be provided either by satellite owner and operated by an Indian company or a foreign company.

viii) To carry on the business of developing, maintaining and operating of any other facility that may be noticed in future as infrastructure facility either by the state governments and / or any other appropriate authority or body.

#### **LIST OF IMPORATANT BOOKS AND REGISTERS**

The Company is maintaining all registers and records pertaining to the activities covering all the areas of activities like handling bills, fixed asset registers, Accounting and Finance and other Statutory Records as required under various acts and manuals.

#### **PRICING POLICY AND SALES**

The company's main revenue from operations is from Sale of Services which includes Helicopter Hire Charges and Other Operating Revenue including Income from Operations & Maintenance Contracts, Training Fee & other recoveries.

#### **COMPUTERISATION**

The company has computerized its Accounts System and uses MS-Excel for all the accounting related work.

### **Strategic Disinvestment**

MoCA vide its letter dated 28.05.2018 conveyed the decision that RHL shall not form part of the Disinvestment of Pawan Hans Limited (PHL) and shall be hived-off by formation of a separate new company with Government of India and ONGC holding 51% and 49% shares respectively.

### **AUDIT CHECKS**

The following points may be seen during audit of Rohini Heliport Limited.

- Review of compliances of government guidelines/audit committee meeting/corporate governance etc.
- Whether the provisions of GFR/Works Manual/ relating was adhered.
- Whether contract was awarded as per Govt. guidelines/ CVC circulars.
- Whether any undue benefits extended to contractors.
- Compliance of Manual/guidelines such as Engineering Manual, Commercial Manual etc. need to be reviewed and checked.
- Various contracts were reviewed to assess whether various clause of contracts have been followed during execution of contracts.
- Appointment of key managerial personnel as per rules/ Companies Act
- Whether the statutory dues paid on due date as prescribed by the concerned authority.

### **FOCUS/RISK AREAS IN RESPECT OF ROHINI HELIPORT LIMITED**

- To review the maintaining and operating of airports, heliports, airport infrastructure, maintenance facilities for aircrafts and helicopters, runways, communication satellite systems and radar systems for air traffic.
- To review the design, develop, fabricate, manufacture, assemble, export from and import into India, buy, sell or otherwise deal in and to act as consultants or render services in connection with all kinds of telecommunication equipment required for operating of heliports and airports
- To review the professional Tax registration for Aizwal and Gangtok location
- To review GST/tax related issues.
- HR/Admin related issue viz. LTC, TA/DA, foreign tour, Pay-fixation, loan and advances given to employees.
- To review the major procurement more than Rs.100 crore.

## **DHOLERA INTERNATIONAL AIRPORT LIMITED**

### **INTRODUCTION:**

Dholera International Airport Company Limited (DIACL) was initially incorporated as a Special Purpose Vehicle (SPV) by the Government of Gujarat on 20th January 2012 for the development of Greenfield Airport at Dholera, Ahmedabad. Subsequently, the NICDIT (erstwhile DMICDIT) subscribed and became the Shareholder of 8% of the Company's equity. A Memorandum of Understanding (MoU) was signed with the Airports Authority of India (AAI) in Vibrant Gujarat 2019, and accordingly, a Share Subscription-cum Shareholders Agreement (SSSHA) was signed on 25th March 2019 among Airports Authority of India (AAI), Government of Gujarat (GoG), and National Industrial Corridor Development and Implementation Trust (NICDIT) with DIACL and the shareholding of 51:33:16 of the three partners in the Company was decided. As AAI has a majority stake in the Company, DIACL has become subsidiary of AAI and is operating as a Joint Venture Company of AAI-GoG-NICDIT.

The business of the company is to develop Greenfield International Airport at Dholera, Dist. Ahmedabad. The company is yet to commence its business activity.

### **OBJECTIVES:**

The Government of Gujarat has decided to develop a Greenfield International Airport at Village Navagam, Taluka Dholera, District Ahmedabad, Gujarat close to Dholera Special Investment Region (Dholera SIR or DSIR). The proposed Dholera Airport project would serve the logistic requirement of Dholera SIR besides handling the spillover traffic of the existing Ahmedabad Airport in the future/upon its saturation. The location of the proposed airport is ideally placed to serve the other big cities of the State including Vadodara, Rajkot, Bhavnagar, Nadiad, Kheda, and Anand. The airport would also cater the demand of the area like Sanand-Viramgam which is fast developing as an International Auto Hub. The proposed airport would propel Airport led economic growth in the entire region in line with other Aerotropolis worldwide.

### **ORGANISATIONAL SETUP:**

The company is a Joint Venture of the Airports Authority of India (AAI), the Government of Gujarat (GoG), and the National Industrial Corridor Development and Implementation

Trust (NICDIT). The Board of Directors is composed of nominees of AAI, GoG, and NICDIT in the ratio of 4:3:1 plus two Independent Directors (Presently vacant as Joint Venture Companies are exempt from the appointment of Independent Directors).

Day to day execution of work is looked after by a Managing Director who is assisted by Chief Operating Officer, Chief Financial Officer and Senior Manager in Administration work and General Manager, Dy. General Managers, Assistant General Managers etc. in Project work.

#### **CAPITAL STRUCTURE:**

The authorized share capital of the Company is INR 200,00,00,000/- (Rupees Two Hundred Crores Only) divided into 20,00,00,000 equity shares of INR 10/- each and, the issued and paid-up share capital of the Company is INR 151,51,00,000/- (Rupees One Hundred and Fifty-One Crore Fifty-One Lakh only) divided into 15,15,10,000 equity shares of INR 10/- each held in the ratio 51%, 33%, and 16% as per Share Subscription-cum Shareholders Agreement (SSSHA) was signed on 25th March 2019 among Airports Authority of India, Government of Gujarat, and NICDIT respectively as on 31.03.2022.

#### **FINANCE AND CREDIT CONTROL:**

Finance Department is headed by a Chief Financial Officer. He is looking after the Finances under the control of the Board of Directors.

#### **ACTS, RULES, AND DOCUMENTATIONS ETC TO BE REFERRED TO**

The company has been formed under the Companies Act, 1956, therefore Provisions and Rules of the Companies Act, 2013, are applicable.

#### **BOOKS OF ACCOUNTS MAINTAINED:**

The books of accounts are maintained in the Tally ERP 9 software and final accounts are approved by the Board of Directors and audited by CAG.

#### **PERFORMANCE APPRAISAL:**

The Performance appraisal is undertaken for the projects on periodical basis through review meetings with the Consultants/Concessionaire, Government Agencies and Project implementing agencies.

#### **PURCHASE DEPARTMENT AND PURCHASE PROCEDURE:**

Purchases are done by the designated officers by and large from GeM or through the CPP portal following the guidelines for CPSEs.

#### **COMPUTERISATION:**

Accounts are being maintained in Tally software and other works related to secretarial and operations are done through computers.

#### **AUDIT CHECKS**

- To ensure safety management are being done as per prescribed norms. To ensure that Standards Operating Procedures (SOP) are being followed
- To ensure that systems and procedures as laid down in approved policies guidelines/manuals are being followed.
- Whether the provisions of GFR/Works Manual/ relating was adhered.
- Whether contract was awarded as per Govt. guidelines/ circulars.
- Whether any undue benefits extended to contractors.
- Compliance of Manual/guidelines such as Engineering Manual, Commercial Manual etc. need to be reviewed and checked.
- CVC/Govt. guidelines regarding NIT/award of contracts.
- Various contracts were reviewed to assess whether various clause of contracts have been followed during execution of contracts.
- Appointment of key managerial personnel as per rules/ Companies Act.

#### **FOCUS / RISK AREAS IN RESPECT OF DIACL**

- Whether financial resources required for the project have been estimated correctly incorporating all the operational cost for development of DIACL.
- Whether all the approval was taken from the competent authority authorized to approve the proposal viz. Board of DIACL, Managing Director or CEO as specified.
- Whether progress of the project as per the mile stone specified in the contract agreement/NIT.
- Whether contractor have complied the provision of contract agreement/NIT such as submission of PBG, license fee, security deposit etc.

- Whether contractor / concessionaire carried out work as specified in work of scope and no work of scope was deleted without approval of competent authority.
- Non-inclusion of penalty clause in consultancy contract.
- Unfruitful expenditure on flood mitigation study.
- Avoidance of approval of DIACL Management in making any Decision/proposals in respect of projects being executed at Dholera Airport
- Discrepancies/ lapses noticed in establishment matters.
- Contractual Ambiguity Arising Between Contractor and Company in Dholera Airport Development Project
- Non-compliance of License Fee and Security Deposit by Contractor for Dholera Airport
- Non-compliance of provision of Ministry of Finance, Department of Expenditure regarding additional performance security in case of abnormally low bids (ALBs).
- Unrealistic & Improper estimation of development of DIACL due to non-inclusion of various cost required to be incurred to start the operation of airport.
- Non-submission of PBG of Rs.19.09 crore as well as non-recovery of panel interest of Rs.1.11 crore (for seven months August 2022 to March 2023)
- Additional burden of Rs. 55.83 crore due to acquisition of land from Private parties.

## **J&K MINERAL DEVELOPMENT CORPORATION LIMITED (JKMDC)**

### **INTRODUCTION:**

J&K Mineral Development Corporation Limited (JKMDC) is a joint venture between NMDC Limited (fully owned PSU with “NAVRATNA” status under the administrative control of Ministry of Steel, GOI) and J&K Mineral Limited (JKML) incorporated in 19 May 1989 with prescribed equity ratio of 74:26 equity participation respectively as per Article of Association. [The JKML \(J&K Minerals Ltd.\) is fully owned Govt. Company incorporated in 1960 as a first PSU of the State to exploit the mineral resources and to establish mineral based industries in State in J&K.](#)

J&K Mineral Development Corporation Limited (JKMDC) was set up with the objective to undertake exploration, prospecting, mining and processing of Magnesite, Sapphire, marble, limestone, iron ore, coal, Phosphate, manganese ore and other mineral deposits and for trading & dealing in mineral of all nature. The main Project of the company is setting up of 30,000 tonnes per annum Dead Burnt Magnesite (DBM) plant at Panthal, Jammu.

In July, 2008 NMDC Board approved the proposal of updating the existing DPR for setting up 30000 TPA DBM plant. In 2009 NMDC updated the existing DPR by Engaging MECON for setting up of 30000 TPA Plant at Panthal adopting two stage processing. The project was proposed to be executed in four major packages. All statutory clearances were received except tree falling permission. Shrine Board is the owner of the mining lease area where tree falling permission was sought. JKMDc was asked to process for tree felling under J&K Forest Conservation Act. JKMDc submitted requisite application, joint demarcation permission was in the final stage of approval by Forest Advisory Committee. Forest Dept requested for NOC for tree felling from Shrine Board in 2015 and the same was refused by Shrine Board in October 2015 citing reasons that the open cast mining for such a small reserve in closed proximity to holy shrine of Vaishno Devi may lead to irreversible damage to pristine, fragile and environmentally sensitive area. In light of the above, the Ministry of Environment, Forests and climate Change has decided to withdraw the environmental clearance granted. Accordingly, all

construction activities of JKMD C in respect of Panthal Magnesite Project was kept in abeyance.

*The Company in its 141<sup>th</sup> Board Meeting (March 2021) put up an agenda item before the Board of Directors for closure of JKMD C.*

The closure of the JKMD C inter alia, involves seeking the following statutory approvals from:

- Govt. of the State of J& K
- Ministry of Steel, Govt of India
- Board of NMDC

In view of the above, in the 141<sup>th</sup> Board Meeting Minutes, the Board of the Directors of the Company observed that the various business alternatives for utilization of the existing land and building of JKMD C and issue in respect of development of limestone quarry at Khrew, Srinagar may be explored and discussed with MD, JKML and all alternatives available with the company needs to be evaluated before a call is taken on closure of the Company.

#### **OBJECTIVES:**

To undertake exploration, prospecting, mining and processing of Magnesite, Sapphire, marble, limestone, iron ore, coal, Phosphate, manganese ore and other mineral deposits and for trading & dealing in mineral of all nature. The main Project of the company is setting up of 30,000 tonnes per annum Dead Burnt Magnesite (DBM) plant at Panthal, Jammu.

#### **ORGANISATIONAL SETUP:**

J&KMD C, regional office is headed by Astt. Project Manager, assisted by other staff members.

#### **BUDGETARY CONTROL:**

The Budgetary Control is exercised by reviewing the progress of project implementation, payments made to various contractors and agencies. Besides, on the administration and operation overheads, a closed control is exercised by the projects manager at site and also by the Finance Division at Head Office. Each expense is incurred after the approval of



the Competent Authority. Though, all project activities of JKMDc are kept in abeyance.

#### **COMPUTERISATION:**

The books of accounts are maintained in Tally Prime.

#### **AUDIT CHECKS**

- Examination of whether the expenditure was incurred in accordance with the extent rules and regulations as well as in accordance with the orders and instructions issued by the Government of India from time to time.
- Reason for non-operation of the company.
- Transactions and decisions of the company.
- RIPS obtained from coordination.

#### **FOCUS/RISK AREAS**

- To review the HR/Admin related issue viz. LTC, TA/DA, foreign tour, Pay-fixation, loan and advances given to employees.
- Preparation of “Statements of Changes in Equity” as per the amended Schedule III format of Companies Act, 2013.
- Whether Shareholding agreement / Article of Association of J&KMDC have been complies with and recommendations of NITI Aayog
- To review the various tenders / contracts awarded and their execution.
- To review the long pending capital works at Panthal site and non-operation of the mining.
- To review the non-compliance of Memorandum of Understanding signed between the NMDC and state govt. of Jammu.
- Review of CVC guidelines in award of Civil and Structural work and in award of Package -I (Technology).
- Review of revenue through interests
- Review of revenue loss by non-deduction of labour cess, penalties towards quantity variation against consultant.

## INLAND WATERWAYS AUTHORITY OF INDIA (IWAI)

### INTRODUCTION:

Inland Waterways Authority of India ([IWAI](#)) constituted under section 3 of Inland Waterways Authority of India Act, 1985 (82 of 1985) came into existence on 27th October 1986 as a statutory body for development, maintenance, regulation and better utilization of national waterways in the country under the erstwhile Ministry of Shipping. The Regional Office, Kolkata came into existence in the year 1990-91.

The [Authority](#) primarily undertakes projects for development and maintenance of Inland Water transport (IWT) infrastructure on national waterways through grant received from Ministry of Ports, Shipping and Waterways. It is the apex body for development of inland waterways in the country. It has four regional Offices<sup>4</sup> and ten sub audit offices<sup>5</sup> located across the country. The regional level offices is headed by an officer of Director Level.

IWAI was also executing the Jal Marg Vikas Project (JMVP) on National Waterway-1 (NW-1) from Haldia to Allahabad (1390 km) as an executing agency. The project was approved by the CCEA (January 2018) at a cost of Rs. 5369.18 crores, out of this amount the IBRD Loan was of Rs.2512 crore. The JMVP was scheduled to be completed by December 2023. The project has achieved an overall financial progress of about 51.49 % and the physical progress of 52.10 % as on March 2023. The extension to execute the project upto 2026 was sought by IWAI and awaited as on May 2023.

### OBJECTIVES:

The [main objectives](#) of the Authority include the following:

The objectives/functions (as per section 14 of IWAI Act) are:

- (i) Carry out surveys and investigations for the development, maintenance and better utilization of the national waterways and the appurtenant land for shipping and navigation and prepare schemes in this behalf;
- (ii) Provide or permit setting up of infrastructural facilities for national waterways;
- (iii) Carry out conservancy measures and training works and do all other acts necessary for the safety and convenience of shipping and navigation and improvement of the national waterways;
- (iv) Control activities such as throwing rubbish, dumping or removal of material, in or from the bed of the national waterways and appurtenant land, in so far

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<sup>4</sup> [Patna, Kolkata, Guwahati and Kochi](#)

<sup>5</sup> [Allahabad, Varanasi, Farakka, Hemnagar, Dibrugarh \(Assam\), Kollam, Bhubaneswar \(Odisha\), and Vijayawada \(A.P.\), Goa and Sahibganj.](#)

as they may affect safe and efficient, shipping and navigation, maintenance of navigable channels, river training and conservancy measures;

(v) Remove or alter any obstruction or impediment in the national waterways and the appurtenant land which may impede the safe navigation or endanger safety of infrastructural facilities or conservancy measures where such obstruction or impediment has been lawfully made or has become lawful by reason of long continuance of such obstruction or impediment or otherwise, after making compensation to person suffering damage by such removal or alteration; (vi) Provide for the regulation of navigation and traffic(including the rule of the road) on national waterways;

(vii) Regulate the construction or alteration of structures on across or under the national waterways;

(viii) Disseminate navigational meteorological information about national waterways;

(ix) Ensure co-ordination of inland water transport on national waterways with other modes of transport; and

(x) Establish and maintain pilotage on national waterways. IWAI, Accounts Manual: 7

(xi) Enter into joint ventures concerning inland shipping by way of equity participation.

#### **ORGANISATIONAL SETUP:**

IWAI is having its corporate office at Noida (Uttar Pradesh). IWAI is headed by a Chairperson ably assisted by Vice Chairman, Member (Traffic & Logistics), Member (Finance), and Member (Technical). The authority has its regional offices at Patna, Kolkata, Guwahati and Kochi and sub-office at Prayag Raj (Allahabad), Varanasi, Farakka, Hemnagar, Dibrugarh (Assam), Kollam, Bhubaneshwar (Odisha), and Vijayawada (A.P.), Goa and Sahibganj.

#### **CAPITAL STRUCTURE:**

The capital u/s 11(1)(C) and fund u/s 19 of IWAI act was Rs.0.94 crore and Rs.2242.24 crore respectively as on 31<sup>st</sup> March 2022. Long term borrowings were Rs. 1000/- crore and other current liabilities was Rs. 50.75 crore.

#### **BUDGETARY CONTROL:**

The Budgetary Control is exercised by reviewing the progress of project implementation, payments made to various contractors and agencies and raising of invoice against supply of various services. Besides, on the administration and operation overheads, control is exercised by the projects team at site and also by the Finance Division at Head Office/regional office. Each expense is required to be incurred after the approval of the Competent Authority.

#### **FINANCE AND CREDIT CONTROL:**

Finance division of IWAI is headed by Chief Account's Officer under the supervision of Member (Finance). He exercises control over financial and accounting matters of the Authority.

**ACTS, RULES AND DOCUMENTATIONS ETC TO BE REFERRED TO:**

The documents to be referred are as under:

- a) Inland Vessel Act 2007 / 2021.
- b) Northern India Ferries Act 1878.
- c) Boat Policy 2004.
- d) Indian Waterways Authority of India Act 1985.
- e) National Waterways Act 2016.

**BOOKS OF ACCOUNTS MAINTAINED:**

The books of Accounts are being maintained in software Tally.

In addition, the following registers / books are also maintained by the Company:

- i. Petty Cash Book
- ii. Bills Register
- iii. Fixed Deposits Register
- iv. Tender / Bids received Register
- v. Fixed Asset Register
- vi. Letter inward Register
- vii. Letter Outward Register
- viii. Grant Register

**STATISTICAL REPORT FOR THE MANAGEMENT:**

The following reports are prepared:

- i. Monthly Progress Report on the physical progress of the projects.
- ii. Half Yearly Financial Statements.
- iii. Utilization Certificates as per the requirement of GFR, 2017.

The financial control is exercised through the following:

- i. Annual Budget / Annual Business Plan;
- ii. Periodic Statement of Unspent Balance for Grant – in –Aid;

**PERFORMANCE APPRAISAL:**

The Performance appraisal is undertaken for the various projects on periodical basis through review meetings with the Consultants/Concessionaire, the State Nodal Agencies and Project implementing agencies.

**PURCHASE DEPARTMENT AND PURCHASE PROCEDURE:**

IWAI is Primarily a Project Development authority carrying out various project development related activities for National waterways through award of contracts by calling open / International Competitive Bidding. There are instances where certain items were procured or contracts were awarded on nomination basis also.

**STORE AND INVENTORY:**

Inventories viz. Stores, Spares and tools (including machinery spares) etc. are valued at cost. The periodic verification of the inventories was carried out to assess the shortages/excess if any.

#### **COST MANAGEMENT:**

The Cost Management is exercised by reviewing and monitoring the various works being executed by the Authority in relation with the development of National Waterways. Review of various dredging related contracts entered to maintain the required width and depth of the respective stretch.

#### **INTERNAL AUDIT:**

Internal audit of head office of IWAI located in Noida, regional offices and sub offices is conducted by a firm of Chartered Accountant appointed by IWAI.

#### **MANPOWER ANALYSIS:**

The total sanctioned manpower of IWAI is 364, against which manpower in position as on 25.04.2023 was 275.

The recruitment, seniority, and promotion of the regular employees of IWAI are governed by” INLAND WATERWAYS AUTHORITY OF INDIA RECRUITMENT SENIORITY AND PROMOTION REGULATION 1992 ALONG WITH AMENDMENTS”. The appointment relating to ad-hoc, temporary and permanent employees shall be regulated as per the delegation of powers.

#### **OFFICE MANUAL:**

Accounts manual of IWAI.

River Information System, Booklet & Standard Operation Procedures.

#### **COMPUTERISATION:**

The E-office in the organization was implemented in the organization from December 2022 onwards. Further, the books of accounts are also maintained in Tally.

#### **AUDIT CHECKS**

Following points may be seen especially during the audit of IWAI:

- a) Whether the tendering process and placement of orders/work orders are in line with GFR. 2017 and Procurement manual issued by Govt. of India.
- b) Whether the projects/works were taken after techno economic viability. If not. reasons thereof.
- c) Whether the projects were effectively. economically, and efficiently executed/monitored by the unit and corrective measures were taken during the execution of work/project.
- d) Whether the intended benefits/objectives fulfilled from the projects/ work completed.
- e) Utilization of vessels. equipment's procured for the intended purpose.

- f) Whether there exists proper internal control system in the unit.
- g) Whether policy framed or revised has been implemented effectively.
- h) Gainful utilization of National Waterways during the period of audit.

<b>Focus/Risk areas in respect of IWAI</b>
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- Underutilization/non-utilization of infrastructure developed: There are many instances in case of development of infrastructure/terminals etc. at the respective National Waterways where the infrastructure as created/developed could not be utilized for its intended purposes due to various reasons.
- Non-synchronization of various activities relating to operationalization of a stretch: There are instances where in absence of related activities required to be completed (maintenance of Least Assured Depth, connectivity or identification of contractor/concessionaire) even after incurring the expenditure, intended benefits could not be derived.
- Award of works on nomination basis: It was observed that instead of awarding the work by calling the bids, various construction related works used to be assigned to CPWD/state PWDs, despite in past, such departments inordinately delayed the projects awarded earlier.
- Underutilization/non-utilization of various vessels/dredgers/boats procured by IWAI: As mentioned above, the IWAI primarily required to develop the NWs but it was noticed that IWAI used to procure various cargo vessels/vessels from time to time without ensuring the gainful utilization of the same.
- Delay in development of National Waterways declared from time to time: Government of India from time to time declare existing waterways as National Waterways. Subsequent to declaration of NW, IWAI was required to develop the same but it was observed that there was inordinate delays on the part of IWAI to take the development works at such NWs.
- Delays in execution of awarded works: There are instances where without ensuring the required land or permissions/clearances, the work was awarded, which later on resulted in delay in execution and completion of the work.

## **AIRPORT ECONOMIC REGULARITY AUTHORITY (AERA)**

### **Introduction**

Traditionally, most of the Airports in India were under ownership and control of the Government of India. In 1997, the Government of India formulated Airport Infrastructure Policy, which provided for private sector's participation for improving quality, efficiency and increasing competition. As a result of this initiative, Greenfield airports in Public-Private Partnership came up in Bangalore and Hyderabad. This trend indicated growing competition and a requirement of level playing field amongst different categories of airports in future. The Airports Authority of India then performed the role of airports operator as well as the regulator, which resulted in conflict of interest.

Thereafter the Government of India set up Naresh Chandra Committee to prepare the road map for civil aviation sector. The Committee recommended for setting up of an independent regulatory authority. In order to implement the recommendations of the Committee it was felt that an independent economic regulator may be established. Accordingly, the Airports Economic Regulatory Authority Bill, 2007 was passed by the Parliament in 2008 and received assent of the President on December 5, 2008. The Airports Economic Regulatory Authority Act, 2008 (27 of 2008) came into effect on January 1, 2009 except Chapter III and Chapter VI of AERA Act, 2008 which came into effect on September 1, 2009. In accordance with the AERA Act, 2008 the Central Government established Airports Economic Regulatory Authority of India to regulate tariff and other charges for aeronautical services rendered at airports.

### **Objectives & Functions**

AERA, as an independent economic regulator, aims to create level playing field, foster healthy competition amongst all major airports, to encourage investment in airport facilities and regulate tariffs for aeronautical services. The statutory functions of AERA are as per Chapter III (Section 13) of Airports Economic Regulatory Authority of India Act, 2008.

## MAIN OBJECTIVE AND ACTIVITIES

Facilitating wider policy aims for the aviation sector through regulation of major airports, recognizing their role in the sector and economy. Protecting and promoting interest of existing and future users of major airports and air navigation services commensurate with respective charges, keeping in particular focus the interests of passengers and cargo facility users and the user expectations. The core work of AERA is tariff fixation for the major airports and also for the Independent Service Providers providing ground handling, fuel and Cargo Services at major Airports.

## ORGANIZATION SET UP:

As per Section 4 of AERA Act, 2008, AERA consists of a Chairman and two other Members to be appointed by the Central Government. AERA's staff comprises of official with experience in the aviation and finance sector on deputation from various Central, State Services & departments/ organizations. AERA had a total strength of 21 employees including Chairperson, Members & Secretary.

