

ANNUAL REPORT 2023-24



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

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Supreme Audit Institution of India



From the desk of Comptroller and Auditor General of India

I am pleased to present the Annual Report of the Supreme Audit Institution of India (SAI India) for the year 2023-24. The report outlines our key achievements during the year and highlights our major activities in domestic and international arenas.

SAI India derives its authority and mandate from the Constitution of India and its laws. The Comptroller and Auditor General of India holds a unique role in the federal structure of our country, being entrusted with the audit of the Union and State Governments as well as being responsible for compilation of accounts of most Governments. Our Audit Reports are presented before the Parliament and the State Legislatures and serve as important instruments to enforce accountability of the Governments to the Legislatures.

We continued to make significant progress in attaining our core mandate. We finalised 115 Audit Reports during 2023-24, of which 21 were for tabling in Parliament and 94 in State Legislatures. We compiled and certified Finance and Appropriation Accounts of all the 28 States for 2022-23 by March 2024.

We have taken big strides in our infrastructure initiatives, as we advanced to fulfil our objective of complete digitisation of auditing systems. The audit processes have been fully digitised with the development, implementation and deployment of the One IAAD One System (OIOS) Application-an end-to-end Audit Process and Knowledge Management System that serves as a core audit function of SAI India, from 1 April 2023. We are proud to note that SAI India is among the pioneering government entities to adopt such innovative technologies in our working. Twenty four State A&E offices have also been on-boarded into the OIOS along with 81 main and 49 branch Audit Offices. Field offices have been on-boarded and trained in e-Office, a digital workplace solution of NIC, for the daily official work of the organization. Implementation of e-HRMS 2.0 has been completed across all offices under the SAI India. The implementation exercise was carried out using a phased approach.

Strengthening audit of *Panchayati Raj* Institutions and Urban Local Bodies, which constitute the last tier of governance at the grassroots level, continues to receive high priority. To serve a pivotal platform for fostering collaboration, exchange best practices and enhance accountability across the globe, a three- day International Conference on “Strengthening of Grass Roots Democracy and Accountability” was organised from 28 February 2024 to 1 March 2024, with representatives from 11 countries in attendance. The discussions and insights shared by the participating countries during the event were encapsulated in a publication 'Strengthening of Grassroots Democracy and Accountability - International Scenario of Local Governance' which was circulated to International Stakeholders.

In an effort to address the issue of shortage of local auditors, we developed a set of online courses in collaboration with the Institute of Chartered Accountants of India (ICAI) and launched a 'Course for Certified Panchayat/ Municipal Accountants'. These courses, apart from creating a pool of accountants, are envisaged to promote skill development and inculcate professional competence across various tiers of Local Self Government. An International Training Centre for Audit of Local Governance (iCAL) at Rajkot was inaugurated in July 2024. It is a pioneering initiative aimed at building audit capacity and improving service delivery in Local Governments across the globe. It aims to serve as a platform to train and empower auditors, elected representatives and executives involved in Local Government. Instructions/Guidance, in the form of FAQs regarding auditing of Local Governments were issued to Field Audit offices in May 2023.

We have made notable progress in our accounting and entitlement functions during the year. The development of a Pan-India dashboard for voucher-level data analysis, data validation, data-based assurance and data visualisation based on voucher level data is in its closing stages.

SAI India commemorated the third *Audit Diwas* – a day marking the establishment of the CAG of India, on 16 November 2023. The Hon'ble President of India, Ms. Droupadi Murmu graced this occasion with her presence. As part of our outreach activities, a National Online Essay Writing Competition (in English & Hindi) on a selected contemporary topic was conducted for the second time for university students in India. The objective of engaging our young citizens was to improve their understanding of governance and public accountability paradigm and to provide us with insights into their expectations from the institution of the CAG. The winners were awarded cash prizes on *Audit Diwas*.

