

Preface

During the meeting of the Commonwealth Games Federation (CGF) General Assembly in November 2003, Delhi won the bid to host the XIX Commonwealth Games 2010. Having won the bid, the host city contract was signed in November 2003 between the CGF, Indian Olympic Association, Government of India (GOI) and the Government of National Capital Territory of Delhi (GNCTD) with the Organising Committee (OC) (which was constituted later), becoming a subsequent signatory.

In pursuance of this contract, the XIX Commonwealth Games were successfully held in Delhi from 3 to 14 October 2010. All sporting events and supporting activities were very smoothly conducted. The country and its management won acclaim for the successful conduct of the games. The country won a record haul of 101 medals which was the highest ever in international events of this nature wherein we had participated earlier. The opening and closing ceremonies were spectacular.

Despite such phenomenal success of our athletes and sportspersons, the events leading to the conduct of the games had attracted severe adverse attention. There were reports of irregularities in the award of contracts, delays in construction of stadia, games village and related infrastructure, procurement of equipments of inferior quality or purchase of routine items at exorbitantly high prices. The Media as also other agencies, were vociferously pointing fingers at Government and the OC on account of both delays in the preparedness and also excessive expenditure. There were not only veiled allegations of serious leakage of Government funds and favouritism in award of contracts, but also direct indictments of officials in positions in the different agencies entrusted with either the hosting of the games or developing stadia and associated infrastructure. Such adverse publicity undermined the tremendous achievements of our sports persons, and indeed, even the successful conduct of the games.

It may be recalled that towards late 2008 and early 2009 serious concerns had been expressed about India's preparedness for successfully hosting this prestigious event, largely because of perceptions about the construction of venues and associated infrastructure lagging behind schedule. The hosting of the Games was a mammoth exercise as the preparations involved atleast a dozen different agencies besides local and parastatal bodies like the DDA, NDMC and MCD. There were claims and counterclaims in different quarters about the state of preparedness.

It was under these circumstances that the C&AG had decided to conduct an independent study to assess the progress of projects and preparedness of different agencies for organizing the Games and to identify the significant risks that needed to be addressed. This study which was not an audit in the conventional sense, was meant to provide an aid to the Administration as benchmarks for monitoring the progress of different works and undertaking mid course corrections. After a study by a core team from our office, carried out between March and May 2009, a brief Report was prepared and submitted to Government in July 2009, 15 months before the games were to be held. The study Report provided detailed evidence of status of completion of projects in different phases as of July 2009, both documentary and pictorial. The report highlighted the fact that there was no scope for further delays and slippages in milestones, given the confirmed deadline of October, 2010 for holding the games. The study Report also suggested that “in view of the complexity and multiplicity of activities and organizations and the progress till date, there is need to rethink the governance model for the games project as well as for similar mega-events in the future”. Copies of the Report were provided to all authorities engaged in the execution of the complex games project.

In view of the concerns expressed by all sections of society with regard to the perceived inadequacies and shortcomings in different projects and associated activities with the staging and hosting of the games, the C&AG decided to conduct an external audit post completion of the games in the shortest possible time, so that the Parliament and the country could have the benefit of an independent and objective assessment of the outcomes emanating from the expenditures incurred. Ordinarily such a mammoth exercise would have taken several months. A multiplicity of agencies were involved and the activities and projects were manifold. However, considering the urgent need to keep all stakeholders apprised of the outcome of the expenditure incurred as also to provide an assurance with regard to the manner of achieving the outcomes, a dedicated team of auditors was put together to comprehensively audit all the agencies, aspects and activities leading to the conduct of the games. This audit was comprehensive in nature, combining both compliance and performance related issues across multiple Ministries and Departments of GOI, GNCTD, Government of Maharashtra, the OC and various other bodies with regard to the role and activities in respect of the Games projects. This Report contains the results of the audit, covering the period from May 2003 when the initial bid was made for hosting the games to December 2010 when most of the Games related projects and activities were completed. The exercise was mammoth, as our audit approach follows a very meticulous and clinical process in which we have to consider all significant details and also provide opportunity to the audited entity to present their responses and comments on the audit findings.