## BUDGET

In terms of section 34 of the AERA Act, grants from the Central Government are the only source of funding for the Authority. Grants – in- Aid received from Ministry of Civil Aviation on annual basis but released on requirement and demand basis.

## COMPUTERISATION

AERA Bilingual CMS Website

## AUDIT CHECKS

- i. Compliance of GFR 2017 in respect of Utilization of Grants.
- ii. Outstanding payments towards Airport Authority of India.
- iii. Procedure of tendering being followed by the Company.

Review of compliances of government guidelines/ circulars etc.

## [ACTs, Regulations and rules](#)

- [Airports Economic Regulatory Authority of India Act, 2008. Pdf](#)  4.4 MB



- [Airports Economic Regulatory Authority of India \(Amendment\) Act, 2019 – reg. Pdf !\[\]\(71ac35c616fd8bfda805d579390e24d8\_img.jpg\) 1.1 MB](#)
- [Airports Economic Regulatory Authority of India \(Amendment\) Act, 2021. Pdf !\[\]\(b10a8b91056068472be58f587e00cb47\_img.jpg\) 368.0 KB](#)
- [The Aircraft Act, 1934. Pdf !\[\]\(26a0aa65ffdf9b4c0922ec277970eeda\_img.jpg\) 64.0 KB](#)
- [The Airports Authority of India Act, 1994. Pdf !\[\]\(94aeee9c39a3a3d10654831c4bdd6b76\_img.jpg\) 306 KB](#)
- [Airports Economic Regulatory Authority \(Transaction of Business\) Regulations 2012. Pdf !\[\]\(3e6c1aedeeaa8d5deb59d3ee4ab46da3\_img.jpg\) 324 KB](#)
- [Airports Economic Regulatory Authority of India \(Salaries, Allowances and other Conditions of Service of the Chairperson and Members\) Rules, 2009. Pdf !\[\]\(c902edf397a6ca641da2827a7619fb31\_img.jpg\) 4.0 MB](#)
- [Airports Economic Regulatory Authority of India \(Salary, Allowances and other Conditions of Services of Secretary\) Rules, 2009. Pdf !\[\]\(2eeb38d109c7620c04b72105577a1616\_img.jpg\) 3.5 MB](#)
- [Airports Economic Regulatory Authority of India \(Salaries, Allowances and other Conditions of Service of the Chairperson and Members\) Amendment Rules, 2010. Pdf !\[\]\(9b13254820f9ffd91316055c68d8eb60\_img.jpg\) 519 KB](#)
- [Airports Economic Regulatory Authority Employees \(Number of Posts & Conditions of Service\) Rules, 2011 Pdf !\[\]\(77cc4955267260b8e40fe850d4fd81f6\_img.jpg\) 13.0 MB](#)
- [Airports Economic Regulatory Authority \(Secretary\), Recruitment Rules, 2012. Pdf !\[\]\(34437df9eac3d056fab1af3d28d2b5ea\_img.jpg\) 2.3 MB](#)
- [Airports Economic Regulatory Authority of India \(Form of Annual Statement of Accounts, Budget and Annual Report\) Rules, 2016 Pdf !\[\]\(422361fdcd577a4c2437f2e7efadccc8\_img.jpg\) 3.6 MB](#)
- [Airports Economic Regulatory Authority \(Secretary\) Recruitment Rules, 2022 Pdf !\[\]\(484ab55bb87d294f9e51b0e2984d6d54\_img.jpg\) 1.4 MB](#)
- [The Aircraft Rules, 1937 Pdf !\[\]\(0a023bb142905d93595b969588773668\_img.jpg\) 1.4 MB](#)

**Focus areas are as follows:**

- Capital expenditure incurred on construction of new office building.
- Pay and allowances and other Conditions of Service of the Chairperson and Members.
- Utilisation of Grants in aid received from MoCA
- Award of contracts of various works
- Terms and conditions of appointment of consultants and payment thereagainst.
- Compliance of Rules and regulations and instructions issued by Government of India from time to time.
- Expenditure made on establishment components.
- Procurements made by AERA

- ix) Compliance of instructions in respect of utilisation of fund as per the conditions of grants released by MoCA
- x) Review of all outstanding payments towards Airport Authority of India for construction of office spaces and any other items/services provided by AAI.
- xi) Review of impact of prior period items on the financial statements, their calculations and disclosures.
- xii) Review of Grant in Aids to AERA, furnishing of the utilization certificates and status of unused/remaining balance etc. as per provisions .
- xiii) Review of lease agreements and timely renewal on expiration of the same.
- xiv) Compliances of all Rules and regulations like Fire and Life Safety requirements etc.
- xv) Review AERA Rules, 2009 for revision regarding incorporating changes and amendments of contradictory provisions in Rules in comparison to prevalent orders of Govt. of India, if any.
- xvi) Monitoring of the provisions of GFR for maintenance and production of Physical Verification report of Fixed Assets, Library Books, and Consumables.
- xvii) Review of advance payments made whether they have been utilised/being utilised or lying idle.
- xviii) Monitoring of hiring/ deployment of vehicles for misuse/undue benefits to contractors, if any.
- xix) Whether any excess expenditures have been incurred on procurement of Goods and/or Services.
- xx) The revenues/expenditures must be booked under proper heads/sub heads and disclosed in the financial statements

#### Planning of audit:

- i) Review of audit observations of previous Inspection Reports
- ii) Review of Press Clippings, if any, made available by Co-ordination Section
- iii) Review of Complaints, if any, made available by Co-ordination Section
- iv) Review of Important audit observations noted in the Register of Important Points, if any, made available by Co-ordination Section.
- v) Review of information by collecting from the website of the Company
- vi) Prepare materials of desk review and discuss with the Group Officer and suggestions of the Group Officer to be noted in the desk review report
- vii) Take up audit by conducting Entry Conference on commencement day of audit and issue requisitions. During audit, issue of audit enquiries and audit observations to the management for offering their comments.
- viii) Discuss audit observations with the Head of Auditee Entity by holding Exit Conference on concluding day of audit.
- ix) Submit Draft Inspection Report to the Group Officer

#### Records/documents essential for audit work:

- i) Annual Reports
- ii) Airports Economic Regulatory Authority of India Act, 2008
- iii) Rent Agreements made between Lessee and Lessor

- iv) Agenda and Minutes of various Meetings of AERA
- v) Compliance of guidelines issued in respect of audit of Regulatory bodies.
- vi) Agreement/appointment orders in respect of engagement of consultants.
- vii) Annual Maintenance Contracts made during the year
- viii) Sanction orders of release of Grants in aid made by MoCA
- ix) Paid vouchers.
- x) Internal audit report

## **Rajiv Gandhi National Aviation University (RGNAU)**

### **Introduction**

The Rajiv Gandhi National Aviation University (RGNAU) has been established by an Act of Parliament called the Rajiv Gandhi National Aviation University Act, 2013 at Fursatganj, Dist. Amethi, Uttar Pradesh. The university has been envisaged as the premier institution of higher learning within the aviation milieu aimed at providing cutting edge and critical research to enhance the aviation industry in India. The Act of Parliament empowers the University to award Diploma, Degree and Post Graduate Degrees in the field of civil aviation. For more information please visit this link: <https://www.rgnau.ac.in/en/about-us>.

Main Objectives and Activities of RGNAU:

### **Main Objective and Activities**

- To facilitate and promote aviation studies, teaching, training, research and extension work with focus on emerging areas of studies such as aviation management, aviation regulation and policy, aviation history, aviation science and engineering, aviation law, aviation safety and security, aviation medicine, search and rescue, transportation of dangerous goods, environmental studies and other related fields to produce quality human resources to cater to the needs of the aviation sector and to provide for matters connected therewith or incidental thereto.
- To create and disseminate knowledge that facilitates progress and excellence in the field of aviation.
- To achieve excellence in areas of aviation management, policy, science and technology, aviation environment, training in governing fields of safety and security regulations on aviation and other related fields.
- To offer a number of courses required to bridge the skill gap within the Indian aviation industry at present as well as taking into consideration future requirements. At the same time collaborations with the leading international universities and

institutions in the aviation domain, are being forged towards proffering global knowledge that is customized for local requirements.

- To prepare educational programme or courses leading to award of Diploma, Degree, Post Graduate Degrees in the field of civil aviation and to grant degrees including doctoral degrees, diplomas or certificates other than Certificates of Competencies of licensed aviation personnel, which shall continue to be issued by Director General of Civil Aviation.

### **Organizational Setup**

Rajiv Gandhi National Aviation University is a central university under the administrative control of Ministry of Civil Aviation, Government of India. The university was governed by the various committees such as [Court](#), [Executive Committee](#), [Financial Committee](#), [Academic Committee](#) and [Selection Committee](#) etc. under the Chairmanship of Vice Chancellor. All the crucial decisions of the committees are subject to approval of the Visitor i.e. President of India. Besides this, the Registrar and Financial Officer are also two other Key posts in the university.

### **INTERNAL AUDIT**

The Internal Audit was conducted by outside agency i.e. M/s Anurag Shukla & Co., Chartered Accountants up to 31st March 2022. The role of the internal audit organization is to test check the initial account maintained in the executive offices to ascertain the extent of application of the rules & regulations, system and procedure in accounting and financial matters.

### **MANPOWERS ANALYSIS**

Since there was no permanent employee in the university, hence no manpower analysis could be made.

### **COMPUTERISATION**

The university is fully equipped consisting of computer lab and smart class etc. and uses tally for all the accounting related work.

## AUDIT CHECKS

- Compliance of GFR 2017 in respect of Utilization of Grants.
- Reconciliation of created assets with Airport Authority of India.
- Procedure of tendering being followed by the Company.
- Review of compliances of government guidelines/ circulars etc.
- Expenditure and planning related to Procurement.
- Appointment / Payment towards consultants/ Manpower.

## ACT, STATUTES & ORDINANCES

In order to sustain the steady growth in civil aviation sector in India observed over the past decade, the market shall require a strong pipeline of professionally qualified workforce. Recognizing this need, Ministry of Civil Aviation proposed the establishment of a national aviation university which shall promote and facilitate aviation studies and research to produce quality human resources to cater to the needs of the aviation industry. The Cabinet approved the proposal to set up “Rajiv Gandhi National Aviation University” under the administrative control of MoCA as a central university under an act of parliament. About 26.35 acres of land available with IGRUA was identified for setting of NAU in its first phase of establishment (2013-2019). After approval by EFC (Expenditure Finance Committee) and the Cabinet, a bill was introduced in the Parliament and finally the Act came into force on 19th September 2013.

[THE RGNAU Act](#)

[THE RGNAU First Statutes, 2016](#)

[THE RGNAU Notification](#)

[THE RGNAU Ordinance.pdf](#)

## FOCUS AREA

- Adherence of guidelines issued by various regulatory bodies/ authorities to run the university.
- Adherence of provisions specified in the Act /Statutes / Ordinance of the university.
- Improper planning and execution in respect of course / programme to be started by the university.

- Under-utilization / non-utilization of existing assets at the university as well as handing over and taking over of assets thereof.
- To review that the University must maintain Uniform Format of Accounts.
- To review Security and safety of girl's student in hostel/ campus
- Review proper disbursal of House Rent Allowance, Transport Allowance and medical claims to employees.
- Review proper usage/management of the staff in case of purchased DG sets, solar power plants, technology based assets, cloud services prior to commencement of RGNAU and without its requirement
- Review unwanted expenditures on utilities procured without putting them to use.
- Revenue generation activities to be reviewed.....
- Review of compliance of Bureau of the Indian Standards (BIS) guidelines in respect of refilling of Fire extinguisher in the University and Hostel
- Review compliances of General Financial Rule (GFR) -2017 regarding physical verification of assets/library and award of contract without calling tender.
- To Review the faculty appointments made/required for further smooth running of the university.
- Review the accreditations required to run the university.

# DEOGARH AIRPORT LIMITED

## INTRODUCTION

Deogarh Airport Limited was incorporated on 21.06.2019 in Jharkhand. AAI holds 51% in this company, whereas the other JV partner i.e. the State Government of Jharkhand holds 49%. This company was incorporated to develop, operate and maintain Deogarh Airport in the State of Jharkhand. All the investment and development activities are being carried on by AAI hence all the Capital expenditure is incorporated in the books of AAI. There is no functional website maintained by the auditee.

## MAIN OBJECTIVE AND ACTIVITIES

- To undertake the operation and maintenance of the Civil Air Terminal at Deogarh Airport.
- To manage, develop, operate, maintain, plan, design, upgrade, modernize, promote, construct, expand and alter, repair, set up and commission Airports including International Airports, allied and ancillary activities and facilities such as runways, taxi-ways, aprons, terminals for passengers and cargo, passenger amenities.
- To own, hire, lease and operate aircraft of any description for operation in India and abroad as air taxis, to provide repair, servicing, engine overhauling, online maintenance facilities and to create necessary infrastructure.
- To provide aeronautical facilities and services
- To provide adequate space, site and infrastructure for services relating to customs, immigration, security at the airport, health, meteorology, plant and animal quarantine and CNS/ATM services and other statutory and sovereign functions.
- To provide essential passenger/public utilities & services.
- To carry on the business of travel and tourism promoters and provide/develop in house hotels, restaurants, shopping malls, ticketing, tourism packages, retail shops, café etc.
- To establish and maintain educational institutions to train candidates in the field of aeronautical engineering, ground engineering etc.

## ORGANIZATION SET UP (Hierarchy, Composition of BODs)



The company is managed by One Chairman and four Directors.

## **FINANCE**

Expenses and income considered payable and receivable respectively have been accounted for on accrual basis. Airport Authority of India holds 51% of Equity Share Capital of Deogarh Airport Limited (ability to control) and Jharkhand State Government holds 49% Equity Share Capital of Deogarh Airport limited (Ability to Exercise Significant influence).

## **AUDIT CHECKS**

No Transaction Audit conducted so far.

**(The company is newly formed company and the commercial manual has been prepared as per the information available).**

## **PLANNING AND PROCESS OF AUDIT**

Planning of Audit shall be carried out on the basis of criteria of risk assessment at the level of coordination section followed with desk review and preparation / Audit Assignment Note at the level of field parties after going through various records such as Board Agenda and Minutes, Annual Report of the company, complaints, RIP items, Press clipping, Previous Inspection Reports, MIS etc. Process of Audit involves visit of the field parties to the unit conducting the entry conference with auditee, obtaining and reviewing of relevant records to arrive at conclusion and exit meeting on the last working day of audit.

# **DHALBHUMGARH AIRPORT LIMITED**

## **INTRODUCTION**

Dhalbhumgarh Airport Limited was incorporated on 21.06.2019 in Jharkhand. AAI holds 51% in this company, whereas the other JV partner i.e. the State Government of Jharkhand holds 49%. This company was incorporated to develop, operate and maintain Dhalbhumgarh Airport in the State of Jharkhand. All the investment and development activities are being carried on by AAI hence all the Capital expenditure are incorporated in the books of AAI. There is no functional website of the company.

## **MAIN OBJECTIVE AND ACTIVITIES**

- To undertake the operation and maintenance of the Civil Air Terminal at Dhalbhumgarh Airport.
- To manage, develop, operate, maintain, plan, design, upgrade, modernize, promote, construct, expand and alter, repair, set up and commission Airports including International Airports, allied and ancillary activities and facilities such as runways, taxi-ways, aprons, terminals for passengers and cargo, passenger amenities, Aero-bridges etc.
- To own, hire, lease and operate aircraft of any description for operation in India and abroad as air taxis, to provide repair, servicing, engine overhauling, on-line maintenance facilities and to create necessary infrastructure such as hangers and maintenance bays.
- To provide the aeronautical facilities and services.
- To provide adequate space, site and infrastructure for services relating to customs, immigration, security at the airport, health, meteorology, plant and animal quarantine and CNS/ATM services and other statutory and sovereign functions.
- To provide passenger/public utilities and services.
- To carry on the business of travel and tourism promoters and provide/develop in house hotels, restaurants, shopping malls, ticketing, tourism packages, retail shops, café etc.
- To establish and maintain educational institutions to train candidates in the field of aeronautical engineering, ground engineering etc.

## ORGANIZATION SET UP (Hierarchy, Composition of BODs)

The company is managed by Shri Surendera Prasad Sinha Director and CEO, and three Directors namely Shri Bishwanath Nayak, Shri George George Tharakan, Shri Manoj Gangal.

## CAPITAL STRUCTURE

The authorized share capital of the Corporation is Rs. 100,000,000/- divided into equity shares of Rs.10/-each.

## FINANCE

Expenses and income considered payable and receivable respectively have been accounted for on accrual basis. Airport Authority of India holding 51% of Equity Share Capital of Dhalbhumgarh Airport limited (ability to control) Jharkhand State Government holding 49% Equity Share Capital of Deogarh Airport limited (Ability to Exercise Significant influence).

## AUDIT CHECKS

No Transaction Audit conducted so far.

**(The company is newly formed company and the commercial manual has been prepared as per the information available).**

## PLANNING AND PROCESS OF AUDIT

Planning of Audit shall be carried out on the basis of criteria of risk assessment at the level of coordination section followed with desk review and preparation / Audit Assignment Note at the level of field parties after going through various records such as Board Agenda and Minutes, Annual Report of the company, complaints, RIP items, Press clipping, Previous Inspection Reports, MIS etc. Process of Audit involves visit of the field parties to the unit conducting the entry conference with auditee, obtaining and reviewing of relevant records to arrive at conclusion and exit meeting on the last working day of audit.

# **LUDHIANA INTERNATIONAL AIRPORT LIMITED**

## **INTRODUCTION**

Ludhiana International Airport Limited is incorporated on 4/08/2013 under the Companies Act, 2013 (18 of 2013) and that the company is limited by shares, Whose Corporate Identity Number of the Companies is U62100PB2020GOI051566, The Permanent Account Number is AAECCL3423F and Tax Deduction and Collection Account Number (TAN) is JLDL01289B. This Joint Venture Agreement has been entered into on 12.06.2019 between AAI AND Government of Punjab (GoP) for the Development of New International Civil Enclave at Halwara Airport (Ludhiana), Punjab. There is no functional website of the auditee.

## **MAIN OBJECTIVE AND ACTIVITIES**

1. To undertake the operation and maintenance of the Civil Air Terminal at Ludhiana Airport.
2. To manage, develop, operate, maintain, plan, design, upgrade, modernize, promote, construct, expand and alter, repair, set up and commission airports including International Airports, allied and ancillary activities and facilities such as runways, taxi-ways, aprons, terminals for passengers and cargo, passenger amenities, Aero-bridges etc.
3. To own, hire, lease and operate aircraft of any description for operation in India and abroad as air taxis, to provide repair, servicing, engine overhauling, on-line maintenance facilities and to create necessary infrastructure such as hangers and maintenance bays.
4. To provide the aeronautical facilities and services.
5. To provide adequate space, site and infrastructure for services relating to customs, immigration, security at the airport, health, meteorology, plant and animal quarantine and CNS/ATM services and other statutory and sovereign functions.
6. To provide passenger/public utilities and services.

## **FINANCE**

Expenses and income considered payable and receivable respectively have been accounted for on accrual basis. Airport Authority of India holding 51% of Equity

Share Capital of Ludhiana International Airport limited (ability to control) and Punjab State Government holding 49% Equity Share Capital of Punjab Airport limited (Ability to Exercise Significant influence).

#### **AUDIT CHECKS**

No Audit conducted so far.

**(The company is newly formed company and the commercial manual has been prepared as per the information available).**

#### **PLANNING AND PROCESS OF AUDIT**

Planning of Audit shall be carried out on the basis of criteria of risk assessment at the level of coordination section followed with desk review and preparation / Audit Assignment Note at the level of field parties after going through various records such as Board Agenda and Minutes, Annual Report of the company, complaints, RIP items, Press clipping, Previous Inspection Reports, MIS etc. Process of Audit involves visit of the field parties to the unit conducting the entry conference with auditee, obtaining and reviewing of relevant records to arrive at conclusion and exit meeting on the last working day of audit.

# AIRPORT AUTHORITY OF INDIA (AAI)

## Introduction

**Information related to AAI, its objectives, activities and functions:**

<https://www.aai.aero/en/corporate/organization>

**Vision and Mission of AAI:**

<https://www.aai.aero/en/corporate/mission-vision>

**AAI Board:**

<https://www.aai.aero/en/corporate/aai-board-member>

**Organization Structure:**

<https://www.aai.aero/en/corporate/organization-structure>

**Manpower:** As on 31.03.2022 the Organization has a total strength of 16188 employees.

## SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANY

As on March 31, 2022, the following are the subsidiaries / JVs / Associate Company of AAI: -

S. No.	Name of the Subsidiary / Joint Venture	Subsidiary / Joint Venture
1.	AAI Cargo Logistics & Allied Services Company Ltd. (AAICLAS)	Subsidiary (100%)
2.	Chandigarh International Airport Limited (CHIAL)	Subsidiary (51%)
3.	Dholera International Airport Company Limited	Subsidiary (51%)
4.	Deoghar Airport Limited	Subsidiary (51%)
5.	Dhalbhumgarh Airport Limited	Subsidiary (51%)
6.	Ludhiana International Airport Limited	Subsidiary (51%)
7.	Delhi International Airport Limited (DIAL)	Joint Venture (26%)
8.	Mumbai International Airport Limited (MIAL)	Joint Venture (26%)
9.	GMR Hyderabad International Airport Limited (HIAL)	Joint Venture (13%)
10.	Bangalore International Airport Limited (BIAL)	Joint Venture (13%)
11.	National Flying Training Institute Private Limited, Gondia	Joint Venture (46%)
12.	MIHAN India Limited, Nagpur	Joint Venture (49%)
13.	Kannur International Airport Limited	Joint Venture (7.47%)
14.	Digi Yatra Foundation	Joint Venture (26%)

## CAPITAL STRUCTURE AND BORROWINGS:

AAI is 100% Government owned Statutory Corporation. There were no changes, during the financial year 2021-22, in the capital of AAI and it stood at Rs 656.56 Crores as on March 31, 2022.

**Long Term Borrowings:** During the FY 2021-22, two tranches of the secured term loan facility from Axis Bank were availed by AAI in the month of May and June 2021. With this, the total outstanding term loan from Axis Bank stood at 2098.01 Crores as on 31.03.2022 AAI, during the FY 2021-22, also availed secured rupee term loan facility and external commercial borrowings from the SBI to the tune of 625 Crores and 50 million US dollars.

**Short term Borrowings:** During the FY 2021-22, AAI availed Fund based Working Capital of 600 Crores (out of sanctioned limit of 2000 Crores) from State Bank of India to meet its Working Capital Requirements. AAI, in the previous year 2020-21, had availed 1400 Crores from the said limit and paid back 150 crores. During the FY 2021-22, AAI repaid 1650 Crores. The outstanding balance as on 31.03.2022 stands at 200 Crores only.

#### **BUDGET AND REVENUE MIX OF AAI:**

AAI revenues can be categorized into four main categories:

- a. Aeronautical
- b. Non-aeronautical
- c. Airport lease revenues
- d. Other revenues from Allied services (e.g., Consultancy projects)

**Aeronautical revenues primarily consist of:**

- Air Navigation Services (ANS) charges
- Route navigation facilities charges
- Terminal navigational landing charges
- Non-aeronautical revenues are generated from commercial operations at airports, such as:
  - Retail
  - Food and beverage
  - Car parking
  - Other concessions
  - Rentals in terminals and city-side premises

**Further, Significant contributions to AAI's revenue come from:**

- Lease revenues at major airports (e.g., Mumbai and Delhi)
- Upfront fees and concession fees from Public-Private Partnership (PPP) Airports

AAI has no direct control over the revenue stream from regulated airports, as tariffs are determined by the Airports Economic Regulatory Authority of India (AERA) based on traffic growth and investment plans Compared to the previous year, AAI's revenue increased by INR 1,974.25 crores (40.56%). The details of this revenue growth are as follows:

S. No.	Particulars	2018-19	2019-20	2020-21	2021-22	% Variation of 2021-22 as compared to		
					Actuals	2018-19	2019-20	2020-21
1	Air Navigational Services	3702.18	3592.95	1587.62	2379.96	-35.71%	-33.76%	49.91%
2	Airport Services <sup>(1) &amp; (2)</sup>	4491.59	3718.05	1291.21	1674.04	-62.73%	-54.98%	29.65%
3	Non-Aeronautical Airport Services	1842.85	1887.74	885.84	912.09	-50.51%	-51.68%	2.96%
4	Airport Lease Revenue <sup>(2)</sup>							
(a)	JVC Airports (DIAL & MIAL)	3050.07	3063.01	483.50	1038.04	-65.97%	-66.11%	114.69%
(b)	PPP Airports (6 Nos.)	-	-	87.25	329.59	-	-	277.76%
5	Other Income	1046.27	575.69	531.63	507.57	-51.49%	-11.83%	-4.53%
	<b>Total Revenue</b>	<b>14132.96</b>	<b>12837.44</b>	<b>4867.04</b>	<b>6841.29</b>	<b>-51.59%</b>	<b>-46.71%</b>	<b>40.56%</b>

(1) Revenue from Airport Services (AS) for FY 2018-19 & 2019-20 (till 30.06.2019) include PSF (Security Component) / ASF. However, on formation of NASFT w.e.f. 01.07.2019, the said revenue is being accruing to NASFT. Accordingly, no ASF revenue has been booked in AAI's books of accounts for FY 2020-21 & FY 2021-22.