SAI India is a people driven organisation and our personnel are our assets. In order to recognise and reward the extraordinary and innovative work done by the officers and staff of the organisation, the CAG's Awards for Innovation and Excellence in Public Auditing and Accounting were instituted in 2021. During its third edition in 2023, awards were presented to five teams selected from our offices across the country. The awards recognised projects that demonstrated out-of-the-box thinking and a passion to achieve high quality and streamline our systems. Recognising that in addition to individual excellence, from an organisational perspective it is also important to nurture all round qualitative improvement, awards for the 'Office of the Year' were presented to four offices that showed the best performance on defined criteria in the spheres of Accounting, Auditing and Knowledge & Capacity Building.

Our achievements are a result of the dedicated efforts of our employees. We are conscious of the need for continuous professional development of our people. Our Capacity Building & Knowledge Institutes provide quality training to our employees across diverse domains to build their expertise and equip them with technical skills necessary for their work. Our International Training Centres at Noida and Jaipur offer world class facilities and training in Information Technology and environment areas, respectively, for international and national participants.

In the international domain, we continued as active participants in events organised by the INTOSAI (International Organization of Supreme Audit Institutions) and ASOSAI (Asian Organisation of Supreme Audit Institutions). The CAG of India was elected as the Vice Chair of the Panel of External Auditors of the United Nations for 2023-2024. During the year, four bodies of the United Nations were under our audit jurisdiction namely, the Food and Agriculture Organisation (2020-2025), the World Health Organisation (WHO) (2020-2023), the Organisation for the Prohibition of Chemical Weapons (OPCW) (2021-2023) and the International Atomic Energy Agency (2022-2027). We were also appointed as the external auditor of the International Labour Organization (2024-2027). The term of appointment of SAI India as External Auditor of WHO and OPCW was further renewed for the period 2024-2027 and 2024-2026 respectively. SAI India's appointment as external auditor is a recognition of its standing among the international community as well as its professionalism, high standards, global audit experience and strong national credentials.

SAI India has always accorded great importance to partnerships with other SAIs, to promote sharing of knowledge and experiences for improved professional practices in public sector audit. During 2023-24, we signed three new Memorandums of Understanding (MoUs) with different SAIs. Our bilateral ties with these SAIs not only strengthen our relations with these countries but also serve to enhance mutual cooperation for the development of an improved audit quality regime.

Under the aegis of the Indian Presidency of G20, as Chair of the SAI20 Engagement Group, SAI India hosted the SAI20 Summit. As a result of the Summit, SAI20 Communique was adopted by the member SAIs. Subsequently, SAI India handed over the Chairmanship of the SAI20 Engagement Group to the President of the Federal Court of Accounts - Brazil, Minister Mr. Bruno Dantas in March 2024.

To keep pace with the rapidly changing ecosystem, we have developed and adopted our Strategic Plan for the period 2023-2030. It aims to transform, standardise and institutionalise our processes to enable us to fulfil our mandate with greater efficiency and effectiveness. It comprises 10 strategies under four broad Goals to address our core functions as well as our internal processes. Successful implementation of the strategic plan will aid us in fulfilling our organisational objectives of providing assurance through high quality auditing, promoting accountability and good governance and offering astute insights to the government.

I hope this Annual Report helps our stakeholders, including legislators, executives, academia and members of the public, to get a good insight into our work and to appreciate our efforts towards promoting transparency, accountability and good governance.



(K. Sanjay Murthy)