Audit conducted by the organization of the C&AG follows a very structured, systematic and objective architecture, to ensure that a balance and objective audit methodology is brought to bear on the Institution/Sector being audited and covering all nuances of that particular organization/activity. The audit methodology is as follows:

Before actual commencement of the field audit, to ensure a comprehensive coverage and consistency in findings, a detailed set of guidelines/checklists are prepared by the department. An “entry conference” is usually held at an appropriately senior level with the audited entity to elicit the cooperation and assistance required for the conduct of the audit as also share the broad audit approach and objectives. Suggestions and concerns of the entity raised in this Conference are taken into account to ensure a holistic and balanced coverage. Thereafter field audit commences which involves scrutiny of records and documents, physical inspection of sites (including collection of photographic evidences) and, where considered necessary, discussion with selected officials and persons. Audit requisitions are issued, seeking records, information and clarifications. Preliminary audit observations are communicated through audit memos/queries (also termed as “half margins”) to the audited entity at appropriate levels, seeking their responses and comments, which are duly examined and considered. After examination of the preliminary audit observations and responses thereto, draft audit findings are communicated, either through “Statements of Facts (SOFs) or draft Audit Reports” to the head of the audited entity, seeking their written responses. ‘Exit Conferences’ are also held, usually at the level of the head of the audited entity, providing an opportunity to explain their position vis-à-vis the audit observations and furnish additional information/clarifications. It is only after receipt of replies to the SOFs/draft Audit Reports that Audit finalises its findings and prepares the Audit Report for submission to the President for tabling in Parliament.

Whilst it has been oft commented that external audit is a postmortem and conducted quite often well after the event, the issue needs to be viewed in its right perspective. External audit of the kind conducted by the C&AG is, indeed conducted post the event. It is thus distinct from internal audit, which, by definition is concurrent. The efficacy and timeliness of our Report is often dependent on the promptness displayed by the audited entities at different stages – in making available the files and records, giving responses to audit memos and SOFs, as also in the holding of the exit conferences. Invariably, agencies seek additional time to respond at every stage. In the fitness of things and to provide an ample opportunity for them to present their arguments, reasonable extension of time is generally provided.

In the conduct of the extant audit of CWG 2010, the audit teams did a commendable job in completing the field audit, involving scrutiny of voluminous documents within a challenging time schedule of 90 days assigned to them. However, the preparation and finalization of the Report was totally dependent on the time taken by the different entities to respond to the requests for files, documents and records, and the time taken to make available complete and detailed responses to Audit at the different stages when the audit findings were shared with the audited entities. In the preparation of these audit findings, all agencies audited have been given adequate opportunity to provide clarification or state their side of the facts. Requests for additional time were also liberally granted to ensure that no authority or individual feels wronged that he did not have an adequate opportunity to represent his facts. Such granting of time could have led the delay of a few weeks in the presentation of this Report, but we believe that a fair opportunity must be given to all those on whose some observations are likely to be made. Needless to state, the final findings and its onus is entirely that of this Department. Audit is also constrained by the fact that its Report can be brought into the public domain, only after being tabled in both Houses of Parliament.

It is in the nature and context of the aforesaid issues that this Audit Report has been prepared. It is hoped that all stakeholders will perceive its balanced reporting and comprehensive coverage of the mammoth exercise leading to the conduct and staging of the CWG-2010. Whilst the Report is fairly comprehensive, it focuses on issues relating to the overall perspective of the organization and management of the Games Project. Other issues and concerns which focus on agency specific aspects would be reported separately through other Audit and Inspection Reports, depending upon their materiality and significance.

Some of the projects, works and contracts are yet to be completed. Consequently final bills are yet to be received and payments made. These payments are likely to have a significant impact on the final cost of the Games. Audit would cover the same in subsequent audits.

This Audit Report for the year ending March 2011 has been prepared for submission to the President under Article 151 of the Constitution.