(2) Further, Revenue from AS for FY 2018-19 & 2019-20 include revenue from AS in respect of 6 PPP Airports for the whole year, whereas in FY 2020-21 & FY 2021-22 revenue from AS in respect of 6 PPP Airports is included in AS Revenue till their respective COD date only. In respect of 6 PPP Airports, AS revenue, from their respective COD date, is being accruing to the Concessionaires and AAI is getting Upfront Fee and Concession Fee from the Concessionaires and the same is shown under Airport Lease revenue during FY 2020-21 & 2021-22.

## BUGET OVERVIEW:

The budget system for the Airports Authority of India (AAI) involves the preparation of separate budgets for revenue and operational expenditure, as well as capital expenditure. These budgets are prepared annually and include revised estimates for the current financial year and budget estimates for the upcoming financial year. While the revenue and operational budget is compiled using the BPC System, an extension of the SAP software, the capital expenditure budget is prepared manually.

In addition to the budget preparations, AAI may receive grants in aid from the government to support specific projects or initiatives. These grants are accounted for in the budgeting process and are used in accordance with the terms and conditions specified by the funding authorities.

### Public-Private Partnerships in AAI:

- According to the National Monetization Pipeline (NMP), 25 airports managed by the Airports Authority of India (AAI) are slated for leasing between 2022 and 2025. AAI has already leased eight airports, including Delhi, Mumbai, Ahmedabad, Guwahati, Jaipur, Lucknow, Mangalore, and Thiruvananthapuram, through Public-Private Partnerships (PPPs) for long-term operation, management, and development.
- Delhi and Mumbai airports were handed over in 2006, and between 2017 and 2022, AAI received approximately INR 5,500 crore in revenue from Delhi Airport and INR 5,174 crore from Mumbai Airport. The six airports awarded under the PPP scheme—Mangalore, Lucknow, Ahmedabad, Guwahati, Jaipur, and Thiruvananthapuram—were handed over to concessionaires between October 2020 and October 2021. As of February 2023, AAI has received approximately INR 896 crore in concession fees for these six airports. Additionally, AAI has collected approximately INR 2,349 crore as upfront fees for capital expenditures incurred at these airports.
- Between March 2018 and the handover of the six recently awarded PPP airports, AAI spent around INR 1,970 crore on capital works at these locations. This expenditure has been reimbursed to AAI by the PPP partners. (Source: PIB 13 March 2023)



## Internal Control Systems

The organization maintains all its records in the SAP system, and the workflow and approvals are routed through SAP. The Internal Audit Department monitors and evaluates the effectiveness and adequacy of the internal control system in the organization, ensuring compliance with operating systems, accounting procedures, and policies at all locations. Based on internal audit reports, airports and stations undertake corrective actions in their respective areas and strengthen controls. Significant audit observations and corrective actions are presented to the audit committee of the Board.

## IT System In AAI

### AIMS: Rollout of e-Invoicing System and Centralized Billing

AAI has rolled out an e-Invoicing System to address all B2C clients and transactions with dynamic QR code generation and GST portal integrations. A key initiative, 'Centralized Billing,' has been initiated and will be implemented in phases. This system will reduce manual intervention, thereby increasing efficiency and productivity throughout the organization.

*The Pilot study on AIMS is proposed in the ASP of 2023-24.*

## Planning and Process of Audit:

The coordination section is responsible for overseeing the audit process and ensuring it aligns with the overall objectives and strategy of the auditing organization.

- **Planning of Audit:** Before starting the audit, the audit team plans the entire process. This involves determining the scope of the audit, objectives, and identifying the key areas of risk.
- **Desk Review and Audit Assignment Note:** After risk assessment, the field parties conduct a desk review of relevant documents to understand the company's operations, financial statements, and previous audit reports. Based on this, an Audit Assignment Note is prepared, which outlines the specific areas and objectives of the audit. Further, the desk review is approved by the group officer before the start of the audit by the audit teams.
- **Records Review:** The audit team examines various records related to the audited entity, such as Board Agendas and Minutes, Annual Reports, complaints, RIP (Reports, Issues, and Proposals) items, Press clippings, Previous Inspection Reports, and Management Information Systems (MIS).
- **Field Visit and Entry Conference:** The audit team visits the company's premises and holds an entry conference with the auditee. During this conference, they explain the audit objectives, scope, and methodology. It's also an opportunity to gather information about the auditee's processes and controls.

- **Obtaining and Reviewing Records:** The auditors obtain and review additional records and evidence during their field visit. They analyze financial transactions, internal controls, and other relevant information to assess compliance and identify any discrepancies.
- **Exit Meeting:** Once the fieldwork is completed, the audit team holds an exit meeting with the auditee. They present their findings and discuss any issues or areas that require attention or improvement.

#### **LIST OF ACTs, RULES & DOCUMENTS TO BE REFERRED**

1. Agenda and Minutes of Board Meeting
2. [Compliance Audit Guidelines](#)
3. [Airports Authority of India Act](#)
4. [CVC Guidelines related to awarding of contracts](#)
5. [AAI Works Manual](#)
6. [Airport policy](#)
7. [Airport Infrastructure policy of MoCA](#)
8. [Public Procurement Policy for Micro and Small Enterprises \(MSEs\) order, 2012](#)
9. [General Financial Rules](#)
10. DPE Guidelines
11. AAI's (Employees Medical Attendance and Treatment) Regulations
12. Travelling Allowance and Daily Allowance Regulations
13. Employees Deposit Linked Insurance Scheme
14. Procurement Manual
15. Air Service Quality Reports
16. Commercial Manual of AAI
17. ANS Manual of AAI

#### **LIST OF IMPORATANT BOOKS AND REGISTERS**

1. Complaint Register
2. RIP register
3. Outstanding paras
4. High value contract register
5. Board Agenda and Minutes register
6. Press clipping register
7. Grants register

#### **RISK ASSEMENT, PERODICITY OF AUDIT AND REQUIREMENT**

##### **Financial Audit**

The Financial Audit of Airports Authority of India (AAI) is conducted for the Corporate Headquarters (CHQ) and seven regions, namely Northern, Western, Southern, Eastern, North-Eastern, Ranchi, and Hyderabad. The jurisdiction of this office includes CHQ and the Northern Region, as well as the consolidation of accounts at the CHQ.

For the audit planning of the Northern Region, a risk assessment is performed, taking into consideration factors such as revenue, expenditure, past audit findings, and the trial balance of Joint Venture Companies (JVCs). Based on this assessment, normally four airports are selected for detailed audit scrutiny.

The audit team will focus on these selected airports to ensure a thorough examination of financial transactions, compliance with regulations, and the overall financial working of AAI's operations in the Northern Region. The goal is to identify any potential risks, irregularities, or areas for improvement and to provide valuable insights to enhance financial management and accountability within AAI.

**Being the Principal auditor, this office consolidates the audit findings of the other sub office i.e. DGCA Chennai, DGCA Mumbai, DGA Kolkata (Mines), DGA Ranchi (Steel) and DGCA Hyderabad during the Annual accounts audit and issues a consolidated separate audit report under Section 28(2) of the Airports Authority of India Act, 1994 to the AAI after approval from the HQ office.**

### **Compliance Audit**

Compliance Audit of AAI is conducted separately for its 27 directorates and 1 Region (Northern Region). Risk points are calculated as per CAG circular dated 03.09.2008 and the directorates and airports are classified into auditable and implementing units respectively. All the directorates and northern region are covered under auditable units. Further, there are total 93 airports (implementing units) under AAI, out of which only 9 airports (Amritsar, Dehradun, Srinagar, Jammu, Jaisalmer, Jodhpur, Allahabad, Udaipur and Varanasi) are self-auditing airports and the rest are JVC/PPP/RCS/Non self-auditing airports. Out of the 9 self-auditing units, airports are selected for compliance audit along with the audit of Northern Region after performing risk assessment and taking into consideration factors such as revenue, expenditure and past audit findings.

Names of all the Directorates and their risk points, as per CAG circular dated 03.09.2008 are mentioned below.

	<b>AAI's Directorate</b>	<b>Total Risk Points</b>	<b>Total Man-days planned ASP 2023-24</b>

1	D/o Human Resource & Admin	7	315
2	D/o ANS- CNS (P) & (O&M)	7	
3	D/o Operations	8	
4	D/o Information Technology	5.5	
5	D/o Technical	6	
6	D/o CSR	5.5	
7	D/o Finance & Accounts, internal audit, Revenue, JVC, Legal, PMQA	6	
8	D/o Law/Legal	5.5	
9	D/o Sports	5.5	
10	D/o CPMS	5.5	
11	D/o SIU (KID)	6	
12	D/o ATM Survey	5.5	
13	D/o Security	6.5	
14	D/o Airport Licensing	4.5	
15	D/o Commercial	7	
16	D/o Fire	5.5	
17	D/o CS	5.5	
18	D/o Airport Systems	6.5	
19	D/o Vigilance	5.5	
20	D/o BDU	5.5	
21	D/o Rajbhasha	5.5	
22	D/o Structure	5.5	
23	D/o PR	5.5	
24	D/o Northern Region	5	
25	D/o Planning	5.5	

26	D/o Airport Marketing	6.5	
27	D/o Land	5.5	
28	D/o Engg (IMU)	5	

**Detailed information and audit checks related to the directorates are provided below:**

### **1. Directorate of Human Resource and Admin:**

#### **Human Resources:**

##### **The functional responsibility includes:**

- Managing a workforce of 18500 employees working at various airports in the country. The major functions associated include organization of human resource policies for uniform application at all the airports.
- The other functions include dealing establishment matters of all employees, recruitments and induction, promotions, transfers, beside Industrial relations at all the AAI Airports in the country.
- Maintenance of General Service Conditions, Disciplinary matters, Performance Appraisals and effective implementation of Social Security Schemes which includes Superannuation benefits under the ambit of Govt. guidelines and Pension Schemes.
- HR also manages a fleet of Executives working in Air Traffic Management (ATM) and Communication, Navigation & Surveillance (CNS) of about 5000 Nos.
- Airports Authority of India ensures compliance of Act and Rules under Official Language Policy of Government of India. During the year, Hindi workshops were conducted at CHQ, Regional Headquarters and Field stations to encourage the employees for the use of Hindi & to review the progress of Hindi. Official Language Implementation Committee Meetings were conducted at CHQ & all stations.

#### **Administration:**

##### **The functional responsibility includes:**

- Grant of Various advances to employees such as, HBA, Vehicle advance, Computer Advance etc.
- Issue of Identity Cards, Vehicle Stickers, Entry Pass etc.
- Printing of Various office stationery and also the AAI Diary.
- Procurement & distribution of office equipment and stationery items & maintenance and handling of General store.

- Administration of Medical facilities to serving & retired employees.
- Providing Services with regards to official travel & LTC. Facilitating accommodation on official tour.
- Facilitating for holding official meetings and other functions.
- Administration of staff canteen.
- Administration of R & I section and library.
- Housekeeping and maintenance of office including providing furniture etc.
- All jobs related to civil & electrical maintenance of Rajiv Gandhi Bhawan.
- Maintenance and beautification of Lawns, providing landscaping and providing plank & flower arrangement in various offices.
- Distribution of Uniforms to Employees.
- Facilitating & Administering Self and Company lease.
- Coordinating with CISF for security matters.
- Implementation of official language.
- Prevention of sexual harassment at workplace & promotion of safe, healthy and respectable workplace for all.

#### **Focus Areas:**

##### **1. Compliance with DPE Guidelines:**

- Verify if the company follows the Department of Public Enterprises (DPE) Guidelines in granting pay scales, payment of performance-related pay, creation of posts, encashment of leave, pay fixation, and appointments at the board level.
- Ensure that all decisions related to these matters are in line with the approved DPE Guidelines.

##### **2. Investigating Irregularities:**

- Conduct a thorough investigation to identify any irregularities in disciplinary proceedings, granting loans and advances to employees, payment of DA on transfer, pay fixation of employees on deputation to AAI, appointment of consultants, imposition of liquidated damages, and granting medical allowances when both spouses are working in AAI.
- Take appropriate actions to address any identified discrepancies and non-compliance.

##### **3. Compliance with Government Regulations:**

- Ensure compliance with relevant government regulations such as the General Financial Rules (GFR), AAI works manual, AAI Act, guidelines related to reservation in appointment, foreign tours, commercial activities, Employees Medical Attendance and Treatment Regulations, Travelling Allowance and Daily Allowance Regulations, and Employees Deposit Linked Insurance Scheme.
- Review policies and practices to ensure they align with these regulations.

##### **4. Verification of Staff Cost Recovery:**

- Verify whether the cost of staff is appropriately recovered for manpower support provided to various Government Agencies and Departments as required by relevant agreements and contracts.
- Check if there are proper records and mechanisms in place for accurate cost recovery.

**5. Formal Agreements/MOU Compliance:**

- Ensure that formal agreements or Memorandum of Understanding (MOU) are entered into before providing any service or facility to other entities or organizations.
- Validate the existence and completeness of such agreements.

**6. Appointments in Compliance with Guidelines:**

- Review the appointment process to ensure compliance with DPE guidelines, Recruitment & Promotions Regulations, and government guidelines on reservation and concessions.
- Verify that appointments are made based on merit and in accordance with the specified rules.

**7. Expenditure Recovery from Government Departments:**

- Review whether all the expenditure incurred on providing services to various government departments and ministries is appropriately recovered as per the agreed terms and conditions.
- Ensure that there is proper monitoring and tracking of recovery efforts.

**8. Administration of Medical Facilities:**

- Assess the administration of medical facilities to serving and retired employees, ensuring compliance with company policies and applicable regulations.
- Check if the medical benefits provided are in line with the company's/Ministries policies.

**9. Official Travel & LTC:**

- Evaluate the process for facilitating official travel and LTC to ensure it adheres to approved policies and regulations.
- Verify the accuracy and authenticity of travel-related expenses.

**10. Maintenance of Records:**

- Check the proper maintenance of records related to the general store, stationery, and office equipment to ensure accurate tracking and reporting of assets and inventory.
- Validate the completeness and accuracy of the records maintained.

**2. D/o ANS- CNS (P) & (O&M)**

**CNS-Planning-I**

**The functional responsibilities include:**

Planning, procurement and commissioning of all Communication, Navigation & Surveillance (CNS) facilities and support systems for air navigation based on short term and long-term requirements to synchronize the organizations plan with ICAO's approved plans is managed by CNS-Planning-I Directorate. Preparation of qualitative requirements and system specifications in coordination with all concerned agencies / organizations, preparation of estimates, invitation of tenders, tender evaluation of technical and commercial bids, placement of orders, factory inspection of equipment and its subsequent installation and commissioning are the responsibilities discharged by the CNS-Planning-I Directorate.

#### **Activities undertaken by Directorate of CNS-P-I:**

A continuous and rapid effort is being made by the CNS-P-I Directorate to replace and/or adopt the state-of-the-art facilities at the airports. In this order, in previous years following activities have been undertaken by CNS-P-I Directorate for modernization of facilities/equipment at various airports:

#### **Activities of Communication Unit of CNS-P-I Directorate:**

- 147 nos. of IP based Voice Communication Control System (VCCS) have been provided to various Airports to establish better communication during Air Traffic Management.
- AAI has procured 1170 Nos. of VHF Transmitter / Receiver Systems for provision of new frequencies at RCS airports and additional new frequencies assigned to existing airports.
- AAI has procured 48 Nos. of HF Receivers along with HF Broad Band Antenna and Associated Accessories for improving long range HF communication with aircrafts over the Oceanic Region.

#### **Activities of Nav. Aids Unit of CNS-P-I Directorate:**

- AAI has procured 20 Nos. of Instrument Landing System (ILS), 01 No. of Test jig and 01 set of spare parts to provide precision guidance to aircrafts approaching & landing at Airports.
- AAI has procured 27 Nos. of Doppler Very High Frequency Omni Range (DVOR), 01 No. of Test jig and 01 set of spare parts for various Airports to provide bearing information to aircrafts to define air traffic control routes for en-route, terminal and instrument approach/departure procedures.
- AAI has procured 33 Nos. of Distance Measuring Equipment (DME), 01 No. of Test jig and 01 set of spare parts for various Airports to provide slant range (distance) between an aircraft and a ground station.

#### **Activities of Surveillance Unit of CNS-P-I Directorate:**

- AAI has procured 4 Nos. of Airport Surveillance Radar (ASR) co-located with Mono-Pulse Secondary Surveillance Radar (MSSR) for Nagpur, GGIAL Goa, Jaipur & Bangalore (2nd Radar) Airport to provide Surveillance based approaches for Air Traffic Control.



- AAI has commissioned state-of-the art stand-alone MSSR (En-route Radar) at Bikaner & Aurangabad Airport to cover the surveillance gap in Delhi & Mumbai FIRs.
- AAI has procured Advanced-Surface Movement Guidance & control System (A-SMGCS) at Bhubaneshwar and Cochin to control and monitoring the surface Movement of aircraft and helicopters at Airport during Low visibility condition.

#### **Activities of Automation Unit of CNS-P-I Directorate:**

- AAI has procured Integrated Aerodrome Control Visual Simulator and Surveillance Control Simulator System for HTC Hyderabad to facilitate training to Air Traffic Controllers in the full-spectrum of ATC operations from gate to en-route and vice versa.
- AAI has procured 03 Nos. of Flight Simulator Training Device (FSTD) of type EASA Flight Navigation and Procedure Trainer (FNPT) Multi Crew Coordination (MCC) level II for Airbus 320 family of Aircrafts for AAI Training Centers at CATC Prayagraj, HTC Hyderabad and NIATAM Gondia to familiarize the new ATC & CNS trainees with basic equipment in modern aircraft cockpit.
- Purchase Order has been issued for Procedural Approach and Area Control Simulators for CATC Prayagraj, NIATAM Gondia & Hyderabad training centers for ATC trainees to be trained to imagine the position of each aircraft and learn to provide the required separation in order to enhance the level of understanding of trainees and make them perfect in the application of procedural separation standards.

#### **Central Radio Store Depot:**

##### **The functional responsibility includes:**

- The Central Radio Stores Depot (CRSD) is a major unit of the Communication, Navigation & Surveillance (CNS) wing of the Airports Authority of India. It is located at Safdarjung Airport, New Delhi near Delhi Flying Club.
- The main function of the CRSD is delivery of spare parts of all Communication, Navigation and Surveillance (CNS) equipment to all the Aeronautical Communication Stations (ACS) for proper operation and upkeep of these equipment as per the requirement received from the stations on approval of CHQ.
- In view of a very large number of such equipment in use at the airports and other supporting stations and in view of the importance of uninterrupted operation of these equipment, a huge inventory is maintained at CRSD. This inventory is maintained in SAP/ERP system with effect from 1st April 2013.
- The inventory management at CRSD includes purchase of the CNS Spare items after following all the prescribed codal procedures: receipt of the stores , their quantity and quality checking before bringing these on stock; proper storage of these items by assigning a unique material code/ VOCAB No and independent location to each item for easy retrieval, issue of the item to the demanding station

after getting approval of the competent authority and dispatch of the approved items by an appropriate means after proper insurance and packing.

- At times, stores are received (including Capital equipment) on the basis of purchase orders issued by the Headquarters and all the above actions are performed for such stores. For imported equipment and spares, this office also undertakes other related activities like insurance and custom clearances for such consignments.
- The items which are no longer in use due to upgraded technology or due to obsolescence are surveyed and disposed of by e-auction through MSTC Ltd after getting approvals from the competent authority.
- The inventory management to a large extent is supported by SAP/ERP System and authorized users of MM for CNS can view the inventory of stores.
- Apart from the inventory management, this office also facilitates the repair of the imported equipment and their modules during the warranty period which involves liaising with the supplier, necessary insurance and co-ordination with the concerned bank for approvals for re-export for custom purposes. Such items are re-exported with the help of a designated Custom House Agent (CHA). After the item is repaired by the foreign supplier, it is re-imported following all the laid down procedures.
- A Management Information System (MIS) is maintained for the total inflow and outflow of the stores on monthly basis.
- CRSD also undertakes transit insurance of CNS Equipment/spares from any station in India to any station in India through open marine inland insurance policy provided advance approval is sought by the consigner station from CRSD.

### **Certification of ATS Personnel (CAP):**

#### **The functional Responsibility of Department:**

CAP Directorate functions as nodal office of Airports Authority of India and liaise with DGCA in respect of matters pertaining to Licensing of ATCOs. CAP Directorate establishes in-house procedures for complying with the provisions of Aircraft Rules 1937 and relevant Civil Aviation Requirements issued by DGCA from time to time in respect of matters pertaining to Licensing of ATCOs and other allied activities as may be necessary to discharge its functions efficiently.

### **CNS-OM**

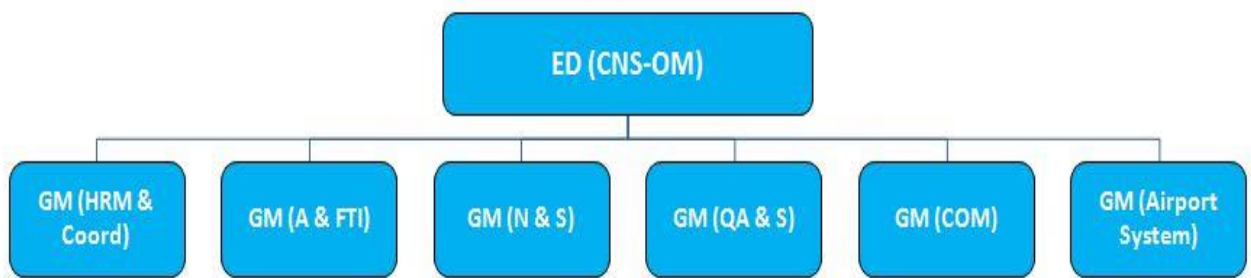
#### **Broad Functions/Job Profile of CNS-OM Directorate at CHQ:**

Directorate of CNS-Operation & Maintenance [CNS-OM] at CHQ is headed by Executive Director [CNS-OM]. ED [CNS-OM] reports to Member [ANS]. Broad functions/job profile of CNS-OM Department is as given below:

1. The Communication, Navigation, Surveillance and ATM Data Processing facilities are the backbone for provision of Air Navigation Services for safe and smooth operation of Aircraft at Airports and for both Continental and Oceanic Indian airspace.

Indian airspace. CNS-OM Directorate ensures that provision of these facilities for their Serviceability, Availability, Reliability and Integrity is as per Standard and Recommended practices of ICAO and Civil Aviation Requirements (CARs) promulgated by DGCA.

2. CNS-OM Dept by framing maintenance policies and supervision systems delivers system management, maintenance standards/instructions and maintenance services to assure and ensure that Serviceability, Availability, Reliability and Integrity of CNS/ATM systems as mentioned above.
3. Provision of Aeronautical Mobile Services, Aeronautical Fixed Telecommunication Network, VOLMET, Pre Flight Com Briefing and International Notam Offices.
4. Provision of Telecom infrastructure (Datacom, Telephones, Fax & Mobile etc.) for provision Air Navigation Services and to other AAI Departments/Units for operational and administrative requirements.
5. Other main functions of CNS-OM Dept. are:-
  - 5.1 Human Resource Management of CNS Manpower including:-
    - Initial Induction of CNS Personnel at various levels;
    - Basic Training to CNS personnel being inducted at various levels as per ICAO guidelines;
    - Initial Deployment after Basic Training;
    - Conceptual, Developmental and Refresher Training on Operational CNS/ATM systems as per ICAO /DGCA Guidelines;
    - Factory Training on the CNS/ATM systems being inducted for operational use;
    - Annual placement of CNS personnel as per operational requirements and
    - Administering of the CNS Proficiency.
  - 5.2 Coordination with DGCA/ICAO for issue related to CNS and amendment to ICAO Annex/documents related to CNS.
  - 5.3 Coordination with National Regulator, WPC and ICAO for Civil Aviation Frequency requirements/Protection.
  - 5.4 CNS Standardization & Procedures.
  - 5.5 Internal Performance Metric Monitoring of CNS/ATM systems.
  - 5.6 Preparing and implementation of replacement and up gradation proposal of CNS/ATM Data processing system.
  - 5.7 Implementation of Safety Management System (SMS) related to CNS and Automation facilities.
  - 5.8 Disposal of obsolete CNS facilities proposal received at CHQ from filed stations.
6. For smooth functioning, CNS-OM Dept. is divided into following five sections. Each section is headed by GM (CNS) who reports to ED (CNS-OM).



7. Brief details of functions/tasks performed by sections are as given below: -

7.1 GM HRM & Coordination (HRM & Coord): Performance Monitoring, Aviation Safety, Aerodrome Licensing, ICAO matters, DGCA safety audit, MOU matter, CNS Standardizations, CNS Manual, GAGAN, Proficiency/Training & Transfers, General Administration, Policies, RTI, Parliament/ MOCA & Other Related Matters.

7.2 GM Automation and FTI (A & FTI): Regular Monitoring of Availability & Serviceability of ATM Automation systems. Project Manager for proposed Future Telecommunication Infrastructure (FTI) project. FTI project envisages meeting varying needs of future telecommunicating requirements of the CNS/ATM and other associated systems. Cyber security policy.

7.3 GM Navigation and Surveillance (N&S): Regular Monitoring of Availability & Serviceability of ATM Navigation and Surveillance facilities at all airports and ACS, Upgradation of N&S Systems. Review of NOC cases from CNS point of view received in CNS-OM Dept.

7.4 GM Quality Assurance & Standardization (QA & S):

- a) Audit
- b) Commissioning
- c) Certification

7.5 GM Communication (Com): Regular Monitoring of Availability & Serviceability of Communication systems at all airports/ACS. Provision of Aeronautical Mobile Services, Aeronautical Fixed Telecommunication Network, VOLMET, Pre Flight Com Briefing and International Notam Offices. Provision of Telephones, Fax & Mobile to various AAI Units for operational and administrative requirements.