Comptroller & Auditor General of India

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PREFACE

About this Annual Report

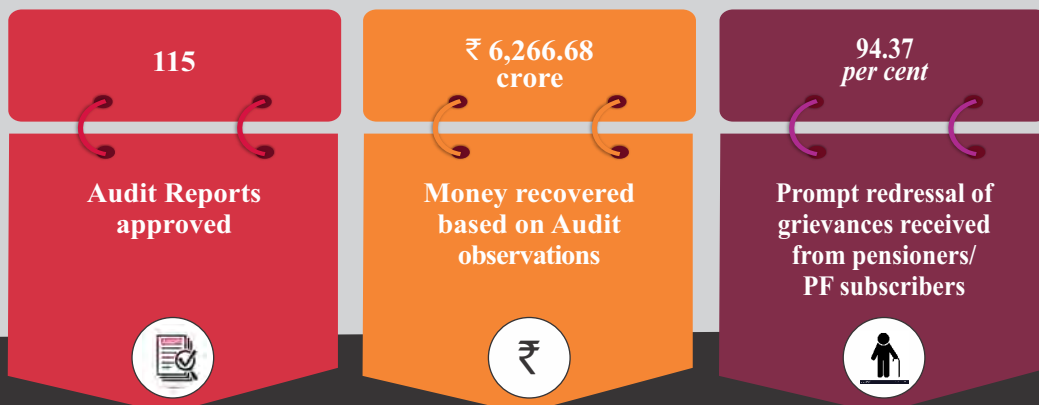
The Constitution of India and laws enacted by the Parliament of India have entrusted the Comptroller and Auditor General of India (CAG) with multifarious responsibilities in the spheres of auditing and accounting. Compiling accounts of Governments of most of the States and conducting audit of activities of the Union & State Governments and their organisations are the major statutory responsibilities of the CAG of India. Besides, the CAG renders advice to the executive in matters relating to accounting standards & policies and the form of financial statements and also performs entitlement functions for some States.

The CAG and the Indian Audit & Accounts Department constitute the Supreme Audit Institution (SAI) of India, together having an obligation to promote financial accountability and transparency in the affairs of the Government.

This report is being presented in fulfilment of the accountability requirements of SAI India. It gives an account of our activities and achievements during the year 2023-24, as also the regularity and efficiency in the use of our resources and the impact of our work.

Our objective is to create awareness and understanding about SAI India. We also seek to inform our clients and stakeholders about our key results and achievements and showcase some of our exceptional work, towards better appreciation of the contribution of the CAG in promoting public accountability and good governance.

KEY FACTS





Statue of Father of the Nation Mahatma Gandhi in the CAG office premises

Section

1

SAI India: Mandate and Structure

- **Chapter 1**
Milestones in the evolution of the Supreme Audit Institution of India
- **Chapter 2**
Mandate of SAI India
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How we manage our resources

CHAPTER-1

Milestones in the evolution of the Supreme Audit Institution of India

1.1 Our legacy

The Supreme Audit Institution (SAI) of India is one of the oldest institutions of India. The role of the Comptroller and Auditor General of India (CAG) has evolved through legislation and practice. Just prior to the first war of Independence in 1857, a major administrative reorganisation was initiated by the then Governor General of India, Lord Canning. This led to the setting up of, for the first time, a separate department with an Accountant General at the helm in May 1858. He was responsible for accounting and auditing of the financial transactions under the East India Company.

After 1857, the British Crown took over the administration of India and passed the Government of India Act, 1858. This Act introduced a system of an annual budget of Imperial Income and Expenditure in 1860. The budgeting system laid the foundation stone of Imperial Audit. Sir Edward Drummond took charge on 16 November 1860 as the first Auditor General.

The term Comptroller and Auditor General of India was first used in 1884. Under the Montagu- Chelmsford Reforms of 1919, the Auditor General became independent of the Government. The Government of India Act, 1935 strengthened the position of the Auditor General by providing for Provincial Auditors General in a federal set-up. Till 1947, when the last British Auditor General, Sir Bertie Monro Staig, handed over the reins, the department remained an integral part of the British administration and provided unified accounting and auditing arrangements for the whole of British India.

Post-Independence, these arrangements continued till the adoption of the Constitution of India in 1950, which created the institution of the Comptroller and Auditor General of India. Shri V. Narahari Rao became the first Comptroller and Auditor General of independent India. The passing of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act by the Parliament in 1971 further strengthened the position of SAI India as an independent constitutional authority with overarching responsibility of oversight over public expenditure.

