

CHAPTER 2 AUDIT APPROACH

2.1 Audit Scope and Objectives

This Performance Audit covers all the activities of the Corporation from conceptualization to implementation of all the power projects planned during the XI Plan. In addition to the above, the activities of the Corporation for commissioning of the spillover projects of the X Plan were also studied.

The objectives of the Performance Audit were to assess:

- Whether the projects were selected considering economic viability and overall requirement of the policy of GoI;
- Whether the projects and contracts were managed with due economy, efficiency, effectiveness and in compliance with established guidelines;
- Whether effective monitoring mechanism was in existence.
- Whether the objectives set in the capacity addition programme were achieved.

In this connection it may be mentioned that a Performance Audit on the “Capacity Addition Programme during the X Plan” by the Corporation was conducted earlier and the findings were included in the C&AG’s Audit Report appended with the Annual Report of the Corporation for the year 2007-08. The significant issues highlighted were:

- Delay in execution due to non-availability of land
- Delay in awarding of contract
- Failure to synchronize fuel linkage and transportation
- Non-synchronisation of auxiliary infrastructure with the completion schedule of the main plants
- Scope of work not being decided before placement of order

The Action Taken Note (ATN) on these issues has not been received so far (March 2014).

The present Performance Audit was carried out to assess the extent of remedial measures taken by the Corporation to address the above deficiencies for successful implementation of the XI Plan projects.

2.2 Audit Criteria

The following audit criteria were adopted:

- Guidelines of MoP, Central Electricity Authority (CEA) and CERC
- Feasibility Reports (FRs)/ Detailed Project Reports (DPRs)
- Action Plan, Minutes of the meetings and Memorandum of Understanding (MOU) of the Corporation with various stakeholders/agencies
- Tender Documents, Contract Agreements and Works and Procurement Manual of the Corporation

2.3 Audit methodology and sampling

The Audit examination started with an Entry Conference with the management wherein scope of audit, audit objectives and criteria thereof were discussed. At the end of the field audit work, an Exit Conference with the management was held in order to convey the broad audit observations. The views of the management have been incorporated in the report.

All the major 21 contracts of the projects in respect of the XI Plan were examined during the Performance Audit. However, due diligence/ risk analysis conducted by the corporation before selecting the projects undertaken in joint venture mode could not be verified as the records relating to the same were not made available to audit.

Audit acknowledges the cooperation extended by the management for timely completion of the above audit.