7.6 GM (Airport Systems): Maintenance and operation of Security and Airport System.

**Focus Areas:**

**1. Procurement and Commissioning of CNS Facilities:**

- Review the planning process for procurement and commissioning of Communication, Navigation & Surveillance (CNS) facilities.
- Verify compliance with organizational policies and guidelines during the procurement process.
- Assess the effectiveness of tender evaluation and selection procedures for technical and commercial bids.

**2. Communication Unit Activities:**

- Assess the provision of IP-based Voice Communication Control Systems (VCCS) and VHF Transmitter/Receiver Systems to airports for effective air traffic management.
- Verify the procurement and deployment of HF Receivers for improved long-range HF communication with aircraft over the Oceanic Region.

**3. Nav. Aids Unit Activities:**

- Review the provision of Instrument Landing Systems (ILS), Doppler Very High-Frequency Omni Range (DVOR), and Distance Measuring Equipment (DME) at various airports for precision guidance and air traffic control.
- Ensure compliance with safety and operational standards for these navigation aids.

**4. Surveillance Unit Activities:**

- Evaluate the procurement and commissioning of Airport Surveillance Radar (ASR) and Mono-Pulse Secondary Surveillance Radar (MSSR) for surveillance-based approaches and air traffic control.
- Verify the installation of Advanced-Surface Movement Guidance & Control Systems (A-SMGCS) at designated airports to enhance surface movement during low visibility conditions.

**5. Automation Unit Activities:**

- Assess the provision of Integrated Aerodrome Control Visual Simulator and Surveillance Control Simulator System for ATC training.
- Review the acquisition of Flight Simulator Training Devices (FSTD) for Airbus 320 family of Aircrafts for CNS trainees' familiarization.

**6. Central Radio Store Depot (CRSD):**

- Review the inventory management at CRSD, including purchase, storage, and issuance of CNS spare items.
- Verify the disposal process of obsolete CNS facilities through e-auction and compliance with disposal regulations.

**7. Certification of ATS Personnel (CAP):**

- Assess the procedures established by the CAP Directorate for licensing of Air Traffic Control Officers (ATCOs) in compliance with Aircraft Rules and DGCA requirements.

- Verify the effectiveness of in-house procedures for licensing and other related activities.
- 8. CNS-OM Directorate - System Management and Maintenance:**
- Review the system management policies and supervision mechanisms to ensure the serviceability, availability, reliability, and integrity of CNS/ATM facilities.
  - Evaluate the performance monitoring and internal performance metric monitoring of CNS/ATM systems.
- 9. Coordination and Standardization:**
- Verify coordination with DGCA/ICAO for CNS-related issues and compliance with ICAO Annex/documents related to CNS.
  - Assess the standardization procedures and adherence to safety management systems related to CNS and automation facilities.
- 10. Procurement and Implementation:**
- Review the procurement and implementation process of CNS/ATM equipment and projects to ensure timely completion and effective utilization.
  - Evaluate the replacement of outlived CNS equipment and the expenditure incurred on maintenance.
- 11. Financial Compliance:**
- Review the payment of statutory dues, spectrum charges, and any avoidable expenditure due to delays or non-compliance.
  - Assess the recovery of expenditure for equipment provided to non-AAI operated airports and adherence to CNS-related financial procedures.
- 12. Compliance with ANS Manual:**
- Verify compliance with the Air Navigation Services (ANS) Manual and other relevant regulations in all aspects of CNS operations and maintenance.
- 13. Warranty and Detention Management:**
- Review the management of warranties for CNS equipment and modules, including re-export and re-import processes.
  - Assess the handling of detention charges and lapses of warranty for effective cost control.

### **3. Directorate of Operations:**

#### **Functions of Operations Department include:**

- To ensure serviceability of all operational/Passenger Facility at all the time at AAI Airports
- Airside Management at all AAI Airports
- Terminal Management of all AAI Airports
- Commissioning and operationalization of AOCC at AAI Airports
- Safety Management and coordination with all AAI Airports

- Plan and project the requirements regarding construction/upgradation of the aerodrome and related facilities for safe aircraft operations
- To advise and assist top management in framing corporate policies on Terminal Management of all AAI airports.
- Monitoring implementation of ICAO standards and recommended practices (SARP's), and Civil Aviation Regulations (CAR's) formulated by Director General Civil Aviation (DGCA) for Aerodrome Operations and Airport Management.
- Coordinate with DGCA for safety assessment on the planning, construction & commissioning of changes to airport infrastructure, and maintenance programs.
- Liaise at apex level with the various ministries, regulatory bodies like DGCA and Bureau of Civil Aviation Security (BCAS), Immigration and Customs on issues related to Airport Management (Operations) and Aviation Security.
- Allocating night parking stands to domestic flight operators at AAI Airports.
- Drafting and issuance of Operational Circulars and Operational Instructions.
- Monitoring the implementation of Recommendations made by various Court of inquiries in respect of aircraft incidents / accidents.
- Slot Management-Slot allocation for all the airlines operating domestic/ international flights.
- Coordinate with Dept. of Eng. / Planning/ IT/ Security w.r.t. all planned/ modification / repair works in the terminals.
- Preparation of guidelines for MESS / ESS contracts.
- Comprehensive / third party liability insurance coverage for all assets at the airports.
- Finalizing training programs for staff and officers of Operations Department in coordination with Indian Aviation Academy (IAA).
- Handling of WIP / VIP Movements and aircraft emergencies.

#### **Focus Audit Points:**

##### **1. Serviceability of Operational and Passenger Facilities:**

- Review the measures taken to ensure the continuous serviceability of operational and passenger facilities at all AAI airports.
- Assess the effectiveness of maintenance and management procedures for airside and terminal operations.

##### **2. Commissioning and Operationalization of AOCC:**

- Evaluate the process of commissioning and operationalization of Airport Operations Control Center (AOCC) at AAI airports.

##### **3. Safety Management and Compliance:**

- Review the implementation of safety management procedures and coordination with all AAI airports.

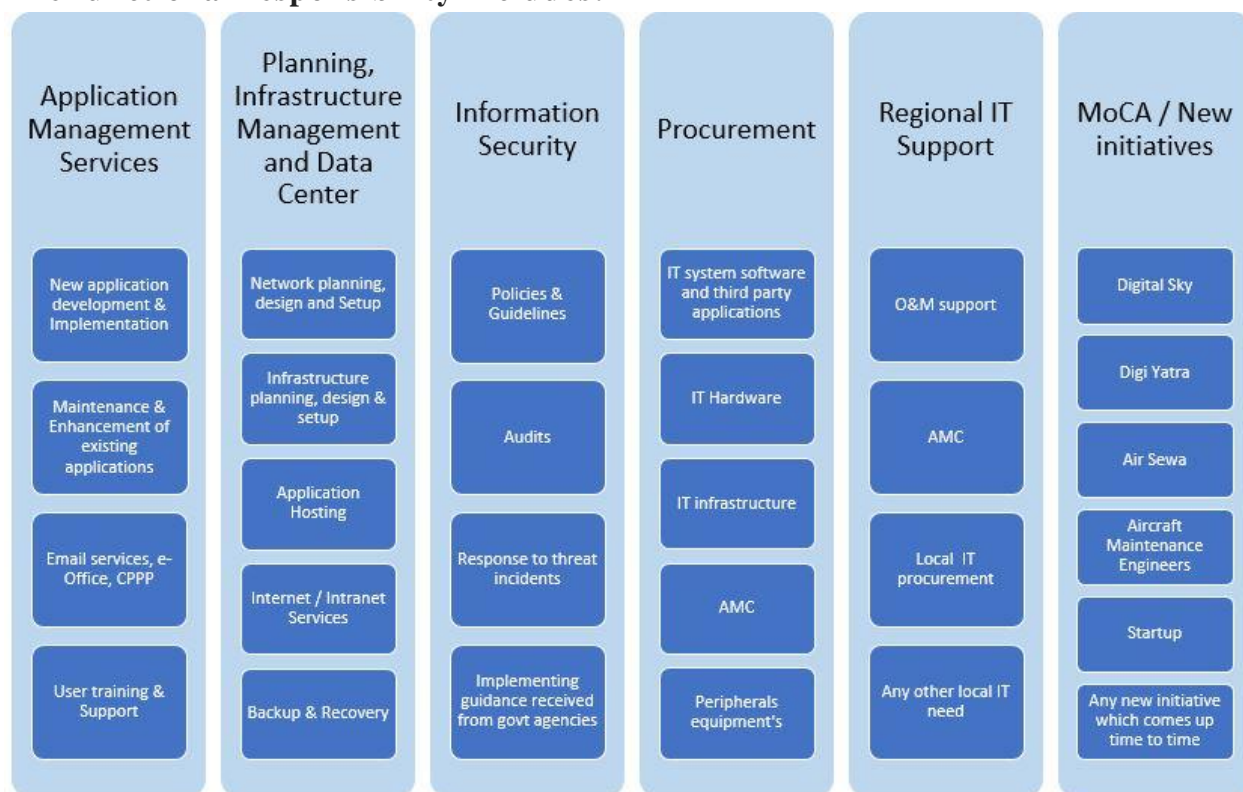
- Verify compliance with ICAO standards and recommended practices (SARP's) and Civil Aviation Regulations (CAR's) related to aerodrome operations and airport management.
  - Liaison with Regulatory Bodies:
  - Evaluate the level of liaison and coordination with DGCA, BCAS, Immigration, and Customs on airport management and aviation security issues.
  - Verify compliance with regulatory guidelines and directives.
- 4. Allocation and Management of Parking Stands:**
- Review the process of allocating night parking stands to domestic flight operators at AAI airports.
  - Assess the efficiency of parking stand management and utilization.
- 5. Operational Circulars and Instructions:**
- Verify the drafting and issuance of operational circulars and instructions for smooth airport operations.
  - Review the communication and dissemination of these circulars and instructions.
- 6. Monitoring of Recommendations and Incidents:**
- Assess the monitoring and implementation of recommendations from court inquiries regarding aircraft incidents/accidents.
  - Review the handling of incidents and emergencies, including VIP movements and aircraft emergencies.
- 7. Contracts for Ground Handling Services:**
- Review the contracts awarded for ground handling services and assess their compliance with established standards and regulations.
- 8. Passenger Processing System and Revenue Collection:**
- Evaluate the implementation of the Passenger Processing System and revenue collection procedures.
  - Verify the accuracy and efficiency of revenue collection processes.
- 9. Bird Hazard Control and Obstruction Lights:**
- Review the compliance with MHA guidelines and AAI circulars for controlling and reducing bird hazards at the airside.
  - Assess the maintenance of obstruction lights to ensure safe aircraft operations.
- 10. Airport Infrastructure Planning and Implementation:**
- Review the planning and projection of requirements for the construction and upgradation of aerodromes and related facilities.
  - Evaluate the creation of airport infrastructure in line with the growth in the aviation sector.
- 11. Grievance Redressal and Internal Audit:**
- Review the grievance redressal process on the CPGRAM Portal for airport-related issues.



- Assess the compliance and implementation of recommendations from internal audit reports.

#### 4. Directorate of Information Technology:

**The functional responsibility includes:**



**Focus Areas:**

- Review of the procurement of various IT assets and payment made.
- Whether all procurements are made from GEM portal.
- Whether the conditions mentioned in the GFR/CVC guidelines have been complied with.
- Review of the implementation of Integrated Financial and Personnel Information Management System.
- Review of the NOCs issued by the IT Department.
- Review of the physical verification of IT Assets.
- Review of the maintenance of Asset Register.
- Review of the disposal/write off of unserviceable/obsolete IT Assets.
- Review of the Internal Audit reports.

**Potential Risk Areas:**

- Issue of laptops/Scanner to the non-eligible employees.
- Purchase of Hardware in violation of IT Policy.
- Physical Verification of IT Assets.
- Delayed disposal/write off unserviceable/obsolete IT Assets.
- Non-recovery of loss in the case of theft of Laptop.
- Infructuous expenditure on work for implementation of Integrated Financial and Personnel Information Management System.
- Irregularities/lapses in respect of tender related to Digi-Yatra Biometric Boarding System (BBS).

## 5. Directorate of Technical:

**The Technical Directorate, formerly known as the Equipment Directorate in the Civil Aviation Department, plays a significant role in airport operations, passenger facilitation, safety services, and security services. The main functions and responsibilities of the Technical Directorate are as follows:**

1. **Procurement and Maintenance of Equipment:** The Technical Directorate is responsible for the procurement and maintenance of various types of equipment used in airport operations, passenger facilitation, safety services, and security. This includes a wide range of specialized equipment, vehicles, and tools necessary for the smooth functioning of airports.
2. **Corporate Headquarter (CHQ) Level:** At the CHQ level, the Technical Directorate plans and procures major equipment and vehicles. Policy guidelines and technical instructions related to the Technical Directorate are also issued by the CHQ from time to time.
3. **Central E&M Workshop, New Delhi:** This workshop, located at the CHQ, specializes in major maintenance of critical equipment such as Crash Fire Tenders, Airport Surface Friction Testers, Airport Rotating Beacons, and Fire Safety specialized equipment. It also supports the maintenance of the CHQ transport fleet and provides maintenance services to various airports across the country as per operational requirements. The workshop also procures, maintains, and supplies spares for specialized imported equipment used in various airports.
4. **Regional Headquarter Level:** Regional Heads of the Technical Directorate are responsible for planning and procuring capital equipment and consumable store items within their respective regions, according to the delegation of power.
5. **Regional E&M Workshops:** There are four Regional E&M Workshops located in different regions of the country, namely Southern Region (Chennai), Eastern Region (Kolkata), Western Region (Mumbai), and North Eastern Region (Guwahati). These workshops provide major maintenance and logistic support to airports within their respective regions. Additionally, the Central E&M

Workshop in New Delhi is responsible for serving as the Regional E&M Workshop for the Northern Region.

6. **Field Unit E&M Workshops:** Major airports operated by the Airports Authority of India (AAI) have their own Field Unit E&M Workshops. These workshops are responsible for providing support services, routine maintenance, and preventive maintenance for various equipment used in fire and safety services, operational engineering, ground safety services, passenger facilitation, security (including CISF equipment), and general duty vehicles.
7. **Services Offered by Directorate:** The Technical Directorate offers essential support services to various key areas of airport operations, including the procurement and maintenance of equipment mentioned above. Additionally, it handles material management services, such as procuring uniforms, fire and rescue consumables, conducting physical verifications of stock and assets, and issuing materials management instructions.

#### **Focus Areas for Review:**

**The Technical Directorate places emphasis on reviewing several key areas to ensure efficiency, effectiveness, and compliance with relevant guidelines:**

1. **Incorporation of Electric Vehicles:** The audit will assess whether the Technical Directorate has incorporated electric vehicles in its fleet in accordance with government guidelines to combat climate change and reduce carbon emissions. It will examine the extent of the adoption of electric vehicles and evaluate the Directorate's efforts towards promoting eco-friendly transportation.
2. **Expenditure Recovery:** The audit will review the processes and practices employed by the Directorate to ensure proper recovery of expenses incurred while providing services to various government departments and ministries. It will verify whether all applicable costs have been appropriately billed and collected, and any discrepancies will be investigated.
3. **Contracts and Procurement:** The audit will scrutinize the awarding and implementation of contracts by the Technical Directorate. It will assess the adherence to procurement policies and regulations, ensuring that contracts are awarded through fair and transparent procedures. Additionally, the audit will evaluate the justifications provided for procurement decisions and verify their appropriateness.
4. **Project and Procurement Assessment:** The audit will assess whether the Directorate conducts thorough assessments before initiating new projects or making procurement decisions. It will evaluate the extent of due diligence performed, including cost-benefit analysis and risk assessments, to ensure that projects and procurements align with organizational objectives and priorities.

5. **Liquidated Damages on Vendors:** The audit will review instances where liquidated damages have been imposed on vendors for delays in supply or execution of agreements. It will assess the validity and adequacy of such penalties and whether they have been consistently applied in line with contractual terms.
6. **Recovery of Outstanding Dues:** The audit will examine the Directorate's efforts to recover outstanding dues from relevant parties promptly. It will assess the effectiveness of debt recovery procedures and ascertain whether appropriate actions are taken to collect outstanding payments.
7. **Vehicle Maintenance and Disposal:** The audit will review the Directorate's practices regarding vehicle maintenance and disposal. It will assess the effectiveness of maintenance processes to ensure vehicles are in optimal condition and evaluate whether the disposal of vehicles is carried out in compliance with relevant policies and regulations.
8. **Global Tenders vs. Local Vendors:** The audit will evaluate the decision-making process related to global tenders from abroad versus exploring local vendors. It will assess whether the Directorate justifies the need for global tenders and whether efforts are made to promote domestic vendors when feasible and appropriate.
9. **Inventory Management:** The audit will review the Directorate's inventory management practices to identify and address issues related to idle items resulting from excess or premature procurement. It will assess how the Directorate optimizes inventory levels and minimizes waste or obsolescence.

## 6. Directorate of Corporate Social Responsibility:

Airports Authority of India aims to achieve consolidate and strengthen good corporate governance including socially and environmentally responsible business practices that balance financial profit with social wellbeing. Airports Authority of India (AAI) has been a socially responsible enterprise, taking a lead to serve the society and is committed to enhance the quality of life of people from marginalized sections of the society, especially those people who reside in proximity to the airports. Though in recent years, it has not only adhered to areas near the airports but expanded its reach to every nook and corner of our country. The CSR projects by AAI are monitored centrally at the corporate headquarters but the execution takes place by the officials posted at its various airports thereby enhancing employee engagement and making them socially responsible. AAI is committed to gradually increase its expenditure on Corporate Social Responsibility and contribute towards Nation Building. The thematic/ programme focus of the AAI's CSR work includes, but is not limited to:

The thematic/ programme focus of the AAI's CSR work includes, but is not limited to:

- Education, including formal and informal education and vocational training that contribute towards sustained income generation and self sufficiency
- Health as an integral component of better quality of life with special focus on women and girls.
- Integrated community development that fill the gaps in the statutory resettlement and rehabilitation programmes of the government and ensure that the quality of lives of communities are positively impacted
- Disaster Management including preparedness, capacity building as well as emergency response leveraging core competency of the AAI in situations of disasters.
- Environment conservation

### **Organizational Set-up:**

The Directorate of CSR is headed by Executive Director (Engineering (NR) / CSR) assisted by one General Manager (Engineering / CSR) ,one DGM (CSR)and one Project Associate (contractual) in its day to day functioning. Apart from this there are committee at Corporate Head Quarters (CHQ) and Regional Headquarters (RHQ) and Airports level.

- Board Level CSR Committee: The Committee comprising of at least three Directors with at least one Independent Director
- Tier II Committee (CHQ Level): Headed by ED level officer & comprises three Officers of GM Rank from Finance, Engineering & HR Disciplines, and One Group ‘A’ executive to be nominated by Chairman as its Secretary.
- Unit Level CSR Structure : This comprises of committee at RHQ level and Airport level headed by RED & Airport Director respectively

### **Financial Performance:**

Sl. No.	Year	Approved Budget	Actual Expenditure	Short/Excess Expenditure
1.	2018-19	84.00	86.77	2.77
2.	2019-20	83.79	125.70	41.91
3.	2020-21	78.80	40.20	-38.60
4.	2021-22	48.62	13.79	-34.83
5.	2022-23	-	-	-

## LIST OF ACTs, RULES & DOCUMENTS REFERRED

1. Provisions contained in Section 135 and Schedule VII of the Companies Act, 2013.  
<https://www.mca.gov.in/content/mca/global/en/acts-rules/companies-act/companies-act-2013.html>

2. DPE guidelines on CSR issued since 01 August 2016 with various notifications issued till 2023.

<https://dpe.gov.in/en/guidelines/guidelines/chapters/2675>

3. Provisions of Companies (Corporate Social Responsibility Policy) Rules, 2014(with latest amendments till 2023).

## Focus Area for audit

### 1. Corporate Social Responsibility (CSR) Expenditure:

- Scrutinize the consistency and accuracy of CSR expenditure compared to the approved budgets over the years.
- Examine if there were any shortfalls in spending and verify the reason for the same.
- Review how the excess spending was justified and if it was in accordance with the rules.

### 2. Nature of CSR Activities:

- Assess whether the CSR activities are in line with the guidelines provided in the Companies Act, 2013.
- Verify if the selected thematic areas of focus are within the permissible areas as per CSR rules.

### 3. CSR Policy Compliance:

- Check the adherence to the latest amendments in the Companies Act and other relevant rules.
- Review whether the company is transferring the unspent funds to a separate bank account, as per the Companies (Amendment) Act, 2019.

### 4. Organizational Structure and Oversight:

- Evaluate the roles and responsibilities of the committees at various levels and ensure they are functioning as outlined.
- Check if there is at least one Independent Director in the Board Level CSR Committee, as required.

## **5. Project Selection and Assessment:**

- Examine if there is a baseline/need assessment conducted prior to the selection of any new CSR Project.
- Verify whether impact assessment studies have been undertaken for mega projects.

## **6. Timing of Expenditure:**

- Analyse the pattern of CSR spending across the financial year. Ensure there is no rush of expenditure in the last quarter, which can be a sign of poor planning or potentially fraudulent activities.

## **7. Internal Controls and Documentation:**

- Check for any deficiencies in the CSR policy and internal control mechanism.
- Verify the accuracy and completeness of records such as Board Agenda and Minutes, Annual Report, and other documentation referred to in the audit process.

## **8. Risk Areas:**

- Review the risk areas highlighted, including short spending on CSR activities, inappropriate allocation of CSR funds, and non-compliance of CSR policy. Ensure that corrective actions are taken.

## **Planning and process of Audit**

Planning of Audit shall be carried out on the basis of criteria of risk assessment at the level of coordination section followed with desk review at the level of field parties after going through various records such as Board Agenda and Minutes, Annual Report of the company, complaints, RIP items, Press clipping, MIS etc. Process of Audit involves visit of the field parties to the unit, obtaining and reviewing of relevant records to arrive at conclusion

**7. Directorate of Finance & Accounts, Internal Audit, Revenue, JVC, Legal, PMQA:**

## **Introduction**

- (a) **Directorate of Finance & Accounts** is headed by an Executive Director. The main function of the directors is liaison & negotiation with International Air Transporters Association (IATA) Users Group for reviewing airport charges, billing & realization of revenue, liaising with various airlines – domestic,

international and private airlines etc., dealing with revenue policies & procedures, cash management including investment of funds, compilation of yearly budget for operational revenue & expenditure. compilation of yearly budget for capital expenditure including projection of funding through internal, budgetary and extra- budgetary resources, finalization of annual accounts of the Airport Authority of India (AAI), servicing of loans from domestic / foreign sources, Tax planning of the authority etc.

- (b) **Internal Audit** is headed by an Executive Director. The main function of the department is examination of the system of internal checks and controls, examination and security of vouchers/ authorization, detection and prevention of errors and frauds, general examination of the trial balances, financial statements and other reports, coordination with Govt. Audit on observations and ensure adherence to rules & regulations as per laid down guidelines/ manuals / instructions.
- (c) **Joint Venture Cell (JVC)** is headed by an Executive Director. This directorate is set up for primarily to coordinate, monitor and safeguard the interest of AAI in terms of agreements entered into with various JVCs along with the settlement of issues raised by JVC and vice versa at various form.
- (d) **Project Monitoring and Quality Assurance** is headed by an Executive Director. The cell is set up primarily to monitor the projects of all directorates of AAI for timely implementation and proper quality. The PMQA reports directly to the Chairman, AAI and carries out review of projects, project implementation methodologies and monitoring system with the objectives of process improvement and organization learning.
- (e) **Legal Department** is headed by a General Manager. The main function of this Department is to handle legal matters and cases through legal firms, imparting expert advice and information on legal issues to various Departments on the queries raised by them in their files.

### **LIST OF ACTS, RULES AND DOCUMENTS TO BE REFERRED**

- 1) Agenda and Minutes of Board Meeting
- 2) [Compliance Audit Guidelines](#)
- 3) [Airports Authority of India Act](#)
- 4) [General Financial Rules](#)
- 5) [AAI credit policy](#)

### **FOCUS AERA**

#### **1. Finance and Accounts Directorate:**

- Evaluate the effectiveness of negotiations with the International Air Transporters Association (IATA) and its impact on airport charges, billing, and revenue realization.



- Review the cash management process, including investment of funds.
- Assess the accuracy and completeness of the yearly budget for operational revenue, expenditure, and capital expenditure.
- Scrutinize the servicing of loans and tax planning of the authority.

## **2. Internal Audit:**

- Verify the effectiveness of the internal checks and controls system.
- Check the security of vouchers/authorization and trial balances.
- Review the processes for detecting and preventing errors and frauds.
- Confirm adherence to rules, regulations, guidelines, manuals, and instructions.

## **3. Joint Venture Cell (JVC):**

- Verify that the AAI's interests are protected in agreements with various JVCs.
- Assess the settlement of issues raised by JVCs and vice versa.

## **4. Project Monitoring and Quality Assurance (PMQA):**

- Examine the effectiveness of project monitoring for timely implementation and proper quality.
- Review project implementation methodologies and monitoring systems.

## **5. Legal Department:**

- Evaluate the handling of legal matters and cases through legal firms.
- Review the quality of advice provided to various departments on legal issues.
- Check compliance of clauses of Operation, Management & Development Agreement (OMDA) by Delhi International Airport Limited (DIAL) and Mumbai International Airport Limited (MIAL).

