

## Chapter 2 : Mandate, Audit Scope and Methodology

The Performance Audit Report on Marine Logistics Operations in ONGC has been prepared under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The Audit has been carried out in line with the Regulations on Audit and Accounts, 2007 and Performance Audit Guidelines, 2014 of the Comptroller and Auditor General of India.

### 2.1 Objectives and scope of Audit

The Performance Audit includes review of efficiency, effectiveness and economy in Marine Logistic Operations of the Company at its Western and Eastern Offshore for the period 2012-13 to 2016-17 with backward and forward linkages. The objectives of this audit were to:

- ascertain whether the requirement of vessels was properly assessed and planned to meet the demand of Assets and Services;
- assess whether requisite number of vessels were made available through timely hiring or acquisition in an effective and efficient manner;
- assess whether the vessels were optimally deployed and whether a system existed for proper upkeep of owned vessels;
- assess whether the operations of Nhava Supply Base (NSB) and Kakinada Supply Base (KSB) i.e. supply chain management, material planning, disposal of condemned/scrap items etc., were effective and efficient; and
- assess whether safety, security and environmental requirements relating to Marine Logistics Operations were complied with.

### 2.2 Audit criteria

The criteria for audit were drawn from the internal documents/norms/procedures of the Company relating to planning, deployment, supply based operations, service, key performance indicators and Consultants reports. Further, safety guidelines prescribed by the Oil Industry Safety Directorate (OISD) and Petroleum and Natural Gas (Safety in Offshore Operations) Rules, 2008 (PNG-(SOO) Rules) and Hazardous Waste (Management, Handling and Trans-Boundary Movement) Rules 2008 and Corporate Environment policy of the Company have been relied on.

### 2.3 Audit Methodology

An entry conference was held with Management on 13 January 2017 in which audit objectives, scope and methodology were discussed. Field audit was undertaken from January 2017 to June 2017. The field audit included collection and review of information/documents, discussions with Management and visits to supply bases onshore.

The draft report was issued to Management on 05 August 2017 and reply was received on 20 September 2017. Audit findings were discussed with Management at an Exit Conference held on 04 October 2017. The revised draft Report was issued to Ministry of Petroleum and Natural Gas (MoPNG) on 10 November 2017. Replies of Ministry were received on 21 and 28 December 2017.

An Exit Conference with MoPNG and Management of ONGC to discuss the audit findings and recommendations of the Report was held on 09 March 2018. The updated reply from the Company after Exit Conference was received on 14 May 2018. The response and views expressed by MoPNG and Management during Exit conference have been suitably incorporated in the Report.

#### **2.4 Audit Coverage**

Planning for assessment of vessel hiring and its approval, tendering activities for hiring required number of various types of vessels, Operation and Management contracts of owned vessels, new vessel acquisition, Vessel deployment, bulk cargo utilization, and KSB operations were covered fully. Issues involving detailed analysis of voyage reports were test checked (Deck space utilization, Supply of fuel and water, Turnaround time of vessels etc.) during the audit period.

#### **2.5 Acknowledgement**

We place on record the cooperation extended by MoPNG and Management and staff of ONGC in smooth conduct of the audit.