Dr. B. R. Ambedkar, Chairman of the Drafting Committee of the Constitution, in his speech in the Constituent Assembly, said

“

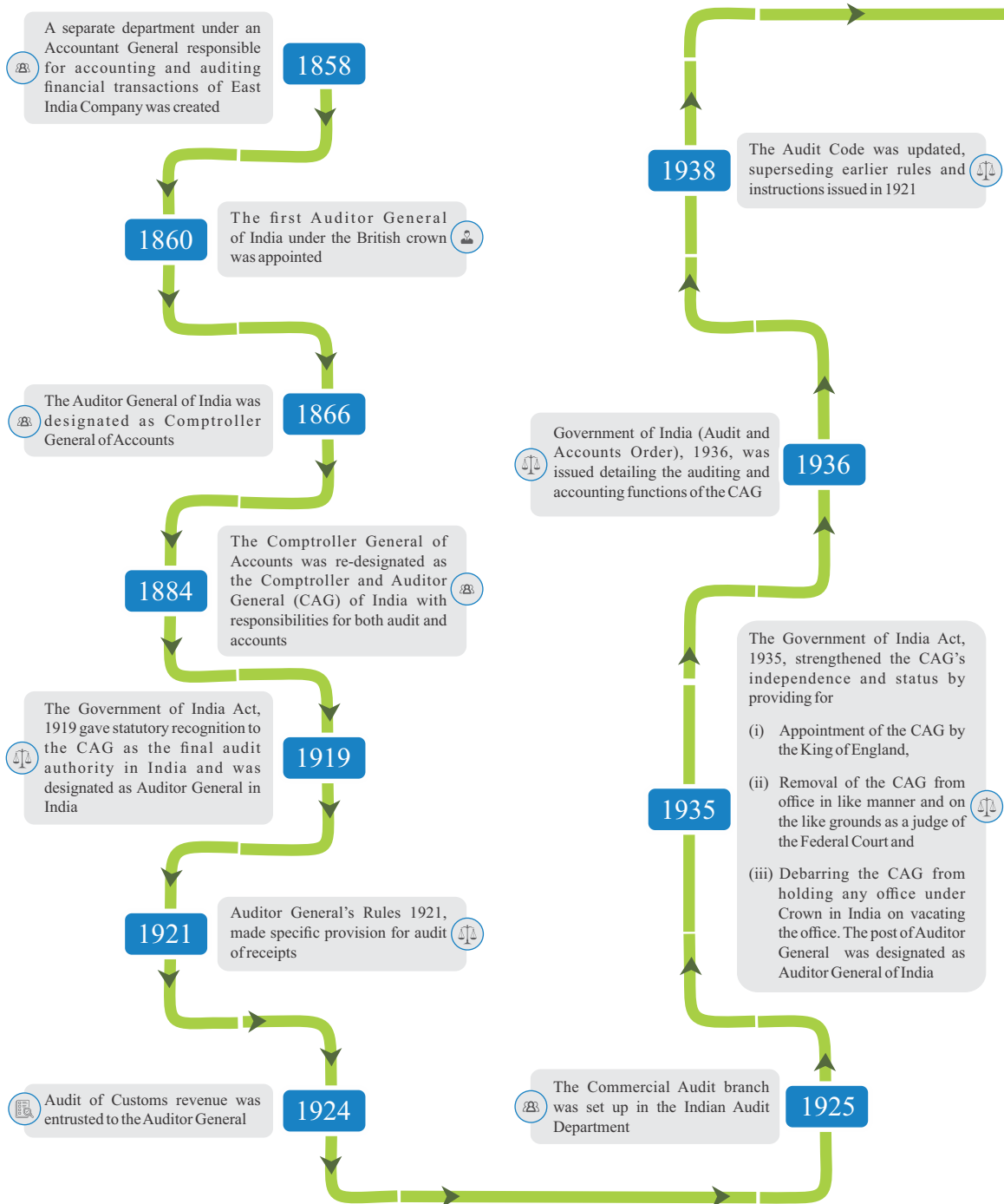
I am of the opinion that this dignitary is probably the most important officer in the Constitution of India. He is the one man who is going to see that the expenses voted by Parliament are not exceeded, or varied from what has been laid down by Parliament in what is called the Appropriation Act.