## **8. Directorate of Law/Legal:**

**The functional responsibilities of the Law Department, as outlined in the provided text, include:**

1. The Law Department is responsible for addressing legal matters within the Airports Authority of India (AAI) and other units and offices associated with AAI.
2. The Law Department is tasked with finding practical and efficient solutions to legal issues that may arise within the organization.

3. Handling aviation-related issues; this involves dealing with legal matters specific to the aviation industry, such as regulatory compliance, safety regulations, and aviation-related contracts.
4. Domestic & International arbitration department oversees the resolution of legal disputes through arbitration, both within the country and internationally.
5. Researching constitutional provision department searches and analyzes constitutional provisions relevant to employees' rights and duties within AAI.
6. Suggesting modalities for business models (PPP etc.): The department provides advice on legal frameworks for various business models, such as Public-Private Partnerships (PPP).
7. Advising and assisting on Contract Management: The department is involved in advising and supporting the management of contracts to ensure legal compliance and protect AAI's interests.
8. Drafting Legal Instruments and Regulations: This involves creating legal documents, instruments, and regulations necessary for AAI's operations and compliance.
9. Drafting Bye Laws for effective Administration management: The Law Department is responsible for drafting bye-laws that govern administration and management within AAI.
10. Advising on outsourcing measures: The department provides guidance on legal considerations related to outsourcing activities.
11. Data-based decisions: The Law Department makes decisions based on facts and data, ensuring that legal advice is well-founded and supported.
12. Imparting advice and information: The department provides legal advice and information to various departments within AAI, helping them navigate legal issues appropriately.

#### Focus Points for audit:

1. **Review of Legal Fees Payments:** The audit will also review the payments made to legal consultants and other professionals. This includes verifying whether the payments are in line with the terms of the engagement agreements and the organization's policy. Any deviations or discrepancies in payment terms should be identified and examined.
2. **Review of Legal Consultant Agreements:** The audit team should conduct a detailed review of the agreements entered into with legal consultants. This includes examining the terms and conditions, scope of work, payment terms, and any other pertinent clauses. The agreements should be compared with standard industry practices, and any irregularities or potential issues should be flagged.

3. **Review of Legal Cases:** This involves a review of the cases handled by the legal department. The aim is to verify the proper recording, tracking, and resolution of these cases, as well as the effectiveness of the legal strategies employed.
4. **Review of Legal Advice and Information:** The audit should examine the process through which legal advice and information are provided to various departments. This includes assessing the accuracy, relevance, and timeliness of the advice and information.
5. **Evaluation of Legal Compliance:** This involves assessing the organization's compliance with relevant legal and regulatory requirements. Any instances of non-compliance should be identified, and their causes and potential impacts should be examined.
6. **Review of Outsourcing Measures:** The audit should examine the organization's policies and procedures regarding outsourcing. This includes assessing the effectiveness and efficiency of these measures, and their compliance with relevant regulations and industry standards.

## 9. Directorate of Sports:

### Introduction

The Airports Authority of India Sports Control Board (AAISCB) has the mandate to promote sports and the welfare of meritorious athletes in India. The AAISCB, led by the President (who is also the Member HR), adopts talented athletes yearly under the Contract Scheme and Scholarship Scheme, as part of its Sports Policy. The AAISCB structure includes nine subordinate boards, overseen by various regional Executive Directors, Airport Directors at Chennai and Kolkata Airports, the Principal of CATC at CATC Allahabad, and ED (Admin) at CHQ Delhi. The Sports Cell at Delhi, managed by the GM (HR) holding additional charge, comprises a Senior Superintendent, Superintendent, Supervisor/Clerk, and a contractual staff (unskilled).

### Audit Focus Points:

1. **Review of Athlete Selection:** Scrutinize the process of athlete selection under the AAI sports Talent Search and Training scheme. Evaluate the fairness and effectiveness of the selection process.
2. **Trekking Expeditions Review:** Evaluate the organization and implementation of the trekking expeditions arranged by the AAI-SCB. Review any safety measures, permissions, and risk assessments in place.
3. **Staffing Review:** Examine the composition and qualification of the managerial staff at the Sports Control Board, Delhi. Identify any staffing deficiencies or needs.
4. **Unspent Balance Deposits:** Review the deposition of unspent balance. Check for proper documentation and compliance with relevant financial regulations.

5. **AAI Ward Category Player Selection:** Scrutinize the process and criteria for selecting players in the AAI ward category. Assess the transparency and fairness of the process.
6. **Review of Sanctions and Funds Released:** Audit the sanctions granted and amount released. Ensure compliance with the budgetary regulations and proper documentation.
7. **Sports Scholarship and Contract Schemes:** Review the sports scholarship scheme and sports contract scheme. Assess their implementation and effectiveness in supporting meritorious athletes.
8. **Internal Control on Funds:** Review the internal control on monitoring the funds allocated to the AAI. Identify any potential irregularities or areas for improvement.
9. **Breakup of Miscellaneous Expenditure:** Review the breakup of miscellaneous expenditure incurred by the teams as per the decision taken in the Annual General meeting of AAI. Confirm that expenditures align with the approved budget and are properly documented.

## 10. Directorate of Corporate Planning & Management Services:

### Introduction

The Corporate Planning & Management Services (CP&MS) department plays a pivotal role in the planning and coordination of Airports Authority of India's (AAI) initiatives. This includes the formulation and review of AAI's Corporate Plan, as well as the annual performance contract or Memorandum of Understanding (MoU) with the administrative ministry.

One of the major responsibilities of CP&MS involves the collection, compilation, consolidation, and dissemination of air traffic data related to aircraft movements, passengers, and cargo. This information is published in the form of monthly and yearly air traffic reports for all operational airports in India. The data compiled by CP&MS aids important business decisions in the aviation industry, such as capacity planning, terminal upgrades, development of new airports, and cargo facility management. The CP&MS department, owing to its robust and reliable air traffic database, serves as the primary source of air traffic data for national and international entities.

In addition, the CP&MS department is tasked with the preparation and review of short-term, medium-term, and long-term traffic forecasts for all Indian airports. Periodic surveys such as International Benchmarking and Customer Satisfaction Surveys by ACI-ASQ (Airport Service Quality) at major airports, as well as Customer Satisfaction Surveys at other operational airports with scheduled operations, are also key responsibilities. Other crucial tasks include conducting Capacity Assessment Surveys at

various airport and cargo terminals, Traffic Potential Studies, and Origin & Destination (OD) Surveys.

By monitoring air traffic statistics and performing airport benchmarking through ASQ and customer satisfaction surveys, CP&MS consistently provides valuable quantitative and qualitative data that supports AAI management in making informed decisions.

#### Focus Audit Points:

1. Verification of the preparation, coordination, and monitoring of the annual performance contract or MoU with the administrative ministry.
2. Evaluation of the collection, compilation, consolidation, and dissemination process of air traffic data related to aircraft movements, passengers, and cargo.
3. Review of the monthly and yearly air traffic reports for accuracy and timeliness.
4. Audit of the data usage for key business decisions in the aviation industry like capacity planning, terminal upgrades, and new airport developments.
5. Verification of the short-term, medium-term, and long-term traffic forecasts for all Indian airports for accuracy and validity.
6. Examination of the conduct and outcomes of periodic surveys such as International Benchmarking and Customer Satisfaction Surveys by ACI-ASQ at major airports.
7. Review of Customer Satisfaction Surveys at other operational airports with scheduled operations.
8. Audit of the Capacity Assessment Surveys at various airport and cargo terminals, Traffic Potential Studies, and Origin & Destination (OD) Surveys.
9. Evaluation of the effectiveness of the data provided by CP&MS in supporting management in making informed decisions.
10. Inspection of the process and controls for maintaining the robustness and reliability of the CP&MS air traffic database.

#### 11. Directorate of SIU (KID):

##### Introduction:

The Strategic Initiative Unit (SIU), previously known as the Key Infrastructure Development Group, was rejuvenated in 2013-14 with the primary objective of undertaking the leasing of airports on a Public-Private Partnership (PPP) basis. The SIU plays a pivotal role in a multitude of areas:

- The SIU formulates proposals for securing the requisite approvals from AAI, Ministry of Civil Aviation (MoCA), and the Cabinet to undertake selected airport PPP transactions.

- The unit prepares Memorandum of Understanding (MOU), Joint Venture (JV) Agreements, and Share Subscription cum Shareholder Agreements concerning airports that are being established through the JV route in collaboration with willing state governments.
- The SIU oversees all matters related to the six PPP Airports (Ahmedabad, Guwati, Jaipur, Lucknow, Mangalore, and Trivandrum), both prior to and post their Commencement of Operations Date (COD).
- The unit handles all matters relating to JVs before the commencement of their operations.
- The SIU is responsible for all aspects pertaining to the operationalization of state-owned airports, where AAI support has been requested, across various models.
- The unit also handles any other issues or coordinates with the MoCA, AAI, and Concessionaires relating to the current six PPP airports and upcoming PPP airports.

**Focus Areas:**

1. **Compliance with Concession Agreement:** Evaluate whether the terms and conditions of the concession agreement with the Concessionaire have been strictly adhered to.
2. **Timely Realization of Concession Fees:** Assess whether concession fees, as well as other charges specified under the concession agreement, are being realized in a timely manner.
3. **Appointment of Independent Engineers:** Verify if the Independent Engineers were appointed due procedures, and whether they are executing their duties in accordance with the scope of work and the concession agreement.
4. **Recovery of Costs:** Examine if the costs of work in progress and interest on delayed payment from the Concessionaire are being recovered appropriately.
5. **Leasing Process:** Review whether the bidding process for leasing out airports under the PPP model is in accordance with established procedures and guidelines.
6. **Due Diligence and Procedures:** Determine whether due diligence and standard procedures were adhered to while entering into MOUs and agreements.
7. **Capital Assets and Work in Progress:** Ensure that all capital assets and work in progress, including advances to contractors, were taken into consideration when calculating lease charges.
8. **Receipt of Fees:** Evaluate whether the yearly concessionaire fees and other regular charges from the leased airports are received in a timely manner.
9. **Performance Guarantee:** Assess whether the receipt of the performance guarantee from the concessionaire is in order.

**10. Privatization in Government Interest:** Finally, examine whether the privatization of airports aligns with the interests of the government.

## **12. Directorate of ATM Survey:**

### **Introduction:**

The Directorate of Air Traffic Management (ATM) survey holds the responsibility for conducting aeronautical surveys and providing vital data for the operation within the Indian airspace of civil airports. The purpose of these surveys is twofold. Firstly, it assists the Aerodrome Operator in fulfilling their safety responsibilities. Secondly, it equips the Airports Authority of India (AAI) with necessary data for numerous applications. These include:

- (a) Deliberating on aerodrome licensing issues.
- (b) Developing instrument approaches, including RNAV(GNSS) procedures and departure procedures.
- (c) Certifying airports for specific types of operations, such as determining maximum take-off weight for civil aircraft.
- (d) Offering geodetic control for engineering projects related to runways/taxiways construction, NavAids siting, road building, obstruction clearing, and other airport improvement and construction tasks.
- (e) Supporting airport planning and land use studies in the vicinity of the airport, including the future expansion of the aerodrome/runway.
- (f) Facilitating miscellaneous activities like aircraft accident investigation and special purpose one-time projects: chart preparation and conducting safety evaluations.

### **Focus points:**

- 1. Aerodrome Licensing Issues:** Evaluate the process and accuracy of deliberations on aerodrome licensing issues. Confirm the information provided is current, accurate, and adheres to relevant regulations.
- 2. Development of Instrument Approaches:** Review the process for developing instrument approaches, including RNAV (GNSS) procedures and departure procedures. Examine the efficiency, accuracy, and effectiveness of these processes.

3. **Airport Operation Certification:** Inspect the criteria and procedures used for certifying airports for specific types of operations. Confirm the accuracy of maximum take-off weight determinations for civil aircraft.
4. **Geodetic Control for Engineering Projects:** Review the methods used for offering geodetic control for engineering projects. This should include the examination of projects related to runways/taxiways construction, Navaids siting, road building, obstruction clearing, and other airport improvement and construction tasks.
5. **Airport Planning and Land Use Studies:** Evaluate the methods used for supporting airport planning and land use studies in the vicinity of the airport. Examine the planning for future expansion of the aerodrome/runway.
6. **Miscellaneous Activities:** Review the processes and efficiency of miscellaneous activities like aircraft accident investigation and special purpose one-time projects such as chart preparation and conducting safety evaluations.
7. **Compliance with Periodicity of Check Surveys:** Review the planning mechanism for adherence to the periodicity of check surveys as prescribed in the Directorate of ATM survey manual.
8. **Procedure Accuracy and Efficiency:** Examine the RNAV (GNSS) procedures and departure procedures in detail. Confirm the processes are efficient, accurate, and effective.
9. **Certification Processes:** Evaluate the airport certification processes, their compliance with established norms and regulations, and their effectiveness.

### **13. Directorate of Security:**

#### **Introduction:**

The Directorate of Airport Security is a key division within the Airports Authority of India (AAI) tasked with maintaining robust security operations across all airports. This involves a comprehensive range of duties, all designed to provide a secure environment for passengers, staff, and facilities.

Primarily, the Directorate ensures the seamless functioning of all security apparatus in place at airports. This includes the operation, maintenance, and regular inspection of sophisticated security equipment, such as surveillance cameras, metal detectors, X-ray machines, and explosive detection systems. Ensuring these systems operate effectively is a critical aspect of maintaining high security standards.

Moreover, the Directorate is responsible for maintaining physical security structures and barriers, including perimeter fences, access control points, security checkpoints, and other essential infrastructural features that contribute to overall airport security. Regular



audits and checks are performed to ensure these structures are intact, compliant with regulations, and effectively serving their intended purpose.

Furthermore, the Directorate plays a central role in coordinating and liaising with various departments within the AAI's Corporate Headquarters, as well as external agencies like the Bureau of Civil Aviation Security (BCAS) and the Central Industrial Security Force (CISF). These interactions facilitate the exchange of crucial information, the formulation of security strategies, and the implementation of directives related to airport security.

Overall, the main objective of the Directorate of Airport Security is to create and maintain a safe and secure airport environment that aligns with national security standards and meets international best practices.

#### Focus Areas of Audit:

1. **Compliance of COD Payment Rules to CISF:** Scrutinize the compliance of applicable rules related to the payment of Cost of Deployment (COD) to the Central Industrial Security Force (CISF).
2. **Internal Control System:** Review the internal control system put in place by the Directorate of Airport Security to ensure the system's effectiveness in managing and monitoring security operations.
3. **BDDS Equipment Provision:** Assess the provisioning of Bomb Detection and Disposal Squad (BDDS) equipment as mandated by the Bureau of Civil Aviation Security (BCAS).
4. **Installation of Perimeter Intrusion Security Systems:** Review the implementation and performance of Perimeter Intrusion Security Systems at selected airports.
5. **Compliance with BCAS/Security Directorate Audits:** Examine the measures taken to comply with observations and recommendations raised during audits conducted by the BCAS and the Security Directorate concerning security infrastructure.
6. **Online Data Maintenance of Security Equipment:** Evaluate the maintenance and updating of online data related to required security equipment and any identified shortages.
7. **Training of APSU's Manpower:** Assess the quality, coverage, and adherence to BCAS mandates in the training imparted to the Airport Security Unit (APSU) personnel.
8. **Finalization of Memorandum of Understanding with CISF:** Review the finalization process of the Memorandum of Understanding (MOU) with CISF, ensuring it is conducted as per stipulated procedures and regulations.

#### 14. Directorate of Airport Licensing:

The Department of Aerodrome Licensing has been overseeing the progression of aerodrome development and licensing in India over an extensive period. Historically, the aerodromes were directly maintained by governmental entities which held dual roles as both regulator and service provider. Many of the country's airports have a legacy dating back to the pre-independence era, subsequently evolved and enhanced to meet the increasing demands of traffic and aircraft operations. Upgrades, such as enhancements to runways and associated facilities, were carried out based on necessity.

The Directorate General of Civil Aviation (DGCA) in India adopted a phased approach considering the vast number of aerodromes needing licensing. This strategy prioritized the licensing of international aerodromes in the first phase, followed by the licensing of domestic aerodromes in the succeeding phases. A considerable challenge for the Department has been the licensing of Regional Connectivity Scheme (RCS) airports, which are operated and managed by the Airports Authority of India (AAI).

Focus Audit Points:

- 1) **Phased Approach:** Review the implementation of the phased approach adopted by DGCA for aerodrome licensing. Was it effective, and were all phases completed as planned?
- 2) **Priority of International Aerodromes:** Assess whether the licensing of international aerodromes was prioritized in the first phase, and if this prioritization was carried out effectively.
- 3) **Licensing of RCS Airports:** Review the process and outcomes of licensing RCS airports operated and managed by AAI. Were there any major challenges, and how were they addressed?
- 4) **Upgrade of Existing Aerodromes:** Evaluate the upgrades made to aerodromes, including the enhancement of runways and associated facilities. Were these upgrades necessary and effective?
- 5) **Regulatory Compliance:** Check if the department is compliant with the regulations set by the DGCA for aerodrome licensing.

## 15. Directorate of Commercial:

### **INTRODUCTION**

The Commercial Directorate of the Airports Authority of India is headed by Executive Director, reporting to Member (Human Resources) is mainly deals with to evolve policies and guidelines for transparent and competitive selection of bidders to operate commercial concession like ground handling services, car park management common user counters, F&B outlets and other licenses such as for duty free shops, advertisement rights, car rentals, travelers requisite shops etc. at the airports which are made available for passenger facilitation and to earn revenue to AAI.

### **MAIN OBJECTIVES**

- The main function of Commercial Department is to evolve policies and guidelines for transparent and competitive selection of bidders through e-tender to operate commercial concessions at the airports which are made available for passenger facilitation and to earn revenue to AAI.
- The purview of commercial functioning also includes allotment of space in terminal buildings to user agencies at applicable rentals, identifying new spaces for commercial exploitation and monitors the performance of concessionaires at Airports.
- Provision of mandatory facilities at airports through competitive bidding such as parking management, F&B outlets and other licenses such as for duty free shops, advertisement rights, general retail shops, car rentals, etc. form part of commercial directorate functioning.
- Studying the latest methodology being adopted by various airport operators worldwide, to enhance the non-aeronautical revenue.

### **Focus Areas**

- Review of the tender process and award of contract.
- Review of the outstanding dues.
- Review of the pre-qualification and award of Executive Lounge Facilities at Airports.
- Review of the implementation and recommendation of consultant (M/s. IL&FS Infrastructure Development Corporation Ltd.) appointed for enhancing non-aeronautical revenue.
- Review of the decisions CAB (an advisory body of AAI) and implementation of the decisions.
- Review of the adherence of CVC guidelines and internal policies.
- Review of awarding DFS at various airports.
- Review of the proper utilization of space at various airports.
- Review of the receipt of license fee and monitoring of revenue contracts.
- Review of the extension of gestation period and provisioning of basic facilities to Concessionaire by AAI.
- Review of the compliance of Commercial Manual.
- Review of the awarding of advertisement contracts at airports of AAI.
- Review of the Bank Guarantees submitted by the various concessionaires.
- Review of the recovery of outstanding dues.

### **16. Directorate of Airport Systems:**

#### **D/o Airport Systems:**

**The functional responsibility includes:**

Planning, Procurement, Installation, & Maintenance of various security, surveillance, passenger facilitation & BDDS systems/equipment's.

Airport Systems Directorate has the responsibility of creating and modernizing airport security infrastructure by planning, procuring, installing & subsequently maintaining, various security equipment's i.e. X-ray Baggage Inspection System (In-Line, Registered Baggage, Hand Baggage, Cargo & Out of Gauge) Door Frame Metal Detector, Hand Held Metal Detector, Explosive Test Detectors, Body Scanner, Perimeter Intrusion Detection Systems etc. for the purpose of securing the safety of Aircraft operations at all AAI Airports Including Regional Connectivity Scheme airports in India.

This Directorate is responsible for procuring 28 types of Bomb Detection & Disposal Squad (BDDS) equipment's that includes Search, Detection, Disposal, Protection & Transportation equipment's i.e. Real Time View Systems, Non-Linear Junction Detector, Bomb Suit, Liquid Explosive Detectors, Telescopic Manipulator, Mini Remote Operative Vehicle, Cell Phone Jammers, Frequency Jammers etc. confirming to the specification laid down by Bureau of Civil Aviation security (BCAS), under Ministry of Civil Aviation.

This Directorate is responsible for Planning, Procurement, Installation, & Maintenance of Flight Information Display System, Public Address System, Self-Service-Baggage Drop System, E-gate, Dynamic Signage and Surveillance Close Circuit Television System.

Coordination with Directorate of Security (AAI) for commissioning & handing over various security, communication (Very High Frequency- Frequency Modulation sets) & BDDS equipment to Central Industrial Security Force (CISF) for operation.

Preparation of Pre-Award, Post Award, MIS, Monitorable Target & Milestones for all Budgeted Schemes.

Project Monitoring through Progress Reports obtained from Project-incharge/Nodal officer at respective stations.

Planning & project management for all AS packages in New Terminal Building projects.

## **Focus Areas:**

### **1. Planning and Procurement Process:**

- Review the planning process for security equipment, including X-ray baggage inspection systems, metal detectors, body scanners, etc.
- Examine the procurement procedures followed to ensure they are transparent, fair, and in compliance with relevant regulations.
- Verify if there is a proper assessment of the equipment needs and if the procurement decisions align with these requirements.

## **2. Compliance with Regulations:**

- Assess whether the Airport Systems Directorate complies with the guidelines and specifications set by the Bureau of Civil Aviation Security (BCAS) and the Ministry of Civil Aviation.
- Check if all the security equipment meets the required standards and certifications necessary for ensuring the safety of aircraft operations.

## **3. BDDS Equipment Procurement:**

- Review the procurement process for Bomb Detection & Disposal Squad (BDDS) equipment.
- Verify that the acquired equipment meets the necessary search, detection, disposal, protection, and transportation requirements as specified by BCAS.
- Ensure that the equipment is suitable for the airports' needs and adheres to the highest security standards.

## **4. Contractual Agreements and AMC Compliance:**

- Examine the award of Annual Maintenance Contracts (AMC) and verify if the selection process was fair and objective.
- Assess whether the terms and conditions of the AMC contracts are being met, and the service providers are fulfilling their obligations as per the agreement.

## **5. Timeline Compliance:**

- Review the procurement of body scanners and explosive trace detectors to ensure they were acquired within the timelines provided by BCAS.
- Identify any delays or discrepancies in the procurement process that might affect airport security readiness.

## **6. Award of Tenders:**

- Scrutinize the awarding of tenders for various projects, ensuring that it was done impartially and in adherence to procurement guidelines.
- Verify that the companies selected for executing projects are qualified, reputable, and capable of delivering the required services.

## **7. Coordination and Handover:**

- Evaluate the coordination process between the Airport Systems Directorate and the Directorate of Security (AAI) regarding the commissioning and handover of security and communication equipment to the Central Industrial Security Force (CISF).

## **8. Monitoring and Reporting:**

- Review the project monitoring system, including the progress reports obtained from Project-in charge/Nodal officers at respective stations.
- Assess if the reporting mechanisms are effective in tracking the status of projects and identifying potential issues.

## **9. Financial Accountability:**

- Ensure that all budgeted schemes are appropriately planned, and expenses are accounted for in the management information system (MIS).
- Verify that financial transactions related to procurement and maintenance are transparent and properly documented.

## **10. Project Management:**

- Examine the planning and project management process for the Airport Systems (AS) packages in New Terminal Building projects.
- Assess if the projects are well-executed, within budget, and meet the intended objectives.

## **17. Directorate of Vigilance:**

### **The functional responsibility includes:**

Creating a corruption-free environment conducive for high level performance by each individual towards achieving AAI's Mission and Vision. Vigilance Department, as a part of its proactive role will urge various key departments to codify their work procedures and revise their Manuals. This will bring transparency at work place and reduce the scope for discretion. Vigilance Department on the basis of outcome of deliberations taking place in forthcoming workshops and field inspections will make suggestions to the Management on systematic improvement on important issues.

**No transaction audit conducted yet.**

### **1. Implementation of Vigilance Policies:**

- Assess the extent to which the Vigilance Department has effectively implemented policies and procedures aimed at creating a corruption-free environment within the organization.
- Verify if the policies are in line with AAI's Mission and Vision.

### **2. Proactive Measures for Transparency:**

- Evaluate the Vigilance Department's efforts to encourage key departments to codify their work procedures and revise their Manuals to enhance transparency.
- Check the progress made in implementing these changes

### **3. Workshops and Field Inspections:**

- Review the planning and execution of workshops and field inspections conducted by the Vigilance Department.

### **4. Management's Response to Vigilance Suggestions:**

- Assess the management's responsiveness to the suggestions provided by the Vigilance Department for systematic improvement on important issues.
- Verify if the suggestions have been adequately addressed and implemented, leading to tangible changes in the organization's operations.

### **5. Prevention and Detection of Corruption:**

- Evaluate the effectiveness of the Vigilance Department in preventing and detecting corrupt practices within the organization.
- Review any reported cases of corruption, the investigations conducted, and the actions taken by the Vigilance Department to address such incidents.

### **6. Monitoring and Compliance:**

- Evaluate the monitoring activities undertaken by the Vigilance Department to ensure compliance with anti-corruption policies and procedures.

### **7. Performance Assessment of Vigilance Department:**

- Assess the Vigilance Department's performance in terms of achieving its objectives and contributing to the organization's overall corruption-free environment.

