

Chapter-2: Audit Approach and Methodology

2.1 Why we conducted this Performance Audit

During 2017-21, Government of India allocated ₹ 34,432 crore for NSAP. Further, States and UTs also allocated ₹ 1,09,573 crore, as additional assistance for pension and for coverage of additional beneficiaries. NSAP aimed at providing financial support for the most basic need viz. livelihood to the most vulnerable section of population, i.e. old age, widows and severely disabled persons belonging to BPL families as well as in case of death of primary breadwinner of BPL family. NSAP reached out to 2.83 crore beneficiaries annually, on an average, during 2017-21. In addition, 1.82 crore beneficiaries were covered by States/UTs, on an average, during the said period.

Considering the substantial financial outlays and criticality of achieving its intended outcomes, the All India Performance Audit of NSAP was taken up to evaluate the implementation of NSAP at the national level and recommend corrective action.

The Performance audit consisted of two phases:

Phase I: Data analysis was conducted on the basis of available NSAP data and risk areas were identified and shared with the Ministry of Rural Development vide management letter. Further, the identified risk areas were factored in during the Phase-II Audit.

Phase II: Detailed field audit at Ministry and State/UT levels has been done through audit scrutiny in selected sample units. The results of audit scrutiny are being presented in this Audit Report.

2.2 Audit Objectives

The objectives of this Performance Audit were to ascertain whether:

- a) the Scheme was planned efficiently to cover all the eligible beneficiaries and exclude those ineligible?
- b) the overall financial Management of the Scheme ensured timely availability and release of funds to the implementing agency for disbursement to the beneficiaries?
- c) the scheme was implemented effectively in a timely manner?
- d) effective control mechanisms and robust IT systems existed for monitoring the Scheme?

2.3 Scope of Audit

The scope of this Performance Audit included NSAP sub-schemes providing monetary assistance viz.:

- a) Indira Gandhi National Old Age Pension Scheme (IGNOAPS)

- b) Indira Gandhi National Widow Pension Scheme (IGNWPS)
- c) Indira Gandhi National Disability Pension Scheme (IGNDPS)
- d) National Family Benefit Scheme (NFBS).

The Annapurna sub-scheme, which does not provide monetary assistance and instead provides food grains to eligible old aged persons who have remained uncovered under the IGNOAPS, has not been included in the scope of this Performance Audit.

The audit covered the period from 2017-18 to 2020-21 and involved scrutiny of all electronic/paper records and other evidence pertaining to the above-mentioned schemes administered by Ministry of Rural Development at the Central Level. At the State/UT level, all the implementing agencies such as Department/Directorate of Social Welfare, Revenue Department, Women and Child Development Department etc. were audited in all the 28 States and eight UTs. Records at District level such as district social welfare office etc. at Block level, block development office and records at Gram Panchayat level in the selected sample, were examined.

2.4 Audit Sampling

The statistical sampling design for selection of sample in each State/UT is given below:

Tier I: 25 per cent Districts (minimum two, maximum 10 per State) from each State were selected through Simple Random sampling without Replacement (SRSWoR).

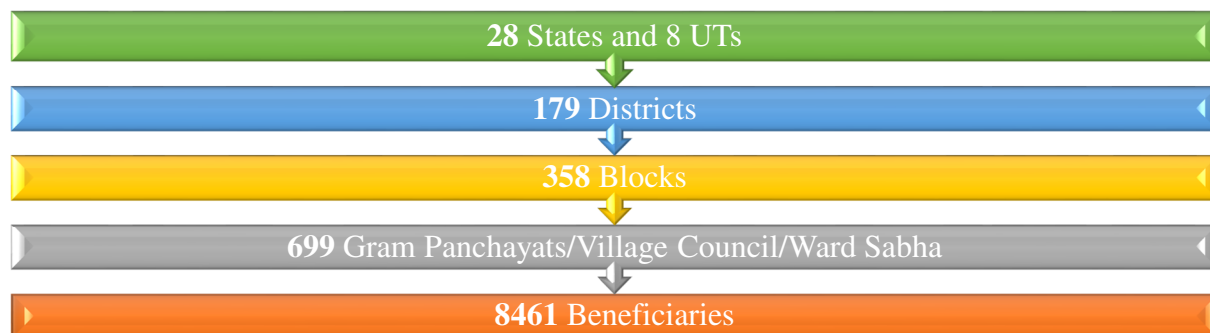
Tier II: Selection of lower level of units (Blocks, Gram Panchayat/Wards):

Block: Two Blocks in each of the selected District were selected through SRSWoR with adequate representation of rural and urban areas.

Gram Panchayat/Village Council/Wards: Two Gram Panchayats/Village Council/Wards in each of the selected Block were selected through SRSWoR.

Tier III: The Performance Audit also included a beneficiary survey to assess the impact of the money received through pension/family benefit and its immediate use. For this purpose, ten beneficiaries were selected per Gram Panchayat/Ward, to carry out the survey. During the beneficiary survey, adequate representation was given to various socio-economic categories and genders covering all the four components of NSAP.

The number of Districts, Blocks, Gram Panchayats/Ward committees selected in 28 States and eight UTs covered in this Performance Audit are depicted in diagram below:



The Districts, Blocks, GPs/Ward committees covered in 28 States and eight UTs are detailed in **Annexure 2.1**.

2.5 Audit Criteria

Implementation of NSAP was audited on the basis of criteria derived from the following documents:

- a. Programme Guidelines issued (October 2014) by the Ministry of Rural Development.
- b. Departmental instructions and manuals on the implementation of the scheme.
- c. PFMS/DBT related orders/instructions.

2.6 Audit Methodology

Performance Audit involved detailed field audit intended to fill in gaps caused by issues related to completeness and quality of data being collected. It also intended to substantiate the conclusions derived through the data analysis exercise.

During the Phase I of the Audit, data analysis was conducted on the basis of available NSAP data and risk areas were identified. Risks regarding inclusion of ineligible beneficiaries, short payments to pensioners aged 80 years and above, delay in verification, processes payment of pension after death of pensioners, and multiple payments of pension etc were noticed. The findings were shared with Ministry of Rural Development vide Management Letter during June 2021. The control risks were factored in the Phase-II Audit, and findings thereon have been suitably incorporated in the current Report.

At the commencement of Phase-II, an Entry Conference was held with the Ministry of Rural Development (MoRD) on 07 October 2021 wherein audit methodology, scope, objectives and criteria were explained. Simultaneously, in each State and UT, Entry Conference was held by Heads of Department of respective field audit offices with the nodal department involved in the implementation of NSAP. Thereafter, records relating to NSAP were examined in the Ministry and implementing agencies of State Government and UT Administrations by respective audit teams.

The draft Report was shared with Ministry of Rural Development on 04 November 2022 seeking responses to audit findings. The audit findings were also discussed in an Exit Conference with MoRD held on 25 November 2022. MoRD submitted their final replies on 19 December 2022, which were considered and incorporated in this Report.

Audit acknowledges the cooperation and assistance extended by the Ministry of Rural Development and State Governments as well as UT Administrations in conducting this Performance Audit.