

## CHAPTER II: AUDIT APPROACH

### 2.1 Audit objectives

The objectives of the performance review were to assess whether:

- There was a critical assessment of needs in each of the infrastructural areas and that the individual projects were planned appropriately.
- The mechanism in place for approval of the projects was strictly adhered to and appropriate checks applied at each stage, prior to approval and after release of funds.
- Projects were executed efficiently and achieved their intended objectives;
- There was a mechanism for adequate and effective monitoring and evaluation of projects.

### 2.2 Audit Criteria

The findings were benchmarked against the following criteria:

- Guidelines of the Government of India (GOI) for administration of NLCPR
- Detailed Project Reports
- Conditions and norms for release of funds

### 2.3 Audit scope and coverage

The performance audit was conducted during April 2008 to November 2008 and covered the period from 2002-03 to 2007-08. Since the inception of NLCPR (1998) and up to September 2008, 959 projects were approved, while during the period 2002-03 to 2007-08, 527 projects were approved. These projects were related to Roads and Bridges, Power, Health, Education, Flood control and Irrigation, Water Supply and Sanitation, Agriculture and allied activities which are directly related to the improvement of basic infrastructural facilities in the region.

Out of 527 projects approved under the NLCPR scheme during 2002-03 to 2007-08, 91 projects (17.3 *per cent*) (**Annex 1**) were selected for audit. The audit was conducted through examination of records and files in the Ministry, in eight North Eastern States and also through field inspections.

Table-3: NLCPR projects

*(Rupees in crore)*

Period	Number of projects approved	Projects cost	Number of projects completed	Expenditure involved on completed projects	Completed Projects (in percentage)
1998-99 to 2007-08*	959	7070.38	435 (as of October 2008)	1934.49	45.36
2002-03 to 2007-08*	527 out of 959	4307.91	174 (as of October 2008)	1009.14	33.02
<b>Projects selected for audit examination</b>					
2002-03 to 2007-08	91 out of 527	1399.89	36 (as of November 2009)	380.46	39.56

\* Status of the projects as of October 2008.

## 2.4 Audit Methodology

The performance audit of the scheme commenced with an entry conference with the Ministry of DONER in April 2008, in which the audit methodology, scope, objectives and criteria were explained to the Ministry. Records were examined at the Ministry, State Government and implementing agencies in all the NE States viz. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. An exit conference was held with the Ministry of DONER on 13 January 2010 to discuss the findings contained in the draft performance audit report on NLCPR.

## 2.5 Acknowledgement

We place on record our sincere appreciation for the cooperation of the Ministry of Development of North Eastern Region and State nodal departments in facilitating our audit.