## **18. Directorate of Planning:**

### **Introduction**

Airports Authority of India (AAI) was constituted by an Act of Parliament and came into being on 1st April 1995 by merging erstwhile National Airports Authority and International Airports Authority of India. The merger brought into existence a single

Organization entrusted with the responsibility of creating, upgrading, maintaining and managing civil aviation infrastructure both on the ground and air space in the country.

The very genesis of creation of infrastructure starts from planning. Department of Planning plays two major functions i.e. Architectural Planning and Aerodrome Planning. Architecture planning is based on capacity assessment, creation of new capacities and building designs and Aerodrome planning dovetails it with air side planning & budget planning. Both wings of the Planning department complement each other in technical assessment of all existing facilities and creation of new infrastructure.

### **Main Objectives/Functions**

- (i) Helping Ministry of Civil Aviation in Macro Planning of Airports.
- (ii) Planning of airports including land use, pavements, terminal and other buildings.
- (iii) Co-ordination with airlines, DGCA, NEC and other bodies.
- (iv) Defining scope of work, preparation of projects reports, obtaining estimates from the Engineering wing, processing cases for project approvals.
- (v) Preparation of Short Term, Medium Term and Long Term plans for aerodrome works.
- (vi) Preparation of replies to questions from Parliament, Consultative Committee of Parliament, and VIPs etc. in so far as they concern airport planning and projects.
- (vii) Pre-feasibility Study for Greenfield airports/developments of Brownfield airports.
- (viii) Overall monitoring of the progress of project.
- (ix) Site selection for new Airports
- (x) Land use and master planning
- (xi) Data Analysis and preparation of feasibility reports
- (xii) Geometric design of airfield and aprons
- (xiii) Identification of areas to meet commercial requirements
- (xiv) Passenger and cargo terminals designs
- (xv) Design evaluation of the proposals of user agencies
- (xvi) Design of all infrastructural buildings at Airports
- (xvii) Consultancy for air terminal projects.

### **FOCUS AREAS**

1. **Pre-feasibility Studies:** Verify if pre-feasibility studies have been conducted for the construction of Greenfield airports and development of Brownfield airports. Assess the adequacy of these studies and whether they have been carried out in compliance with the required guidelines and standards.
2. **Airport Planning:** Examine the planning process for airports, including land use, pavements, terminal buildings, and other infrastructure. Ensure that the planning



is comprehensive, well-documented, and aligned with the long-term objectives of AAI.

3. **Project Monitoring:** Evaluate the overall monitoring mechanism for airport projects. Check if the progress of projects is efficiently monitored, and any delays or issues are promptly addressed and reported.
4. **Site Selection Process:** Review the process of site selection for new airports to ensure that it is carried out timely, appropriately, and adheres to all relevant rules and regulations.
5. **Coordination with Stakeholders:** Assess whether adequate coordination has been established with airlines, Directorate General of Civil Aviation (DGCA), North Eastern Council (NEC), and other relevant bodies during the development of airports.
6. **Waiver of Concession Fees:** Check if necessary approvals from competent authorities have been obtained in case of waiver of concession fees for any pre-feasibility report.
7. **Compliance with MoU Terms:** Ensure that the terms and conditions of Memorandums of Understanding (MoUs) with the Ministry and State Governments are complied with during the planning and development of airports.
8. **Permissions and NOCs:** Verify if the required permissions and No Objection Certificates (NOCs) have been obtained from pollution control boards, Indian Air Force (IAF), and other Central Government authorities for the construction of new airports.
9. **Compliance with Works Manual:** Review whether the provisions of the Works Manual of Airports Authority of India have been followed during the planning and execution of airport infrastructure projects.
10. **Data Analysis and Feasibility Reports:** Evaluate the data analysis process and preparation of feasibility reports to ensure that they are accurate, reliable, and comprehensive.
11. **Geometric Design of Airfield and Aprons:** Check the geometric design of airfields and aprons to confirm their compliance with safety and operational standards.
12. **Terminal Design and Infrastructural Buildings:** Assess the designs of passenger and cargo terminals, as well as other infrastructural buildings, to ensure they meet operational requirements and passenger needs.
13. **Consultancy for Air Terminal Projects:** Review the selection and performance of external consultants hired for air terminal projects to ensure their expertise and compliance with contractual terms.

## 19. Directorate of Northern Region:

### INTRODUCTION

Airports Authority of India (AAI) was constituted by an Act of Parliament and came into existence on April 1995 by merging erstwhile National Airports Authority and International Airports Authority of India. The merger brought into existence Single organization entrusted with the responsibility of creating, upgrading, maintaining civil aviation infrastructure both on the grounds and air space in the country. All the airports of AAI were categorized into five regions namely Northern Region, Western Region, Southern Region, Eastern Region and North-Eastern Region.

Regional Executive Director (RED) of Airports Authority of India is the Executive Head of Northern Region. He is the overall in-charge of all activities (Operations, Security, Commercial, Safety and Administration) of Northern Region and 59 Airports under the Northern Regions of AAI.

### **FUNCTIONS**

Northern Regional Headquarters coordinates and controls the infrastructure, operations, flying clubs/ casual operators, air traffic services communication, navigation and surveillance, aviation safety, airport fire services, commercial, cargo, engineering, land management, airport security, airport fire services, airline operators etc. activities of the Airports and Aeronautical communication stations.

### **ORGANIZATIONAL SET-UP**

Regional Executive Director (RED) of Airports Authority of India is the Executive Head of Northern Region. He is the overall in-charge of all activities (Operations, Security and Commercial. Safety and Administration) of the airports of Northern Region. RED is assisted by GMs, Jt. GMs, DGMs, AGMs, Sr. Managers and other staffs in its day to day functioning.

### **FINANCIAL PERFORMANCE**

Particulars	2019-20	2020-21	2021-22
<b>Revenue</b>			
Airport Navigational Services	645.73	335.72	507.27
Airport Services	611.25	201.93	271.53
Traffic-Revenue	1256.98	537.65	778.80
Non-Aeronautical Airport Services	302.31	162.5	105.79
Cargo Revenue	0.00	0	0.00
Airport Lease Income	1707.23	484.40	124.77
Other Income	65.63	47.97	45.71
<b>Total Revenue</b>	<b>3332.15</b>	<b>1232.52</b>	<b>1055.07</b>
<b>Expenditure</b>			
Employee Benefit Exp.	921.61	769.49	781.39
Operating Expenses	283.05	292.85	265.76
Administrative & Other Expenses	56.24	271.78	36.66

Finance Cost	1.59	1.9	6.23
Depreciation, Amortization & Impairment	299.75	306.66	371.59
Security Expenses	88.23	0.00	0.00
<b>Total Expenditure</b>	<b>1,650.47</b>	<b>1,642.68</b>	<b>1,461.64</b>
<b>Profit/Loss</b>	<b>1,681.68</b>	<b>-410.16</b>	<b>-406.57</b>

## **MANPOWER**

There are total 1419 man in position (non-executive cadres) at the Northern Region.

## **FOCUS AREAS**

### **1. Compliance with Permissions and NOCs:**

- Verify whether necessary permissions and No Objection Certificates (NOCs) were obtained from the Indian Air Force (IAF) and other Central Government Authorities before awarding contracts for projects within the Northern Region.

### **2. Physical Verification of Fixed Assets:**

- Review whether physical verification of fixed assets has been conducted to ensure the accuracy and existence of assets listed in the books.

### **3. Penalties for Project Delays:**

- Assess whether penalties have been appropriately imposed on contractors in cases where projects were delayed, as per the terms and conditions of the contract.

### **4. Clarity and Precision of Contract Terms:**

- Review the contracts to ensure that the terms are precise, definite, and free from ambiguity or misconstruction.
- Evaluate the bidding process for awarding contracts to ensure transparency and fairness.

### **5. Management of Pending Dues:**

- Examine the status of pending dues and actions taken by the Northern Region to recover them in a timely manner.

### **6. Compliance with Contract Agreements:**

- Review whether the terms and conditions of contract agreements have been adhered to by both parties involved in the contract.

**7. Utilization of Government Schemes (VGF):**

- Assess whether the Northern Region has availed any Viability Gap Funding (VGF) or other government schemes and whether they have been utilized appropriately.

**8. Outstanding Dues from Airlines:**

- Review the status of outstanding dues from all airlines, including foreign airlines, and assess the actions taken to recover them in line with the Credit Policy.

**9. Utilization of Idle Assets:**

- Evaluate the blockage of funds on idle assets and assess the management's efforts to utilize or monetize these assets effectively.

**10. Overall Efficiency and Transparency:**

- Review the functioning of the Northern Region to ensure due diligence, economy, effectiveness, efficiency, transparency, and timeliness in its operations.

**11. Fairness in Contract Awards:**

- Examine whether any undue favoritism or bias has been shown to any contractor during the contract award process.

**12. Timeliness of Tender Documents:**

- Review the timeliness of issuing standard and transparent tender documents for the award of contracts.

## **Airports**

Under the compliance audit of Northern Region, Airports are also selected for compliance audit after performing risk assessment and taking into consideration factors such as revenue, expenditure and past audit findings. There are 9 self-auditing airports under Northern Region namely Amritsar, Dehradun, Jammu, Srinagar, Jodhpur, Jaisalmer, Udaipur, Allahabad and Varanasi.

## **Focus Areas:**

- Whether prior permission from the IAF was obtained before commencing any work wherever necessary.

- Review of the concession agreements.
- Review of the Physical Verification Report of Fixed Assets.
- Review of the imposition of Liquidated Damage on the contractor if there is any delay in the completion of the project.
- Review of all the expenditure made at the airports.
- Review of the credit policy and its compliance.
- Review of the installation of CNS/ATM equipment.
- Review of the proper planning and viability of the capital expenditure and procurement made.
- Review of adherence with contract clauses and timely completion of work.
- Review of the timely realization of outstanding dues.
- Review of the compliance of Guidelines and Space Standards issued by Ministry of Urban Affairs made for Differently Abled Person/employees.
- Review of the compliance with the provisions of AAI Works Manual.
- Review of the vouchers.

## **20. Directorate of Airport Marketing:**

### **D/o Airport Marketing:**

#### **The functional responsibility includes:**

- Setting up of airport Marketing Plans & Strategies.
- Undertake market research and analysis to assess the potential of AAI managed Airport and develop plans for commercially viable entities.
- Liaison with the international agencies for Govt. Departments and other related Departments for overall images makeover and marketing the strengths of the organization.
- Management of slot coordination and allocation etc.
- Explore new business development opportunities.

#### **Focus Areas:**

##### **1. Marketing Plans and Strategies:**

- Review the formulation and implementation of airport marketing plans and strategies by the relevant department.
- Evaluate the effectiveness of these plans in promoting AAI-managed airports and attracting commercial entities.

##### **2. Market Research and Analysis:**

- Assess the process of market research and analysis conducted to identify the potential of AAI-managed airports for commercial ventures.
- Verify if the plans developed based on this research are viable and aligned with market demands.

### **3. Slot Coordination and Allocation Management:**

- Assess the management of slot coordination and allocation processes for the airports under AAI's jurisdiction.
- Verify if the slot allocation is done efficiently, fairly, and in compliance with applicable regulations and industry best practices.

### **4. Business Development Opportunities:**

- Review the identification and exploration of new business development opportunities by the relevant department.
- Evaluate the success rate of these initiatives and their contribution to revenue generation and airport development.

### **5. Revenue Generation and Cost-Benefit Analysis:**

- Evaluate the effectiveness of marketing strategies in revenue generation for AAI-managed airports.

### **6. Compliance with Regulatory Guidelines:**

- Review the department's compliance with relevant regulations and guidelines related to airport marketing and business development.
- Ensure that all activities are conducted within legal and ethical boundaries.

### **7. Performance Measurement and Reporting:**

- Evaluate the process of performance measurement for marketing and business development initiatives.
- Verify if comprehensive reports are generated to track the effectiveness of various strategies and identify areas for improvement.

### **8. Transparency and Fairness in Business Opportunities:**

- Assess the transparency and fairness in providing business opportunities to commercial entities at AAI-managed airports.
- Review any instances of favouritism or bias in business dealings.

### **9. Marketing Budget Utilization:**

- Review the allocation and utilization of the marketing budget.
- Verify if the budget is utilized efficiently and effectively to achieve marketing objectives.

## **21. Directorate of Land:**

### **Introduction:**

The Directorate of Land Management was formed on 06.04.2020. The Directorate of Land Management was assigned with the responsibility to create all land records, establish ownership of land vested with AAI, initiate action for removal of encroachment and formulate policies thereof.

### **The functional responsibility includes:**

- To establish ownership documents of the land and keep a record of all the documentation.
- To liaise with the authorities to create the land ownership documents in case of non-availability of Land records.
- To liaison with the State Governments and take follow up action for acquisition of land and get it registered in the name of AAI and take over the possession of the land.
- Prevention/removal of encroachment/settling of local disputes. 0 Commercial utilization of land, including :
  1. Formulation of Policy for Land Lease and its implementation.
  2. Monitoring of taxation matters of the AAI property.
  3. Preparation of the by-laws for lease/license of land and construction there of keeping in view the Master Plan of the AAI Airports.

## **FOCUS AREAS**

### **1. Land Ownership Documentation and Record-Keeping:**

- Assess the process of establishing ownership documents for AAI land and ensure comprehensive record-keeping for all land-related documentation.

### **2. Liaison for Land Ownership Documents:**

- Review the department's liaison efforts with relevant authorities to create land ownership documents in cases where land records are not available.

### **3. Encroachment Prevention and Removal:**

- Review the efforts taken by the Directorate to prevent and remove encroachments on AAI land and settle local disputes related to land usage.

#### **4. Commercial Utilization of Land:**

- Assess the formulation and implementation of policies for land leasing and commercial utilization.
- Verify the monitoring of taxation matters related to AAI property and compliance with by-laws for land lease and construction in line with the AAI Airports' Master Plan.

#### **5. Contractual Terms and Bidding Process:**

- Review lease and contract agreements to ensure that the terms are precise, definite, and free from ambiguity or misconstruction.
- Evaluate the bidding process for awarding contracts to ensure transparency and compliance with established procedures.

#### **6. Recovery of Pending Dues:**

- Assess the status of pending dues related to land lease or commercial utilization and verify the actions taken to recover them.

#### **7. Encroachment and Mutation Management:**

- Review the cases of land encroachment and mutations of land owned by AAI.
- Evaluate the actions taken by AAI to remove encroachments and manage land mutations.

#### **8. Compliance with Contract Agreements:**

- Review whether the terms and conditions of contract agreements for land lease and commercial utilization are being adhered to by all parties involved.

#### **9. Review of MoUs with State Governments:**

- Evaluate the content and implementation of Memorandums of Understanding (MoUs) executed with state governments regarding land-related matters.

#### **10. Occupation of AAI Land without Legal Agreement:**

- Review instances of occupation of AAI land without a legal agreement in place and assess AAI's efforts in following up for vacation of its land.



## **22. Directorate of Engineering (IMU):**

### **D/o Engineering:**

The Engineering Directorate is responsible for all works related to construction and maintenance of Civil Airports and Civil Enclaves all across the country. Development of airport infrastructures, re-carpeting of runway, extension of length of the runway including construction of hangars and terminal buildings at various AAI airports across the nation. The Engineering Department is headed by Member (Planning) and there are various departments under engineering wing which includes PMQA, KID and the key infrastructure activity of the organization.

### **Focus Areas:**

#### **1. Avoidable Expenditure in Airport Development:**

- Review the development of airports and projects to identify any instances of avoidable or unnecessary expenditure.
- Evaluate the decision-making process and assess whether cost-effective alternatives were considered.

#### **2. Compliance with AAI Works Manual and Airport Infrastructure Policy:**

- Verify whether the guidelines laid out in the AAI Works Manual and the Airport Infrastructure Policy of the Ministry of Civil Aviation (MoCA) are being followed during construction and maintenance works.

#### **3. Financial Viability and Planning:**

- Assess whether there was proper planning and financial viability analysis before incurring any expenditure on airport development projects.
- Evaluate the extent to which financial projections aligned with actual costs and returns.

#### **4. Administrative Approvals and Expenditure Sanctions:**

- Verify if necessary administrative approvals and expenditure sanctions were obtained before incurring any expenditure on construction and maintenance projects.

#### **5. IRR Compliance for Capital Expenditure:**

- Evaluate whether the capital expenditure on projects meets the Internal Rate of Return (IRR) requirements as per the directions of the Government of India (GoI) and the Ministry of Finance (MoF).

#### **6. Compliance with CVC Guidelines for Contract Awarding:**

- Review whether the Directorate complied with the Central Vigilance Commission (CVC) guidelines for awarding contracts and ensuring transparency and fairness in the process.

**7. Contract Compliance:**

- Assess whether the conditions of the contracts, including deliverables and timelines, have been complied with by the parties involved.

**8. Pre-feasibility Studies for Airport Expansion/Modification:**

- Verify whether pre-feasibility studies were conducted before initiating projects related to the expansion or modification of airports.

**9. Compliance with Public Procurement Policy for MSEs:**

- Review whether the provisions of the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012, were complied with during contract awards.

**10. Planning for Ancillary Structures during Airport Modernization:**

- Assess whether adequate planning has been made for the construction of ancillary structures like car parking, visitor gallery, restrooms, and toilets in common areas, outside operational areas, to facilitate passengers during airport modernization.

**11. Efficient Progress Monitoring:**

- Evaluate the overall monitoring process for the progress of projects to ensure timely completion and adherence to project timelines.

**23. Directorate of BDU:**

**Introduction:**

Business Development Unit (BDU) was established in Airports Authority of India (AAI) in 2015, which was a strategic move by AAI management to attain a long term growth from potential aviation markets, customers and relationships. Business Development explores the alternate revenue streams through innovative initiatives like City-side developments, Multi-level Car Parking, Airport Development Consultancy for the neighboring countries and states like Haryana, Uttarakhand and Telangana etc. BDU also has developed cutting edge technology solutions like SkyRev360, SkyBooks360, SkyFits and SAFAR. Maximizing & enhancing the non-aeronautical revenues for AAI is the utmost priorities for BDU.

**Focus Areas:**

### **1. Expenditure on Consultancy Services:**

- Review the expenditure on consultancy services and assess whether contracts were finalized in a timely manner.
- Evaluate the reasons for any delays in contract finalization and the impact on the budget and project timelines.

### **2. Award of Contract for Multi-level Car Parking (MLCP) at various Airports:**

- Assess the process of awarding contracts for MLCP projects at airports.
- Verify the fairness and transparency of the awarding process and whether the selected contractors met the necessary criteria.
- Review the contract agreements for MLCP projects and ensure that they are standardized and consistent.
- Identify any differences in clauses between agreements entered into with different parties and assess their implications.

### **3. Compliance with General Financial Rules (GFR):**

- Review the compliance of BDU's activities, including expenditure and contract awards, with the provisions of the General Financial Rules (GFR).
- Ensure that all financial transactions are in line with the established rules and regulations.

## **24. Directorate of PR:**

### **The Functional Responsibility Includes:**

1. Publicity and Promotion of various events (Inaugurations/ Foundation Laying Stones/ Annual Day etc.)
2. Media Handling & Management
3. Social Media Management
4. e-Newsletter
5. Production of Audio Visuals for Corporate Branding & Publicity
6. Exhibitions/ Seminars/Conferences
7. Designing & Printing of Collaterals (Annual Reports/ Manual/ Brochures/ Banner/Standees/Coffee-Table Book)
8. Photography & Videography for Specific Events
9. Advertisements / Sponsorship
10. Notice Inviting Tenders

**No Transaction Audit conducted yet.**

**25. Directorate of Fire:**

**No information available as no transaction audit conducted yet.**

**26. Directorate of CS:**

**No information available as no transaction audit conducted yet.**

**27. Directorate of Rajbhasha:**

राजभाषा विभाग के मुख्य कार्य

- राजभाषा विभाग, गृह मंत्रालय, भारत सरकार के आदेशों का अनुपालन करना ।
- संसदीय राजभाषा समिति/राजभाषा विभाग, गृह मंत्रालय/नागर विमानन मंत्रालय द्वारा किए जाने वाले निरीक्षण ।
- नागर विमानन मंत्रालय के आदेशों का अनुपालन ।
- भा0वि0प्रा0 में राजभाषा कार्यान्वयन/अनुवाद कार्य
- नराकास से संबंधित कार्य ।

**No transaction audit conducted yet.**

**28. Directorate of Structure:**

**No information available as no transaction audit conducted yet.**

## **INFRA-IV-(RTH Group)**

# NATIONAL HIGHWAYS AUTHORITY OF INDIA

## 1. INTRODUCTION

National Highways Authority of India (NHAI) was constituted by an Act of Parliament, the National Highways Authority of India Act, 1988, and it came into existence with effect from 15<sup>th</sup> June 1989. It is responsible for development, maintenance and management of National Highways vested or entrusted to it by Central Government and for matters connected or incidental thereto. The Authority became operational in February 1995 with the appointment of full time Chairman and other Members. NHAI is mandated to implement National Highways Development Project (NHDP) which is India's largest ever Highway Project. Government of India launched major initiatives to upgrade and strengthen National Highways through various phases of NHDP i.e. Phase I to VII and Bharatmala Pariyojana.

## 2. OBJECTS & FUNCTIONS

- (a) The main functions of the Authority are to survey, develop and manage National Highways and any other highway vested in or entrusted to it by the Govt.
- (b) Construct offices or workshops and establish and maintain hotels, motels, restaurants and rest rooms at or near the Highways vested in or entrusted to it.
- (c) Construct residential buildings and township for its employees.
- (d) Regulate and control the plying of vehicles on the Highways vested in or entrusted to it for the proper management thereof.
- (e) Develop and provide consultancy and construction services in India and abroad and carry on research activities in relation to the development, maintenance and management of highways or any facilities thereat.
- (f) Provide such facilities and amenities for the users of the highways vested in, or entrusted to it as are, in the opinion of the Authority, necessary for the smooth flow of traffic on such highways.
- (g) Form one or more companies under the Companies Act, 2013 to further the efficient discharge of the functions imposed on it by this Act.
- (h) Engage, or entrust any of its functions to, any corporation or body corporate owned or controlled by the Government.
- (i) Advise the Central Government on matters relating to highways.

- (j) Assist, on such terms and conditions as may be mutually agreed upon, any State Government in the formulation and implementation of schemes for highways development.
- (k) Collect fees on behalf of the Central Government for services or benefits rendered under section 7 of the National Highways Act, 1956, as amended from time to time, and such other fees on behalf of the State Governments on such terms and conditions as may be specified by such State Governments and
- (l) Take all such steps as may be necessary or convenient for, or may be incidental to, the exercise of any power or the discharge of any function conferred or imposed on it by this Act.

### **3 (a) ORGANISATIONAL STRUCTURE**

As per the NHAI (Amendment) Act 2013, the Authority shall consist of a Chairman, not more than six full-time Members and not more than six part-time Members. The upto date composition of the Board of NHAI is available at <https://nhai.gov.in/#/board-member>

### **3 (b) VARIOUS DIVISIONS AT HEAD OFFICE AND BRANCHES ALONG WITH THEIR PROJECTS**

Presently, NHAI operates through 25 Regional Offices (RO) (<https://nhai.gov.in/#/offices>) and Project Implementation Units (PIUs) thereunder located all over India to implement the National Highways Development Projects and Bharatmala Pariyojana. The Projects that are entrusted to various PIUs are being executed on Public Private Participations i.e. Build, Operate and Transfer basis, Hybrid Annuity Mode, BOT (Toll), BOT (Annuity), Engineering, Procurement and Construction (EPC) and Special Purpose Vehicle (SPV) for Port Connectivity.

## **4. CAPITAL STRUCTURE**

NHAI receives its funding through (i) Government support in the form of capital base, cess fund, additional budgetary support, capital grant, maintenance grant, ploughing back of toll revenue and (ii) loan from multilateral agencies and (iii) market borrowings.

The Annual Accounts of NHAI for the year 2021-22 are yet to be laid before the Parliament. Up to 31<sup>st</sup> March 2021, NHAI received from Ministry of Road Transport & Highways (MoRT&H) the following amount:

- a. Rs.261113.53 crore as Capital Fund

b. Rs.14082.11 crore as Capital Grant

c. Rs. 307162.61 crore as borrowings

Other details are available at:

<https://nhai.gov.in/nhai/sites/default/files/2023-02/Annual%20Report%202020-21%20%28English%29.pdf>

## **5. PERFORMANCE APPRAISAL**

The respective divisions at head office are monitoring the execution of project through reports and returns being sent by the PIU and RO concerned. The concerned units at the HQ also take necessary action/remedial measures.

## **6. ACTS, RULES AND REGULATIONS APPLICABLE TO NHAI**

### ACT

National Highways Authority of India (NHAI) has been constituted and derives its functions, powers and responsibility from National Highways Authority of India Act, 1988.

### RULES

The National Highways Authority of India (Budget, Accounts, Audit, Investment of Funds and Powers to enter Premises) Rules 1990.

### REGULATIONS

In accordance with NHAI Act, 1988, NHAI has formulated following regulations:

- (a) The National Highways Authority of India (Recruitment, Seniority and Promotion) Regulations, 1996.
- (b) The National Highways Authority of India (Joining Time) Regulations, 1996.
- (c) The National Highways Authority of India (Incentive) Regulations, 1995.
- (d) The National Highways Authority of India (Travelling Allowance and Daily Allowance) Regulations, 1997.
- (e) The National Highways Authority of India (Conduct Discipline and Appeal) Regulations, 1997.
- (f) The National Highways Authority of India (Leave Travel Concession) Regulations, 1997.
- (g) The National Highways Authority of India (Medical Attendance and Treatment), Regulations, 1997.