”

1.2 Important milestones in the evolution of SAI India

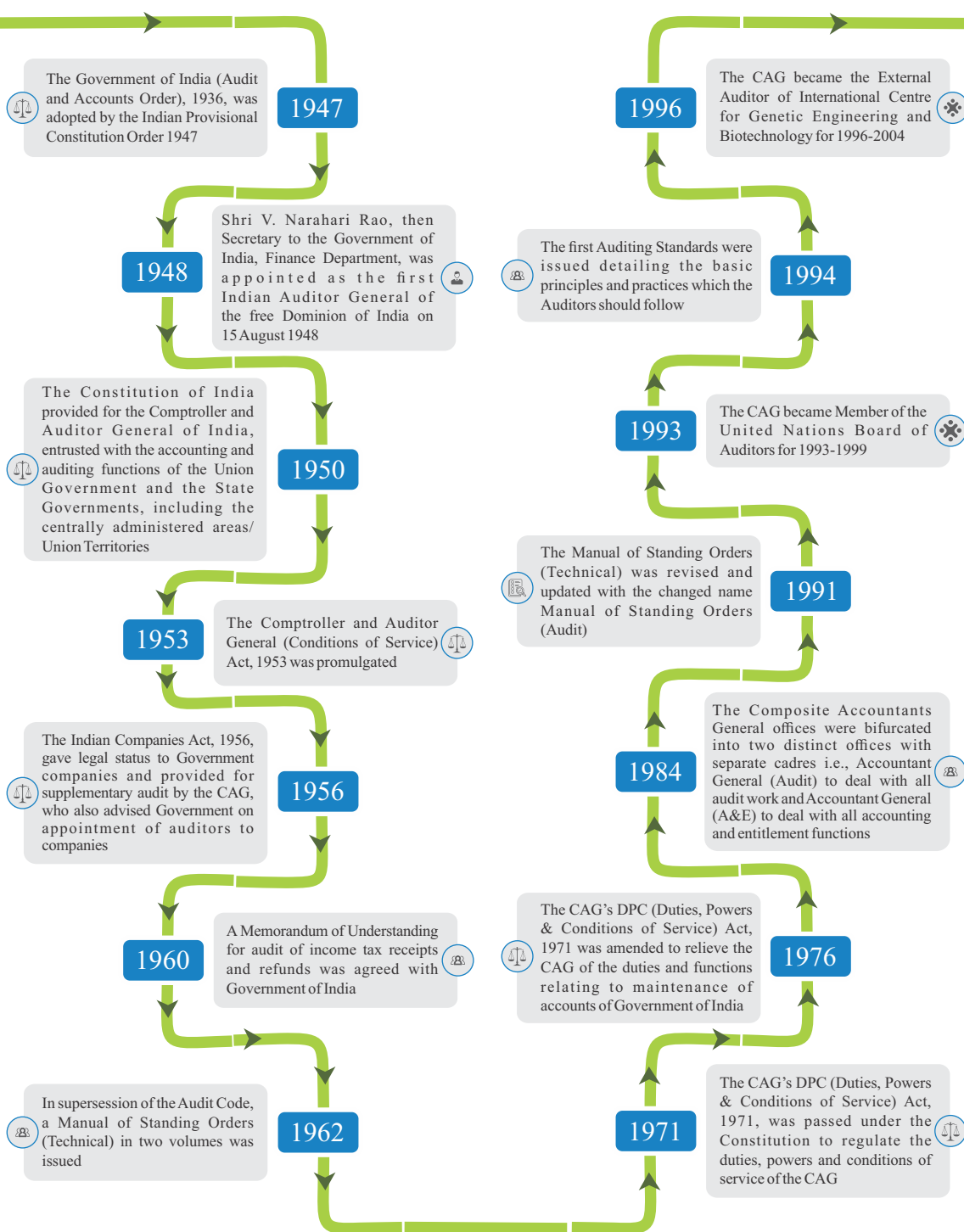
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  Organization
  Audit
  International
  Award

