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Audit of Social Sector Projects – Some Issues in Project Management

“Flagship” Social Sector Programmes

- ◆ Bharat Nirman
 - ◆ Pradhan Mantri Gram Sadak Yojana (PMGSY)
 - ◆ Indira Awaas Yojana (IAY)
 - ◆ Rajiv Gandhi Nat. Drinking Water Mission (RGNDWM)
 - ◆ Accelerated Irrigation Benefits Programme (AIBP)
 - ◆ Rural Telephony
 - ◆ Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)
- ◆ MG National Rural Employment Guarantee Act (MGNREGA)

Flagship Programmes (Contd.)

- ◆ National Rural Health Mission (NRHM)
- ◆ Sarva Shiksha Abhiyan (SSA)
 - ◆ Right to Education Act
- ◆ Mid-day Meal Scheme (MDMS)
- ◆ Integrated Child Development Scheme (ICDS)
- ◆ Total Sanitation Campaign (TSC)
- ◆ Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

Other Key Social Sector Programmes

- ◆ National AIDS Control Programme (NACP)
- ◆ Rashtriya Krishi Vikas Yojana (RKVY)
- ◆ Fertiliser Subsidy
- ◆ Food Subsidy/ PDS
 - ◆ Proposed Food Security Bill

Project Management – Typical Stages

- ◆ Project Initiation/ Feasibility Study
- ◆ Planning and Design/ DPR
- ◆ Execution
 - ◆ Tendering and Contracting
 - ◆ Construction / Completion
- ◆ Project Management & Monitoring
- ◆ Financial Management
- ◆ O&M
 - ◆ Post Completion Review/ Audit

Social Sector Project Management – Typical Stages

- ◆ Scheme Guidelines
- ◆ Baseline Surveys
- ◆ Institutional Arrangements
- ◆ Execution
- ◆ **MIS and Monitoring/ Supervision**
- ◆ Financial Management
- ◆ Impact Assessment/ Evaluation



Initiation,
Planning &
Design

Scheme Guidelines

- ◆ Types of Interventions; norms; funding pattern; community participation
- ◆ MGNREGA
 - ◆ Provision of 100 days of employment per rural household on demand
 - ◆ Social Audit
- ◆ NRHM
 - ◆ Reproductive and Child Health
 - ◆ Immunisation
 - ◆ National Disease Control Programmes
 - ◆ ASHA, Rogi Kalyan Samiti, IPHS

Baseline surveys

- ◆ Beneficiary/ target/ gap identification
 - ◆ RGNDWM – Habitations Survey
 - ◆ To identify problem habitations (quantity/ quality)
 - ◆ NRHM
 - ◆ Household and facility surveys
 - ◆ MGNREGA
 - ◆ Self-selection/ universal access
 - ◆ Other programmes
 - ◆ Below Poverty Line (BPL) household identification

Institutional Arrangements

- ◆ Nodal Ministry/ Department (GoI)
- ◆ Mode of transfer of funds by GoI
 - ◆ Through State Government budget/ direct transfer
- ◆ Implementing agencies
 - ◆ State
 - ◆ District
 - ◆ Block
 - ◆ Gram Panchayat/ Village

Institutional Arrangements (Contd.)

- ◆ Community Participation
 - ◆ Execution and O&M
 - ◆ NGOs/ SHGs/ Associations/ GPs/ RKS
 - ◆ Monitoring
 - ◆ Social Audit (MGNREGA)
 - ◆ Local Vigilance & Monitoring Committees/ VWSC/ RKS/ VEC

Execution

- ◆ Procurement of goods and services
 - ◆ Economy, efficiency, compliance with rules
- ◆ Construction within time and cost budgets
- ◆ Delivery of social sector services
 - ◆ Actual delivery at grassroots level
 - ◆ To targeted beneficiaries
 - ◆ Quality

MIS and Monitoring/ Supervision

- ◆ MIS covering all aspects of “financial performance” and operational performance
 - ◆ Drill down from State – District – Block etc.
 - ◆ Quality and reliability of data
 - ◆ Responsibility
 - ◆ Upto-date data entry
 - ◆ Integration with transaction processing/ payment systems
- ◆ Inspection/ supervision norms

Financial Management

- ◆ Timely transfer of funds down the line
- ◆ State share/ community contribution/ user share
- ◆ Accounting and record keeping
 - ◆ Utilisation Certificates and Statements of Expenditure
 - ◆ Advances vs. ultimate utilisation
 - ◆ Cash-based accounting
 - ◆ Bank Reconciliation
 - ◆ Audit Arrangements

Impact Assessment/ Evaluation

- ◆ Outputs vs. outcomes
 - ◆ E.g. Construction of PHCs/ CHCs/ Water Supply Schemes vs. reduction in child and maternal mortality
- ◆ Establishing “cause-effect relationship” between programme intervention and outcome
 - ◆ Rural employment and poverty reduction
 - ◆ Linkages between programmes of different Ministries/ sectors
 - ◆ E.g. Rural health and rural drinking water supply and sanitation

Management of Economic Projects

– Key Audit Issues

- ◆ Economic Viability (NPV/ IRR/ Cash Flows)
 - ◆ User fees/ revenues vs. costs
- ◆ Contracting and tendering
 - ◆ Transparency, economy, efficiency
- ◆ Construction within time and cost budgets
- ◆ O&M and service delivery
 - ◆ User satisfaction, quality and other user concerns
- ◆ Risk allocation
 - ◆ Demand, financing, construction etc.

Management of Social Sector Projects – Key Audit Issues

- ◆ Adequacy of planning and design
 - ◆ Oriented towards principal objectives
 - ◆ Factored in past experiences
 - ◆ Timely and complete
- ◆ Execution
 - ◆ Economy and efficiency in procurement and contracting processes
 - ◆ Achievement of targeted outputs for targeted beneficiaries at grassroots level
 - ◆ Compliance with scheme guidelines/ norms
 - ◆ Impact/ Outcomes

Social Sector Projects – Key Audit Issues (Contd.)

- ◆ MIS
 - ◆ Uptodate and reliable data/ reports
 - ◆ Timely corrective action on deviations
- ◆ Monitoring and Inspections
 - ◆ Frequency as per stipulated norms
 - ◆ Action on deficiencies noticed
- ◆ Financial Management
 - ◆ Adequacy of funds
 - ◆ Utilisation of allocated funds at different levels
 - ◆ Compliance with financial rules
 - ◆ Accounting records/ registers and audit

Questions ?