- (h) The National Highways Authority of India (Transaction of Business) Regulations, 1997.
- (i) The National Highways Authority of India (House Rent Allowance and Lease Accommodation) Regulations, 1997.
- (j) The National Highways (Rate of fee) Rules, 1997 (the rate rule of 1997).
- (k) The National Highways (Fees for the use of National Highways Section and Permanent Bridge – Public Funded Project) Rules, 1997.

## **7. BOOKS OF ACCOUNTS AND RECORDS**

The accounting of the NHAI is carried out at unit levels in ePFMS software controlled/monitored at HQ level. Trial Balances are prepared unit wise which are consolidated at HQ level to prepare a consolidated balance sheet. NHAI follows decentralized accounting system. Finance & Accounts Division is looking after the day-to-day accounts, preparation of Budget, finalization of accounts, maintaining of books of accounts, furnishing various reports and returns etc. This Division is maintaining relevant files/register for day-to-day functioning and records are being maintained through dedicated computer software namely *Project Management and Financial system* (PMFS).

Administration Wing deals with appointments, promotions, postings, transfers, maintenance of service records, manpower planning, welfare schemes, procurement of office stores and maintenance of office accommodation etc.

## **8. INTERNAL AUDIT**

The internal audit of the NHAI has been outsourced to Chartered Accountant firms. However, the scope of Internal Auditors includes only audit of transactions and accounting entries in respect of efficacy of operations of the Authority and compliance to rules and regulations and does not provide any formal assurance regarding the adequacy and effectiveness of internal control over financial reporting.

## **9. COMPUTERISATION**

Most of the office work is done through computers by use of various software like MS-Office, Microsoft Excel and Microsoft Access etc. In Finance & Accounts specific software for bookkeeping namely PMFS and pay package have

been developed and are being used for day-to-day work. Following four IT Systems are implemented in NHAI:

- i) Datalake
- ii) E-office
- iii) AFMS
- iv) APAR-Sparrow

#### 10. AUDIT JURISDICTIONS

The audit NHAI is conducted by the O/o the PDA (Infrastructure) Delhi, DGA/PDA (Mines) Kolkata, DGCA/PDCA, Chennai, DGCA/PDCA, Hyderabad, DGA/PDA (Steel) Ranchi and DGCA/PDCA, Mumbai as per the audit jurisdiction given below: -

Sl. No.	Offices	Audit Jurisdiction
1.	DGA (Infrastructure) Delhi	Principal Auditor and PIUs in the states of Jammu & Kashmir, Himachal Pradesh, Punjab, Haryana, Uttar Pradesh, Rajasthan, Madhya Pradesh, Uttarakhand, and UT of Delhi and Chandigarh.
2.	PDA (Mines) Kolkata	PIUs in the states of West Bengal, Odisha, North Eastern States
3.	DGCA, Chennai	PIUs in the states of Tamil Nadu, Kerala,
4.	DGCA, Hyderabad	PIUs in the states of Andhra Pradesh, Telangana and Karnataka
5.	PDA (Steel) Ranchi	PIUs in the states of Bihar, Jharkhand and Chhattisgarh
6.	DGCA, Mumbai	PIUs in the states of Maharashtra and Gujarat

#### 11. RISK ASSESSMENT, PERIODICITY OF AUDIT AND REQUIREMENT OF PARTY DAYS

The risk rating is high in respect of NHAI Head Office (HO), 122 PIUs and 18 RO, as shown below:

Units	Risk Assessment		
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Sl. No .		Materiality	Critical	Internal Control	Overall Rating	Periodicity	Party days provided as per Standard Norms
1	Head Office	High	High	High	High	Annual	67 days
2	ROs & PIUs	For different ROs and PIUs, different rating is assigned in the Annual Audit Plan on the basis of CWIP and the same is reviewed every year. On the basis of periodicity of audit is also changed from year to year					35 days per Unit

Every year of each Project Implementation Unit (PIUs) that are selected for audit would be allotted 30/35 days. The total number of party days required for the PIUs would depend on the selection being made on an annual basis. In addition to the above 163 days are required to conduct the audit of annual accounts and 85 days for the issuance of the certificate on the Statement of Expenditure on the Externally Aided Projects.

## 12. FOCUS AREAS FOR AUDIT

The following are the focus areas for compliance audit of NHAI (Head Office), Regional Offices and PIUs located all over India.

- i) Risk of deficient Project Appraisal and Approvals
- ii) Risk of deficient Detailed Project Reports (DPRs)
- iii) Risk of inconsistent Land Acquisition
- iv) Risk of irregularities in Utility Shifting
- v) Risk of irregularities in Award of Contracts
- vi) Risk of execution of deficient quality work through contractors
- vii) Risk of deficient Operations and Maintenance
- viii) Risk of deficient internal control system
- ix) Risk of non-following of guidelines regarding Environment

## 13. AUDIT CHECKS

### 1. Project Appraisals and Approvals

Before sending the proposal to MoRTH for approval as per extant guidelines, issued by Ministry of Finance and MoRTH, appraisal of projects is conducted in NHAI. In this connection, MoRTH/NHAI have issued guidelines *inter alia*

including selection of stretch, mode of execution, timelines for approval, etc. Audit of appraisals and approvals should be conducted to assess whether

1. Selection of stretches taken up for upgradation and norms/criteria adopted for Identification/prioritization of stretch was based on proper studies
2. Any objectives and criteria have been framed for identifying and selecting the road stretches for upgradation
3. Timelines for approval of projects has been formulated and appropriate monitoring mechanism devised with identified Responsibility centres and timelines
4. Modes of project prioritized on rational ground e.g. where toll revenue is buoyant the project should be considered on BOT Toll.
5. Appraisal of projects at various levels viz. NHAI was done as per rules? Whether the project was submitted timely for appraisal Authority? How much time is required for appraisal, has it been adhered to?
6. Proposals have been accompanied by pre-feasibility/ feasibility repots, DPR in order to obtain approval of the PPP appraisal committee (PPPAC) in case project requires approval from MoRTH.
7. Whether plan and profile of land required for project was done in an efficient and timely manner?
8. Whether there is deficiency in Budget proposal?

The documents, to be reviewed, would primarily include files containing correspondence with MoRTH, preparation of estimates and approvals.

## **2. Detailed Project Reports**

NHAI gets prepared Detailed Project Reports, which include feasibility study, estimates, geological measurements, assessment of land, for the specific projects through consultants. Review in connection with Detailed Project Reports of the projects would be done to assess whether

1. DPR consultant was engaged in timely manner after conceptualization of project.
2. There is any ceiling prescribed for maximum number of assignments to be carried out by DPR consultant?
3. There exist proper safeguards regarding recovery of loss due to major deficiency in the DPR
4. Resources were deployed by DPR consultant for preparation of DPR, as per agreement.
5. Status for DPR preparation is being regularly undated in Project Monitoring information system (PMIS)/ Datalake/MIS.
6. Any timelines have been defined for preparation of DPR
7. DPRs have been prepared within the timelines.
8. NHAI has made any detailed guidance documents for DPR consultants
9. DPR consultant has prepared DPR considering the detailed guidance documents approved?

10. Any penalties are levied on consultants, in case of lapses /delay?
11. Any cost benefit analysis study was conducted for whole proposed stretch/corridor?
12. Environment Impact Assessment (EIA) and Social Impact Assessment (SIA) were included in the DPR?
13. Due consideration has been given to environment concern while deciding the alignment proposed in the feasibility study i.e., whether the alignment that had least environment impact was considered?
14. DPRs were reviewed by PIU and RO and CGM/GM at NHAI within prescribed time?
15. DPR assignment includes feasibility study /Pre-feasibility study in which alignment proposals are submitted for approval.
16. DPR is prepared and notification for land acquisition are issued after approval of alignment.
17. Feasibility study was submitted timely for approval of alignment?
18. Revisions in the DPR have been recorded at PIU level.
19. Alignment approved in the feasibility study has been included in the DPR precisely?
20. Land report contains the acquisition plan of land in a stretch.
21. Feasibility report is approved by the competent authority for freezing the alignment. Whether land report is prepared afterwards only and has been approved by the competent authority before land acquisition process.
22. any DPR has been prepared for whole corridor considering the traffic and financial viability of whole corridor?
23. DPR work has been given as variation to the existing work of the consultant.
24. DPR proposes suggestions for mitigating environmental impact such as reclaiming of material from existing road reuse of existing material etc.
25. DPR/feasibility study consider the impact on the environment like usage of fertile land and tree cutting while proposing corridor?
26. The terms of reference given to DPR consultant has given him enough scope for deciding most viable project?
27. Appropriate norms guidelines have been laid out for considering any road stretch to be access controlled national highway, expressway?
28. There are any procedural delays in preparation/ approval of DPRs.
29. Procedural delays have affected the initiation of project?

The documents, to be reviewed, would primarily include files containing correspondence between NHAI and DPR consultant, guiding documents of NHAI and DPRs.

### **3 Land Acquisition**

With respect to Land Acquisition, Audit would be conducted to assess whether:

1. The land acquisition notifications are published in two local newspapers (one in vernacular language)

2. Sufficient time in accordance with NH Act 1956, was given to land owners, for filing objections
3. Compensation for land owners were as per guidelines issued
4. Date of determination of market value was the date of notification under Section 3A of NH Act, 1956
5. Rehabilitation and resettlement of land owners were ensured
6. Payment to land owners was within the specified time. If there was delay, what were the reasons?
7. Compensation was deposited in a joint account operated by Competent Authority (Land Acquisition) and the Project Director, NHAI
8. All compensation payment were released out of such account
9. All amounts deposited in the joint account was booked under the head CWIP
10. Approval for additional funds, if required, was obtained during the year
11. Disbursed amount of more than a year old from the date of last transaction was to remit back to NHAI along with interest after closing the Joint Account
12. All land acquisition were taken over by the Project Director
13. Valuation of structures was carried out by empanelled/approved agencies
14. The compensation of structures was made as per existing rules in place after adjusting salvage value
15. The rates for land acquisition and structural valuation are based as per its land use
16. Any surplus land was acquired outside ROW resulting in extra expenditure
17. Missing plots led to partial handing over of the land, which delayed the road construction work
18. Compensation of missing plots was made at the higher rate
19. Any delay was noticed in issue and publication of notification
20. Correspondence with CALA was done regularly to expedite undisbursed funds in its account

The documents, to be reviewed, would primarily include files containing correspondence with Competent Authority for Land Acquisition (CALA), Bank Statements showing the funds transferred to CALA, internal correspondence.

#### **4. Utility Shifting**

The construction of road projects requires shifting of utility such as electricity poles & lines, water & sanitary pipelines, etc. The Audit of Utility Shifting would be conducted to assess whether

1. Amount deposited timely by NHAI for shifting of utilities to the Utility Department
2. Payment for utility shifting was as per Schedule of Rates
3. The trees felled have been properly accounted for, auctioned and the returns credited to appropriate head of account.
4. There have been any claim on removal of stumps by civil contractor. If yes, claims have been approved following due process and claim was vetted.
5. Time taken for shifting of utilities/trees was as per contract agreement for avoiding any delay?
6. There is any Impact of delay in shifting of utilities on the construction schedule.

7. Salvage value of existing items was adjusted while making payment.
8. Supervision charges were calculated taking the latest agreed rates between the two departments.
9. Estimates were modified in relation to any modification in works.

The documents, to be reviewed, would primarily include files containing estimates provided by the Utility Departments, records related to review and approval of estimates at NHAI and payment files.

## **5. Award of Contracts**

As regards, award of contracts, Ministry of Finance, MoRTH and Central Vigilance Commission have issued guidelines from time to time. Further, NHAI has also issued Procurement Manual in this respect. Audit would mainly assess whether these guidelines as also the General Financial Rules, 2017 are followed in NHAI at the time of award of Contracts. Audit would also be conducted to assess whether

1. Project was awarded after confirming availability of specified ROW.
2. Adequate publicity to ensure competitive bidding.
3. Qualifying criteria were clearly defined.
4. There was any restriction on maximum number/bid capacity of projects which could be awarded to a contractor at a time.
5. There is a mechanism of restricting award of contract to the contractors with slow progress of work in already awarded projects.
6. The contract was awarded to competent bidder.
7. The construction period so defined in RFQ was justified w.r.t. work to be executed.
8. The quantities and rates adopted in the estimates were based on benchmarks/ applicable schedule of rates.
9. Project cost in DPR was reviewed with respect to normative cost approved in this regard.
10. Economies of scale on account of difference in size of project considered while estimating the cost of project.
11. There was substantial difference between cost put to tender and lowest bid cost
12. The extant guidelines have been followed for tendering/award.
13. The due process/criteria for deciding mode of project were followed.
14. Benchmark IRR is periodically updated and is based on financial analysis like risk free return and risk premium, etc.
15. The risk sharing was clearly identified/ allocated.
16. Projects were scrutinized and appraised by Committee formed in this regard.
17. Terms of EPC, O&M Contract and other material contracts (terms) had adequate safeguards to protect the financial interest of the Authority

**Following issues would be specific to Award of BOT/HAM projects**

1. Whether benchmark project IRR and EIRR have been prescribed for evaluating project to be implemented on HAM/BOT mode
2. Whether the VGF was determined within the limits prescribed in case of BOT projects.
3. Whether the concession period was fixed as per extant guidelines of respective MCA.
4. Whether Authority has carried out financial analysis for awarding a project under BOT (Toll) mode for determination of VGF/Premium.

The documents, to be reviewed, would primarily include files Correspondence within various channels in Authority during appraisal and approval stage, 3D Notifications, tender documents, DPRs, etc.

## **6. Execution of Contracts**

Audit of Execution of Contracts would be conducted to assess whether

1. Adequate workspace and encumbrance free land was handed over to the concessionaire If not, quantify the delay period and additional cost to NHAI
2. The milestones/COD were achieved on time.
3. The delay was brought to the notice of the NHAI by the IE in time.
4. The Change of Scope was within the limit specified in the agreement.
5. CoS proposal was new which was not proposed in the FR/DPR. If no, Whether the CoS work was deleted in any of the DPR processing stage
6. The proper periodical reporting system as per prescribed schedules was ensured by the AE/IE
7. The Items kept in punch list were as per concession agreement
8. Punch list Items were completed within the prescribed time period
9. Any penalty was calculated and recommended by IE, levied and collected by NHAI in case of delay
10. Provisional Completion Certificate (PCC) was issued by the IE appending pending punch List Items.
11. Defects were rectified prior to commencement of Commercial Operations
12. Completion Certificate was issued by IE only after completion of all the punch list items
13. Only those items were included in the punch list items which are as per the clause
14. Contract was terminated if COD was beyond 120 days from Scheduled Completion date. Also delays by Concessionaire and by the Authority were correctly worked out
15. EoT has been assessed by the IE by referring to the requisite records like Hindrance Register etc.
16. AE/IE had ensured that all the required tests such as mandatory tests, safety measures (as per Contract Agreement/Concession Agreement) were carried out satisfactory before issuance of provisional completion certificate.
17. IE exercised proper quality assurance and quality control procedures



18. Concessionaire was submitted the as built drawings before issuance of provisional completion certificate by the IE.
19. Recommended deduction of damages/penalty as per provisions of the “Agreement and whether the penalty was received/deducted from escrow a/c; if applicable by NHAI
20. Annuity payment were made as per prescribed dates, by NHAI, with bonus for early completion and penalty for delay in completion of project
21. Annuity payment was made after achievement of COD
22. Bonus was proposed after the issue of PCC/CC as per the agreement
23. Premium, if payable, has been deposited within time.
24. The Construction material like Soil, Sand, Aggregate were excavated from approved Burrow and quarry areas as per the Short Term permits issued by Mining Department, Also the Royalty against the same duly paid by the Contractor/Concessionaire and mentioned in MPR for each month of the Project. Whether the Construction material like Soil, Sand, Aggregate were excavated from approved Burrow and quarry areas as per the Short Term permits issued by Mining Department, Also the Royalty against the same duly paid by the Contractor/Concessionaire and mentioned in MPR for each month of the Project.

**Following issues, specific to interim payment certificates, should also be checked during audit of execution of contracts**

1. Whether IPCs have been made in accordance to the provisions of the contract
2. Whether the measurements recorded in MBs have been verified before making payments of bills of contractors/suppliers.
3. Whether the full rates, as per agreement have been allowed only where the quantity of work done or supplies made confirms to the specifications.
4. Whether the measurements recorded in MBs have been verified before making payments of bills of contractors/suppliers.
5. Whether the full rates, as per agreement have been allowed only where the quantity of work done or supplies made confirms to the specifications.
6. Whether the payment for work done are being made within the stipulated time. Are there any delay/s attracting any penal interest
7. Whether both the quantity and amount of each item of work/supply are being shown separately in the bill, except in cases of advance payment for work done but not measured
8. Whether proper documentation/notes for supplemented items/new items of deviations are on record.
9. Whether recoveries on account of statutory taxes/duties have been properly affected.
10. Whether action has been taken on quality control /conformity reports and any recovery as per contract, proposed for non-conformity has been made.
11. Whether action has been taken on quality control reports and any recovery as per contract, proposed for non-conformity has been made.

12. Whether full verification of price escalation payments with reference to the price escalation indices has been carried out.
13. Whether Escalation and Variation Order bills as per the provisions of the contract and the variation is absolutely necessary for the completion of work
14. Whether price escalation for the payments in foreign currency has been linked to the price indices of the relevant country/exchange rate.
15. Whether price escalation for the payments in foreign currency has been linked to the price indices of the relevant country/exchange rate.
16. Before examining the IPC, the relevant portion of the contract pertaining to BOQ may be seen and the quantity of work done may be examined with respect to the quantity as per BOQ
17. Whether the work executed has exceeded the BOQ without proper authority
18. Whether any interest has been paid due to non-release of IPC payment in time and the responsibility for such delay, if material, has been fixed
19. Whether variations in the contract execution have admitted for payment only after approval by the competent authority as per delegation of powers
20. Whether any interest has been paid due to non-release of IPC payment in time and the responsibility has been fixed there for
21. Whether variations in the contract execution have admitted for payment only after approval by the competent authority as per delegation of powers
22. Whether the price adjustment claimed in the IPC has been examined with respect to the documentary evidence submitted in support of the claim and also whether the relevant clause of the contract for calculation of price adjustment has been referred to for seeing the method of calculation and indexing of escalation
23. Whether the price adjustments are allowed on provisional basis in the absence of the latest indices subject to subsequent adjustment on availability of such indices.
24. Whether the above provisional payment is adjusted properly on final approval by the competent authority
25. Whether the retention money has been calculated on the value of work done during the month plus price adjustments plus varied works.
26. Whether the recovery of mobilization and equipment advance has been made from the IPC as per contract and at the rate as prescribed in the contract
27. Whether the recoveries against Sales Tax and Income Tax have been calculated on the gross amount of the invoice including secured advance
28. Whether the engineer has submitted complete IPC in accordance with the relevant clause of the contract as early as possible, leaving reasonable time for scrutiny by NHAI to process the payment and proposal and considering the time specified in the contract,

Whether the team leader of the Supervision Consultant has checked 5% of the value of the measurements and the Resident Engineer has checked and measured 10% of the value of the measurements before submission of IPC is submitted to PIU.

## **7. Audit of Operations and Maintenance**

Audit would be conducted to assess whether

1. Concessionaire had complied with the Operations and Maintenance (O&M) manual and as per agreement terms of CA
2. Site for O&M was handed over to the Concessionaire8/Contractor without any delay by NHAI in case of Public funded contract
3. Notice to Remedy was issued to the Concessionaire in case of failure
4. NHAI carried out repairs at the risk and cost of concessionaire and recovered all the cost within 7 days of claim by NHAI
5. NHAI terminated the agreement in case of material breach of O&M requirements
6. Monthly inspection was carried out by IE/NHAI
7. O&M contract was entered from the date of COD
8. Maintenance work was carried out by NHAI through short term contract, in case of the delay in appointment of O&M contract. If not whether non-maintenance resulted in loss by way of reduction in toll rates
9. Major/Minor Maintenance Schedule was included in the contract
10. Repair/rectification/deficiency were carried out by the Contractor/Concessionaire
11. Project facilities and Road Side furniture/sign boards as per the site requirements were furnished all along the project highway
12. IE for O&M had been, selected from the panel/Tendering process
13. Periodical reporting system was made by the Authority Engineer/independent Engineer
14. Identified black spots were timely rectified.
15. Concessionaire had insured the assets during Implementation and Operation Period.
16. Periodic maintenance was carried out (in case of BOT/HAM projects)

The documents, to be reviewed, would primarily include files Correspondence with Contractors/Concessionaires, Monthly Progress Reports submitted by the Contractors and Authority Engineer/Independent Engineer, Contract Agreement, etc.

## **8. Audit of Internal Control System**

Internal Control System plays vital role in ensuring the proper execution of works and financial management. It has two parts viz. Internal Audit and Internal Check. Audit of Internal Control System would be conducted to assess whether

1. Internal audit was conducted and repeated lapses pointed out in IA Report were rectified
2. Internal Audit Period and frequency was commensurate with the quantum of implementing unit
3. Measurement Book has been submitted to the competent authority who after carrying out his test-check has entered the words "Check and Bill" with his dated initials.

4. Internal audit report was issued to higher management above the Audited entity i.e. in case of PIU audit to RO
5. Internal control exist to see that Measurement Books are submitted on time and no backdating is allowed
6. Measurement books in the prescribed format (30 x 22 cm) have been prepared.
7. Mechanism exists for periodical review of MBs at PIUs/ROs
8. Payments for works done are based on MBs
9. MPRs/MIRs are submitted regularly to PIU/RO
10. Project Director himself or through his designated officer of PIU has carried out random test check of 3 % of the measurements, including 3 % test checking of all hidden items of the work and all items for which the quantity exceeds more than 25% of the tender quantity.
11. The test measurement was carried out in the presence of the Team Leader/Resident Engineer or other authorized personnel of the Supervision Consultant, for verifying the veracity of the bills and for checking the quality of the works. In case the check measurement is carried out by the designated officer, whether the Project Director has countersigned the check measurements.
12. Project Director has exercised test check at least 3% of Original Ground Levels/Reduced Levels recorded by the Supervision Consultant in the Level Book. The test check should be as representative as possible for the entire work done.

The documents, to be reviewed, would mainly include Internal Audit Reports, Agenda & Minutes of BOD & other Executive Committees, guidelines framed by NHAI.

## **9. Environmental aspects**

As per the environmental laws of the land, a certain number of trees are required to be planted for every tree felled. NHAI pays the necessary charges for planting of trees in consonance with the number of trees felled, to the Forest Departments of the State Governments as per their estimates. In this connection, the Audit of Social and Environmental Aspects should be conducted to assess whether:

1. The trees felled by the civil contractor were accounted for and handed over to the Forest Dept. If not, whether these were disposed of through sale by auction, revenue realized was more than reserve price and credited to NHAI
2. Proper monitoring of compulsory afforestation area was done to maintain survival rate of plants
3. Plantation at afforestation site was of same type as proposed/approved
4. The rate of survival of trees transplanted was as per norms approved by the Forest Department
5. Permissions for tree cutting in notified areas have been taken timely from all concerned agencies to avoid delay.

6. Mitigation measures for roads passing through wildlife/notified area have been suitably executed to avoid any delay in project execution.
7. Salvage value of trees was fixed considering the quality of timber and adjusted while making payment

### **Special Purpose Vehicles of NHAI**

NHAI has following ten Special Purpose Vehicle (SPVs) for construction of port connectivity at various places in the country:

- 1 Ahmedabad Vadodara Expressway Co. Ltd.
- 2 Chennai Ennore Port Road Co. Ltd.
- 3 Visakhapatnam Port Road Co. Ltd.
- 4 Calcutta Haldia Port Road Co. Ltd.
- 5 Mumbai JNPT Port Road Co. Ltd.
- 6 Mormugao Port Road Co. Ltd.
- 7 Paradip Port Road Co. Ltd.
- 8 Tuticorin Port Road Co. Ltd.
- 9 Cochin Port Road Co. Ltd.
- 10 New Manglore Port Road Co. Ltd.

The actual construction work is done by the PIUs of NHAI and the expenditure is being passed on to the above Companies. The SPVs are expected to toll the roads when the construction is over and repay the loan they have raised for the construction purposes.

### **AUDIT JURISDICTION**

Out of the above, five SPVs i.e. Mormugao Port Road Co. Ltd., Ahmedabad Vadodara Expressways Co. Ltd., Mumbai JNPT Port Road Co. Ltd., Paradip Port Road Co. Ltd. and Calcutta Haldia Port Road Co. Ltd. are covered under the audit jurisdiction of O/o the PDA (Infrastructure) New Delhi.

### **RISK ASSESSMENT, PERIODICITY OF AUDIT AND REQUIREMENT OF PARTY DAYS**

Sl. No.	Name of SPV of NHAI	Risk Assessment				Periodicity	Party days to be provided
		Materiality	Critically	Internal Control	Overall Rating		
(i)	Murmugao Port Road Co. Ltd	Moderate	Moderate	Moderate	Moderate	Triennial	25 days

(ii)	Mumbai-JNPT Port Road Co. Ltd	High	Moderate	High	High	Triennial	25 days
(iii)	Ahmedabad-Vadodar Expressway Co. Ltd	Moderate	Moderate	Moderate	Moderate	Triennial	25 days
(iv)	Paradip Port Road Co. Ltd.	High	Moderate	High	High	Triennial	25 days
(v)	Calcutta-Haldia Port Road Co. Ltd	Moderate	Moderate	Moderate	Moderate	Triennial	25 days

For transactions audit of SPVs of NHAI, 25 days for each Company are required. Besides, 15 days are required to conduct the audit of annual accounts of the Companies. The audits of annual accounts are to be conducted considering their paid up capital and turnover for the year, as per the instructions issued by the Headquarters office from time to time and the transaction audit to be done once in three years on rotation basis.

