

PRESS RELEASE

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

1st March 2024

New Delhi

Auditors should engage with stakeholders to gather input, address concerns, and promote transparency and accountability says Murmu

There must be institutionalised collaboration among SAIs to share best practices, exchange knowledge and experiences of glocal auditors: CAG of India

CAG announced setting up of SAI India's International Centre for Audit of Local Governance at Rajkot

The CAG of India has emphasized the need to prioritize audit procedures based on identified risks, focusing on areas with the highest potential for fraud, mismanagement, or regulatory non-compliance. Stating this at the 3-day International Conference on Strengthening of Grassroots Democracy here today, Shri Girish Chandra Murmu added that “for this we must use technology, leveraging digital tools and platforms to streamline data collection, analysis, and reporting processes, making audits more efficient and effective. Technology can also aid in real-time information sharing, enabling auditors to respond promptly to emerging issues and challenges”.

Shri Murmu said, “Together we need to advocate transparency and accountability in local government operations, encouraging the adoption of best practices in financial reporting and governance”.

The CAG said, “we need to go "Glocal" - thinking and acting with both global and local perspectives simultaneously, emphasizing the interconnectedness of local communities and global systems in today's increasingly globalized world”. In the context of audit of local bodies, "glocal" principles emphasize the need to integrate global standards and best practices with the unique characteristics and requirements of local governments. Auditors need to consider factors such as the size, complexity, and resources of the local government entity when applying auditing standards. Audit should be familiar with the political, social, and economic context in which the local governments operate to tailor audit procedures and recommendations accordingly. Stakeholder involvement ensures audit findings are relevant, credible, and actionable”.

Shri Murmu said, “There must be institutionalised collaboration among SAIs and with international audit organizations to share best practices, exchange knowledge and experiences of glocal auditors. By creating a platform for collaboration, we learn from each other's successes and challenges, fostering a global community dedicated to improving local government audit practices. This conference is a step in that direction, and we intend making it an annual event”.

The CAG further stated that, “To effectively navigate the complexities of auditing local governments, we need to build capacity of our auditors as well as the local government employees to enhance their understanding of financial management practices and internal controls. Besides, open communication channels with local government officials can facilitate the audit process, improve data accessibility, and foster cooperation in addressing audit findings. It is to this end that we have set up SAI India's International Centre for Audit of Local Governance at Rajkot”.

The participating SAIs shared insightful country reports which brought out significant issues and challenges pertaining to the local government accountability frameworks. The issues encountered by the SAIS while auditing these complex frameworks were unique as well as universal in nature.

The discussions highlighted strengthening of controls and procedures, implementation of adequate control over assets, adherence to pertinent rules and regulations and the provision of high-quality timely reports to enhance performance and driving improvement.

The conference brought out the need for vigorous capacity building to strengthen audit operations and maintaining a close relationship with entities with the aim to assist them better. There was also emphasis on improving the internal control mechanisms and administrative-legal acts. Largely, the need for adopting a holistic approach which takes into factor various facets of local governance institutions viz. Planning, Budgeting, Financial Reporting, IT Infrastructure development, was stressed upon.

The conference highlighted collaborative efforts in enhancing transparency, accountability, and good governance at the grassroots level. The insights gained and connections formed are expected to drive positive changes in local governance worldwide.

BSC/IK/3-24