

Audit Approach

Chapter 2

2

2.1 Audit Scope and Methodology

The audit was conducted during January 2010 to September 2010 covering the period from 2003-04 to 2009-10. The audit covered the implementation of policy for Unified Access Licensing Regime and allocation procedure for 2G spectrum to new as well as existing operators under the UAS. The audit was conducted on the basis of records/information to the extent made available by the DoT, and the related files of the DoT seized by the CBI in October 2009 made available to Audit. The relevant files produced by the Ministry of Finance (MoF) were also examined before finalising the audit comments. Audit also accessed public documents available on the website of the Ministry of Corporate Affairs to confirm the compliance of licensee companies to the conditions of UASL Guidelines and the provisions of the Companies Act. The Report takes into account, the replies by the DoT and the MoF in response to the audit observations communicated to them in July 2010 and September 2010. As per the Performance Audit guidelines, Entry and Exit Conferences were held on 23 December 2009 and 20 May 2010 respectively. The DoT sought a further meeting with Audit to discuss the draft audit Report. The meeting was held on 4 October 2010. This Report takes into account the discussions between audit team led by the Deputy Comptroller and Auditor General and the DoT team led by Advisor (Finance).

2.2 Audit Objectives

Audit was taken up with the objectives of ascertaining as to;

- Whether the policy for issue of licence under the Unified Access Services (UAS) was implemented efficiently;
- Whether the UAS licenses were issued and radio frequency spectrum was allocated in a fair, transparent and efficient manner and
- Whether the potential for revenue generation to Government was optimally managed.

The audit findings have been organised in three chapters for convenience of understanding

- Chapter 3 includes the issues related to the implementation of UAS policy;
- Chapter 4 deals with procedures adopted by the DoT for issue of licences and allocation of spectrum;
- Chapter 5 aims at assessing the financial impact of various deficiencies brought out in Chapter 3 and 4.

We place on record our sincere appreciation for the cooperation of the Department of Telecommunications, Ministry of Finance and the Central Bureau of Investigation in facilitating our audit.