All the SPVs of NHAI are having similar nature of risks/weak areas as mentioned above for NHAI.

#### **AUDIT CHECKS**

The Audit checks to be carried out for NHAI would mutatis mutandis to all its SPVs.

#### **STATUS OF DISINVESTMENT**

SPVs are not slated for disinvestment in the near future.



# **NATIONAL HIGHWAYS & INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED**

## **1. INTRODUCTION**

The National Highways & Infrastructure Development Corporation Limited (Company) was incorporated on 18th July, 2014 as a Public Sector Undertaking under the Companies Act, 2013, under the Ministry of Road Transport & Highways, Government of India with an objective to fast pace construction of National Highways and other infrastructure in the North Eastern Region and Strategic Areas of the country which share international boundaries. The company started its effective functioning on 22<sup>nd</sup> Sept. 2014 with first appointment taking place. The Vision, Mission, Organization set up of NHIDCL is available at <https://nhidcl.com/>

## **2. OBJECTS & FUNCTIONS**

1. The company promotes, surveys, establishes, designs, builds, operates, maintains and upgrades National Highways and Strategic Roads including interconnecting roads in parts of the country which share international boundaries with neighbouring countries.
2. The regional connectivity so enhanced would promote cross border trade and commerce and help safeguard India's international borders.
3. The Company has been entrusted with the task of developing and improving road connectivity of an approximate aggregate length of 12, 630 km including the international trade corridor in the North East and roads in the North Bengal and North Eastern region of India to enable efficient and safe transport regionally with other South Asia Sub-Regional Economic Cooperation (SASEC) member countries & promote cross border trade and commerce besides helping safeguard India's international borders.
4. The company envisages creating customized and specialized skills in terms of addressing issues like complexities of geographical terrains and addressing extensive coordination requirements with security agencies.
5. The company would also endeavour to undertake infrastructure projects including but not restricted to urban infrastructure and urban or city transport and to act as an agency for development of all types of Infrastructure.

6. The company envisages working towards cross sharing of technical know-how and enhancing opportunities for business development with other nations and their agencies including the multilateral organizations and institutions.

### **3. VARIOUS DIVISIONS AT HEAD OFFICE AND BRANCHES ALONG WITH THEIR PROJECTS**

NHIDCL is operating through its Headquarters at New Delhi and Regional offices in the states of Assam, Jammu & Kashmir, Meghalaya, Nagaland, Arunachal Pradesh, Manipur, Tripura, Uttarakhand, Sikkim, Mizoram, Ladakh, and Andaman & Nicobar.

### **4. FINANCIALS**

The financials of NHIDCL for the year 2021-22 are available at:

<https://nhidcl.com/wp-content/uploads/2023/06/FINAL-ENGLISH-NHIDCL-2023.pdf>

### **5. PERFORMANCE APPRAISAL**

The respective divisions at head office are monitoring the execution of project through reports and returns being sent by the PIU and RO concerned. The concerned units at the HQ also take necessary action/remedial measures.

### **6. INTERNAL AUDIT**

The internal audit of the NHIDCL has been outsourced to Chartered Accountant firms.

### **7. COMPUTERISATION**

Most of the office work is done through computers by use of various software like MS-Office, Microsoft Excel and Microsoft Access etc. In Finance & Accounts specific software for bookkeeping namely PMFS and pay package have been developed and are being used for day-to-day work. Several Technology platforms like e-procurement, e-PACE, SAP, e-tendering, INFRACON, INAM-Pro+ etc have got stabilized.

### **8. STAUTS OF DISINVESTMENT**

The Company is not slated for disinvestments in the near future.

### **9. AUDIT JURISDICTIONS**

The audit NHIDCL is conducted by the O/o DGA (Infrastructure), New Delhi.



## **10. RISK ASSESSMENT, PERIODICITY OF AUDIT AND REQUIREMENT OF PARTY DAYS**

As the projects awarded by the company are initial stages of execution therefore NHIDCL's Headquarters audit had only been taken up till date. However, with passage of time the scope of audit of Branch offices would increase

Sl. No.	Units	Risk Assessment				Periodicity	Party days to be provided as per Standard Norms
		Materiality	Critical	Internal Control	Overall Rating		
1	Head Office	High	High	High	High	Annual	50 days
2	Regional Offices (including PMUs)	High	High	High	High	Biennial	15 days each

## **11. FOCUS AREAS FOR AUDIT**

The following are the focus areas for compliance audit of NHIDCL (Head Office), and its Regional Offices (including PMUs):

- x) Risk of deficient Project Appraisal and Approvals
- xi) Risk of deficient Detailed Project Reports (DPRs)
- xii) Risk of inconsistent Land Acquisition
- xiii) Risk of irregularities in Utility Shifting
- xiv) Risk of irregularities in Award of Contracts
- xv) Risk of execution of deficient quality work through contractors
- xvi) Risk of deficient Operations and Maintenance
- xvii) Risk of deficient internal control system
- xviii) Risk of non-following of guidelines regarding Environment

## **12. AUDIT CHECKS**

Similar to NHAI, NHIDCL is also engaged in construction of roads and collection of toll thereof. The powers and functions of NHIDCL with respect to various activities relating to appraisal, construction, tolls, etc. in respect of projects are also similar to NHAI. Therefore, field parties may exercise audit checks referred at *Sl.No.13 of NHAI*.

# **National Highways InvIT Project Managers Private Limited**

## **1. INTRODUCTION**

National Highways Authority of India has setup National Highways InvIT Project Managers Private Limited (NHIPMPL) as a Project Management Company (PMC) for operating and managing InvIT assets. It is 100% subsidiary of NHAI under the umbrella of NHAI InvIT structure.

- i. Date of incorporation: -09.03.2021
- ii. Administrative Ministry: - Ministry of Road Transport and Highways.
- iii. Vision and mission: - NHIPMPL is solely responsible for the entire operations and maintenance of the roads, execution of improvement works and adherence to the Concession Agreements as well as SEBI's InvIT regulations.
- iv. Nature of business including geographical Scope: - Operate, Maintenance, Development, Implementation and Management of InvIT Assets.
- v. Holding companies, subsidiary companies, associate companies, joint ventures, branches/sub-branches etc.: - 100 % SPV of NHAI

## **2. OBJECTS & FUNCTIONS**

To carry on the business of acting as a project manager, portfolio manager, administrator, attorney, agent, consultant, representative or nominee of or for any infrastructure investment trust, collective investment schemes, trusts, special purpose vehicles, real estate investment trusts, properties and / or assets of any kind, including any fund set-up formed or established in India or in any other country by the Company or by any bodies corporate, limited liability, partnerships, trusts, societies, association of persons (whether incorporated or not) of any other agency or organization.

To promote, develop, survey, establish, design, repair, modify and upgrade infrastructure facilities, projects and works, either alone or jointly with other companies or persons or any other entity, including in relation to highway/roadways of all descriptions such as highways, road, bridges, river crossing, viaducts, waterways, approach roads, tunnels, interchanges, flyovers, culverts, buildings residential and commercial townships, restaurants, hotel,

motels, public utilities, hoardings, toll plazas, toll booths, commercial premises, workshops, fuel pumps, first aid centers and other related works and generally to carry on the business of engineers, contractors, consultants, advisors, managers and administrators.

### **3. Activities**

To Operate, Maintenance, Development, Implementation and Management of InvIT Assets.

### **4. Organizational set-up (In Organogram form)**

National Highways InvIT Project Managers Private Limited

Director: - (Murálidhara Rao Bugatha)

Company Secretary (Saurabh Vijay)

Director & CEO - (Ashish Asati)

Advisor (Technical) (Ramesh Kumar Rathee)

### **5. Capital structure:**

Rs. 1,00,00,000/- (Authorized and Paid Up Capital)

### **6. Budget and Planning Details of system and grants with last three years information etc. may be given)**

As approved by the Board in 3rd Board Meeting of the Company, the (Financial Budgets are as mentioned below:

- i. 2021-22 - Rs. 2.85 cr (for the Half Financial Year);
- ii. 2022-23 - Rs 8.74 cr (for Financial Year)

### **7. Accounting system Whether accounting centralized or decentralized costing system/records etc. may be given) :-**

Double Entry Accounting System.

### **8. Manpower analysis:-**

- (i) same. as mentioned above at point number 4.
- (ii) In addition to above, NHAI Officials / staffs as per Transitional Support Agreement till June, 2022.

**9. MoU targets and achievements for last three years**

Not Applicable, as the Company was incorporated in March, 2021

**10. Computerization**

Tally ERP for accounting and some Physical Files for internal process and the Company was incorporated in March, 2021

**11. Internal Audit**

Not Applicable.

**12. Act, Rules other documents applicable for the CPSE**

The Companies Act, 2013, The Income Tax Act, 1961 and other rules applicable on CPSE.

**13. Financial working results for the last three years**

The company has prepared first financial statements for the year 2020-21 as the company was incorporated in March, 2021 and the financial of financial year 2021-22 at to be approved by AGM.

**14. Disinvestment**

Not applicable as the company was incorporated in March 2021.

**15. Audit checks indicating risk rating**

High

**16. Reviews and DPs approved during the last three years**

Not applicable as the company was incorporated in March 2021.

**17. Environment management impact of operation**

Not applicable.

**18. The compliance audit of the company is yet to be taken up.**

# DME Development Limited

## 1. INTRODUCTION

DME, incorporated on 29.08.2020, is a special purpose vehicle of NHAI. It is formed to undertake the development and financing of Delhi-Mumbai expressway having total length of around 1400 km divided into two sections i.e., Delhi-Vadodara and Vadodara-Mumbai with Greenfield alignment and animal overpasses where it runs through wildlife sanctuaries.

## 2. OBJECTS & FUNCTIONS

- To promote, develop, survey, establish, design, construct, equip, operate, maintain, modify and upgrade either alone or jointly with other companies or persons or any other entity, Infrastructure facilities and works in relation to the Delhi-Mumbai Expressway and of any other Highways/Expressways of all descriptions, including Highways, Roads, Bridges, River crossings, waterways, approach roads etc.
- To regulate and control the plying of vehicles on the Delhi –Mumbai Expressway and other highways roadways and to charge and collect tolls, cess, rents from other users of any of the facilities, to retain and appropriate receivables under a concession received from the Central or State Government or any other Agency statutory or otherwise.
- To participate in various schemes of programmes, sponsored or promoted by the Government for and to undertake regulation and improvement of transport facilities and provide the requisite infrastructure therefore and to collect fees, toll charges and dues from the public for providing, managing or maintaining facilities or infrastructure.

### 2 Activities

- Financing, Construction and Operation of Delhi-Mumbai Greenfield Expressway.

**3 Capital structure:** Authorized Capital Rs. 30,000,00,00,000/- (Rupees Thirty Thousand Crore only divided into 30,000,00,000 (Three hundred crore) Equity shares of Rs. 100 (Hundred) each. Paid-up-capital: Rs. 3,364,00,00,000/- (Three thousand three hundred sixty-four crore) divided

into 33,64,00,000/- (Thirty-three Crore sixty-four lakh) Equity shares of Rs. 100 (Hundred) each.

#### **4 MoU targets and achievements for last three years**

- The Ministry has conveyed the approval for formation for SPV in August, 2020 to implement Delhi Mumbai Expressway. The concession Agreement and Implementation Agreement signed in Feb 2021 between NHAI and DME DL SPV. The SPV has to arrange Rs. 53,849 crore till the completion of the Project i.e. till FY24. The Capex requirement of first Year 2020-21 was Rs. 10,812 crore which was met through equity contribution from NHAI Rs. 1081 crore and Rs. 9731 crore through Long Term borrowings.
- For the FY 2021-22 the fund requirement is Rs. 20506 crore which is proposed to be met through Equity (Rs. 2051 crore) and Long-Term Debt (18,456 crore). Equity contribution Rs. 2051 crore for current FY 2021-22 of was infused by NHAI.
- During the FY 22, Term Loans to the tune of Rs. 19200 crore was sanctioned from various Banks (@7%/6.85%) and out of which Term Loans of Rs. 6850 crore was drawn till the end of FY 22.
- Term Loans sanctioned till 01.08.2022, Rs. 29000 crore (FY21-9800 & FY22-19200) from which term loans of Rs. 16,581 crore were drawn during the two FYs.
- For the balance amount action was taken to mobilize fund from market for which an Information Memorandum (IM) was filed with SEBI for issue of Bonds (NCD-@6.85%) by DME DL through private placement. And as result, fund of Rs. 5000 crore were received on 16.03.2022 which has been passed on immediately to NHAI on 16.03.2022.
- An amount of Rs. 23,737 crore was released to NHAI till date against the projected capex of Rs. 31318 crore till the end of FY22.
- Consequent up on issue of Bonds, DME DL has become now listed company and hence, as per norms the company is now in process of Independent Directors/Woman Director. A regular Company Secretary and CEO has been appointed w.e.f. 01.06.2022 and 23.06.2022 respectively.

- During the current FY23, NHAI has contributed equity of Rs. 421 crore to the SPV.

**5 Act, Rules other documents applicable for the CPSE**

Income Tax Act, 1961, companies Act, 2013, SEBI Act, 1992, RBI Act, 1934 (Including rules, guidelines and circulars)

**6 Disinvestment**

Not slated for disinvestment in near future.

**7 Focus Areas for Audit**

Being engaged in construction of road projects. The Focus areas and audit checks would be similar to NHAI and other SPVs of NHAI.

# **National Highways Infra Investment Managers Private Limited**

## **1. INTRODUCTION**

- National Highways Infra Investment Managers Private Limited (“Company”) was incorporated on July 25, 2020 at New Delhi, under the Companies Act, 2013 as Investment Manager for National Highways Infra Trust (“NHAI InViT”) as per SEBI (Infrastructure Investment Trust) Regulations, 2014 (“SEBI InViT Regulation”).
- The current paid up capital of the Company is Rs. 11.00 Cr. Ministry of Road Transport and Highways, Government of India (MORTH) on behalf of the President of India (Jointly with its nominee) holds 100% of the issued, subscribed and paid-up share capital of company.

## **2. OBJECTIVES**

As per SEBI InViT Regulations, NHAI had identified and recommended, the Company to be the Investment Manager to NHAI InViT. The Trustee (Acting in its capacity as trustee of the InViT) had appointed the Company as the investment Manager to carry out any and all of the objects and purposes of the InViT as specified in the investment Managements Agreement, in accordance with the SEBI InViT Regulations and other InViT documents.

## **3. Activities**

To carry out any and all of the objects and purposes of the InViT as specified in the investment Managements Agreement, in accordance with the SEBI InViT Regulations and other InViT documents.

## **5. Capital structure:**

The paid-up capital of the Company is Rs. 11.00 Cr. There are no borrowings by the Company.

## **6. MoU targets and achievements for last three years**



- As mentioned in point (1) above, the Company was specifically setup to act as the investment Manager to NHAI InviT, which is a vehicle for NHAI to monetize its operational roads. The Company has not entered into any MOU. Further it is to be noted that while the Company was set up in July 2020, the actual purpose for which it was set up fructified only on 3<sup>rd</sup> November 2021 with the launch and listing of NHAI InviT.

## **7. Internal Audit**

The Internal audit of the Company is conducted by a firm of Chartered Accountants.

## **8. Disinvestment**

The SPV is not slated for disinvestment in near future.

## **9. Audit checks indicating risk rating i.e. low, medium, High.**

- Not applicable

## Section H – Annexures

### Annexure I

#### Planning of Audit procedure (Desk Review)

Sl. No.	Description	Details
1	Name of the Entity	
2.	Period of Audit	
3.	Duration of audit	
4.	Have the documents of the entity (such as the financial budget/outcome budget/result framework documents/Annual reports/new policies and changes in policy/previous inspection reports/Performance audit report conducted earlier etc.,) being desk reviewed?	
5.	Have documents and data from secondary sources such as reports of State and Union Governments and of various Government /NSSO data/digitalized data availed in data.gov.in VLC data, beneficiary data (if applicable) etc and other sources like media reports, research reports, academic reports etc. been desk reviewed?	
6.	Potential risk/focus areas that emerge of the review conducted as at (4 & 5) above.	
7.	List of audit objectives that are intended to be pursued both on regularity and propriety aspects	
8.	Summarize the planned scope of audit	
9.	Audit procedures that are intended to be applied (review of records, physical verification, joint inspection, external evidence collection etc.)	
10.	Broad assignment plan for each party member	
11.	Other remarks	

**Sr. Audit Officer**

**Group Officer**

**Proforma of Title Sheet**

<b>TITLE SHEET</b>		
<b>(TO BE SUBMITTED ALONG WITH DRAFT INSPECTION REPORT)</b>		
	<b>PART A</b> <b>Summary of audit results</b>	
1.	Name of the organization audited	
2.	Name of party personnel	
	(i) Sr. Audit Officer	
	(ii) Asstt. Audit Officer	
	(iii) Auditor	
3.	Period of audit	
4.	Dates of commencement and completion of audit (Extension of time, if any, granted may be separately indicated).	
5.	Whether Entry Conference was held with the Audited Entry? If yes, enclose Minutes/Records of discussions. If no, provide reasons.	
6.	Number of paras (drawing reference to para nos.) included in Part-IIA of the Inspection Report	
7.	Number of paras (drawing reference to para nos.) relating to fraud or misappropriation. Presumptive fraud and leakage of revenue etc.	
8.	Paras relating to persistent irregularities etc. that need to be brought to the notice of HoD through Management Letter.	
9.	Briefly mention the challenges faced during audit (non-production of records, manpower of resource constraints, scope limitation etc.) and how they were addressed during the course of audit.	
10	Suggestions for overcoming such challenges in future audits	
11	Whether Exit Conference was held and draft Inspection Report discussed with the Head/Nodal Officer of the Audited Entity. If no reasons may be indicated.	
12	Date of submission of Draft Inspection Report and all working papers to Hqrs. (may be submitted within a period of 7 working days from the date of conclusion of audit.	
13	Reasons for delay in submission of draft IR etc. to Hqrs. With reference to the allotted time period, if any	
14	General remarks, if any	
	<b>Part B</b> <b>(Details of Audit Process followed)</b>	
1.	Whether the allocation of duties amongst each member of the Audit Team (SAO/AO/AAO/Sr. Auditor/Auditor) was prepared in line with the planned broad assignment plan and acknowledged by respective party members? If no reasons and justification may be provided.	

2.	Sampling methodology adopted (Use as many rows as needed)					
	Sl. No.	Section/Wing being audited	Nature of document	No selected for review	Percentage of selection	Sample method adopted
	1.	Purchase/Works/ Establishment etc.	Files/ Vouchers Etc.	(Indicate actual number selected)	(indicate percentage for each category)	Random/Stratified judgment etc.
3.	Whether focus areas identified and procedure applied were as planned (with reference to the plan as approved by Group Officer before commencing the audit)? If no, reasons and justification may be provided.					
4.	Whether all issued marked for examination by Group Officer on supervision/Hqrs section have been addressed?				Compliance to Group Office comments on supervision to be enclosed as per Annexure C	
5.	Whether all work assigned as per allocation of duties were completed? If no, provide whether the reasons and justification are provided.				Certificate as per Annexure D to be enclosed	
6.	Briefly indicate the potential focus areas for next audit					
7.	Whether daily diaries indicating the documents/records checked by team members of the Audit Team have been prepared, signed and enclosed?				Daily Diary as per Annexure E to be enclosed for each member	
8.	Whether a certificate of obtaining sufficient and appropriate evidence (key documents) for the audit observations included in the Draft Inspection Report has been provided?				Certificate as per Annexure F to be enclosed	
9.	Whether the key documents have been referenced in the para and the source of evidence has been provided as footnotes?					
10	Please indicate the position of outstanding paras of previous Inspection Reports as under.				Reasons for the paras remaining outstanding	
	Period of Inspection Reports		No. of paras outstanding (opening)	No. of paras outstanding (Closing)		
	1.		2.	3.		
11	Whether a certificate that the audit was conducted in accordance with the CAG's Auditing Standards 2017 has been provided?				Certificate as per Annexure F to be enclosed	
12	Whether a certificate that the audit party has complied with the Audit Quality Framework and Code of Ethics has been provided?				Certificate as per Annexure F to be enclosed	

**Dated:**

**Sr. Audit Officer**

**Annexure-III****Minutes of entry conference**

**Entry Conference was held with the officer/officials of O/o**  
**..... on ..... at .....**

The following members attended the entry meeting:

Auditee Unit's Members	Audit Team Members

Brief of meeting:

**Head of office of audited entity**

**Sr. Audit Officer**

**Annexure-IV****Duty list of each member of the Audit Team****(Work Allocation)**

Duties assigned	Noted and signed (Acknowledgement)
Name, Senior Audit Officer	
Name, Assistant Audit Officer	
Name, Supervisor/ Senior Auditor/ Auditor	

**Sr. Audit Officer**

**Annexure-V****Follow up of supervision by the Group Officer**

<b>Name of the Audited Entity</b>	<b>Date of Supervision</b>	<b>Comments/Queries of the Group Officer</b>	<b>Action taken by the Audit Team on Comments/Queries</b>

**Sr. Audit Officer****Annexure-VI****Certificate at the conclusion of Audit**

We have examined all the issues as per the duty list (except the following) and necessary audit observations based on audit scrutiny, have been issued.

<b>Sl No.</b>	<b>Brief particulars of the issues which could not be seen in audit</b>	<b>Reasons thereof [non availability of records, time constraints, shortage of manpower, other constraints/reasons] etc.</b>
1.		
2.		

**Sr. Audit Officer****Annexure-VII****Daily Diary of each member of the Audit Team <sup>6</sup>**

<b>Date</b>	<b>Brief details such as file number, item of work done, records seen and examined etc.</b>

**Sr. Audit Officer**

<sup>6</sup> Now Daily Diary is being automatically generated in OIOS.

**Certificate**

It is certified that:

- a) Sufficient and appropriate evidence (key documents) for the audit observations included in the Draft Inspection Report have been obtained and have been submitted along with the Draft Inspection Report.
- b) That the audit was conducted in accordance with the CAG's Auditing Standards 2017.
- c) The audit party has complied with Audit Quality Framework and Code of Ethics.

**Sr. Audit Officer**

**Minutes/Record Discussions at the conclusion of Audit**

Present:

<b>From Ministry's/Audited Entity's side</b>	<b>From Audit side</b>

The audit observations were discussed in detail and necessary clarifications, wherever sought, were given from the Audit side.

It was pointed out by Audit that initial replies from the Audited Entity in respect of audit observations of Current IR were still awaited and the same may be furnished of priority. In response, the ..... assured to send the replies at the earliest possible.

The meeting ended with vote of thanks.

(Signature)	(Signature)
(Name & Designation)	(Name & Designation)
From Audited Entity's side	From Audit side

**Annexure-X**

**Checklist for the Sr. Auditor/Auditor of co-ordination section in respect of DIR submitted by Audit Teams after completion of audit. To be counter signed by AAO (Co-ordination section)**

Sl. No.	Particulars	Whether attached or not (Yes / No)	If yes, page number of file in the current IR
1	Title Sheet		
2	Duty list		
3	Detailed note prepared by the Audit Team (Audit Plan) in respect of issues to be seen in audit		
4	Audit Requisitions		
5	Preliminary Audit Observations		
6	Reply of Preliminary Audit Observations		
7	Statement showing list of records seen in audit		
8	Current IR and date when received from the Audit Team		
9	Soft copy of the Draft Inspection Report		
10	Separate file along with key documents in respect of Part-II (A) Paras.		
11	Old Inspection Reports and other documents given to the Audit Team at the commencement of audit		
12	Review of old IRs/Paras and settlement memo/Verification Note		
13	Reports of physical inspection/site visits, if any		
14	Questionnaires, if any		
15	Confirmation by third party, if any		
16	Whether Audit Findings Matrix prepared		
17	Entry meetings		
18	Exit meeting		
19	Whether Inspection Reports has been submitted in proper format.		
20	Whether all supporting/key Documents have been checked		
21	All the calculations, if any, have been checked.		
22	Daily Diary		
23	Risk analysis		
24	List of Arbitration/Court Cases, if any		
25	Certificate of loss and theft, if any		
26	Certificate of Suspension/termination cases, if any		
27	Check list in respect of works.		

Deficiencies, if any, communicated to audit Party by vide letter no. -  
 .....

**Sr. Auditor/Auditor  
Hqrs. (Civil)**

**Assistant Audit Officer  
Hqrs. (Civil)**



**Declaration**

(Ref: Para 3.24 of the Code of Ethics)

Declaration regarding adherence to the Code of Ethics of the Comptroller and Auditor General of India  
(This declaration is required to be signed separately by each member of the audit team prior to the commencement of the audit. A copy of the declaration should be given to the head of the audited entity as soon as the audit commences.

Each declaration should be enclosed in original with the Inspection Report).

I, Shri/Smt/Kum (name), (designation) hereby declare that:

I have read and understood the SAI India's Code of Ethics.

I will uphold and abide by the SAI India's Code of Ethics and the CCS (Conduct) Rules.

I do not have any personal or professional interest in the audited entity.

As a representative of the SAI India, I undertake to adhere to the following:

I will conduct the audit assigned to me in a fair, honest, timely and competent manner.

I will maintain strict confidentiality of all information gathered in the course of audit.

I will not behave or conduct myself in an inappropriate manner with any official of the audited entity.

I will not accept any kind of inducement prohibited under the Central Civil Services (Conduct) Rules, 1964, directly or indirectly from the audited entity.

**Signed:**

**Date:**