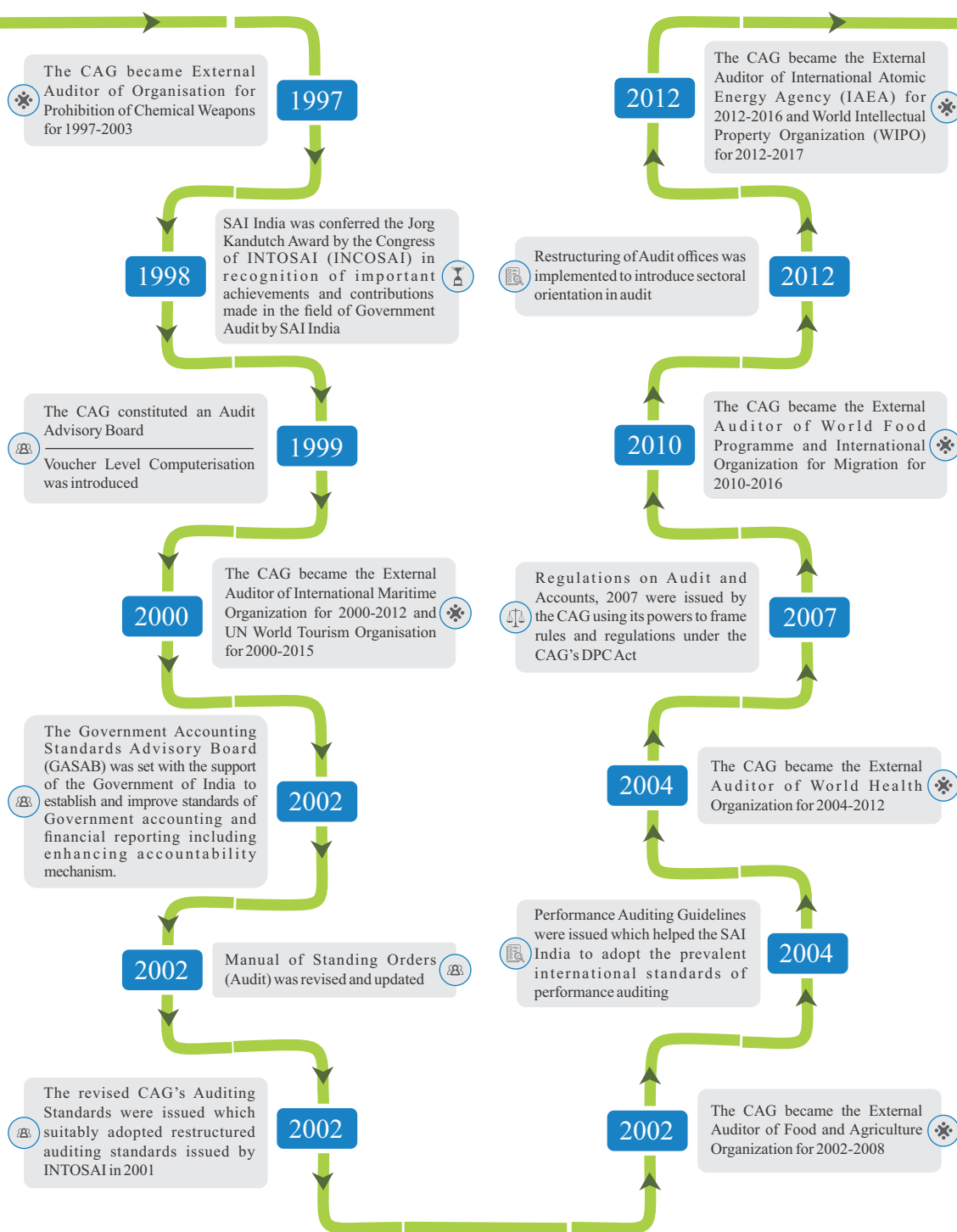
Pre-Independence



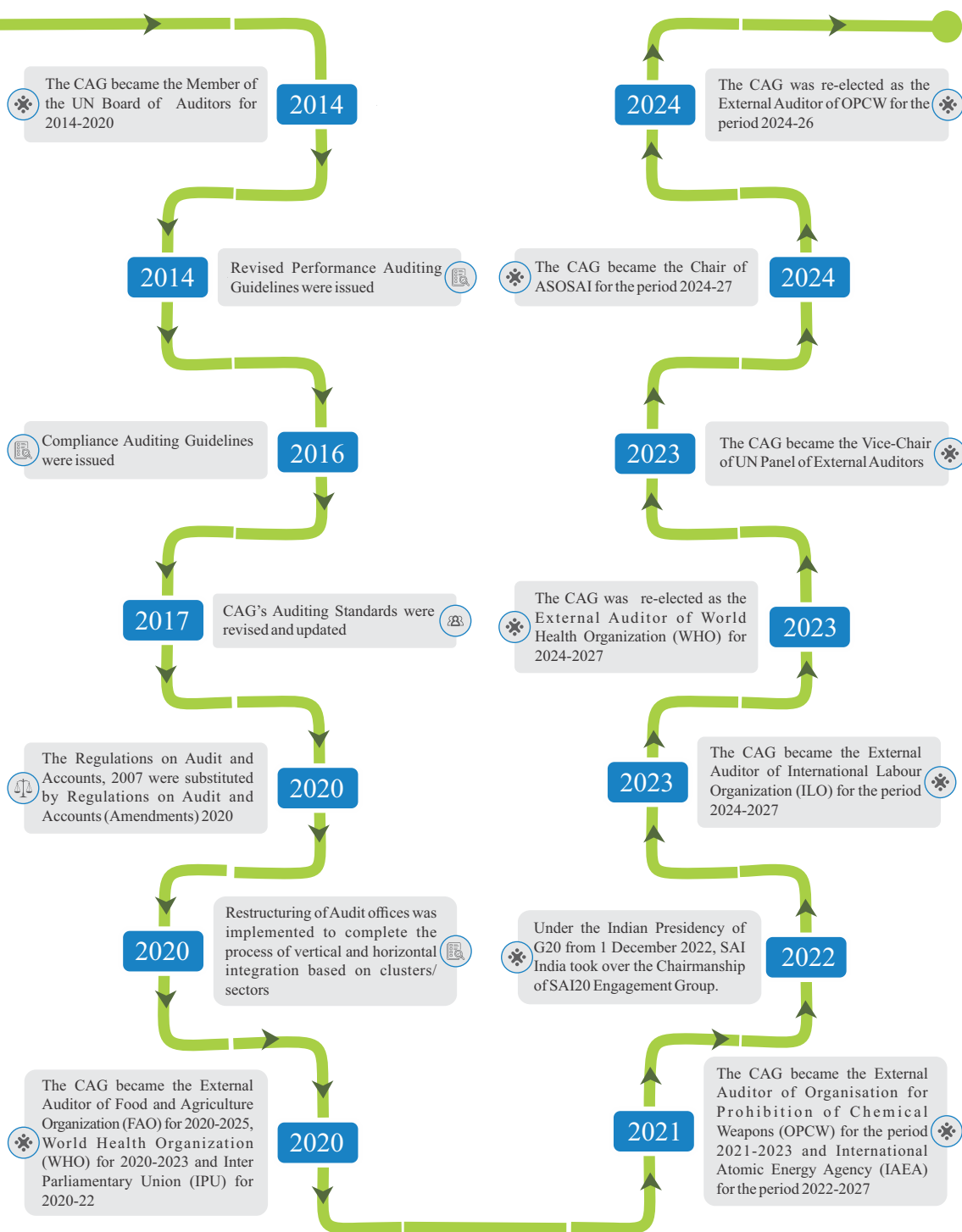
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Post-Independence





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  Organization
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  Award



CHAPTER-2

Mandate of SAI India

2.1 About SAI India

The Comptroller & Auditor General of India (CAG) and the Indian Audit and Accounts Department (IA&AD), functioning under him, together comprise the Supreme Audit Institution of India (SAI India), which is a unified audit mechanism in the federal set up under the Constitution of India. In the Constitutional framework of checks and balances in a Parliamentary democracy, this mechanism is designed to ensure accountability of the executive to the legislature. Audit is an indispensable part of a regulatory system, aimed at ascertaining compliance with the accepted standards of prudent management of public finances. Senior functionaries of SAI India, representing the CAG in the States, are called Principal Accountants General/Accountants General.

The Parliament/State Legislatures approve the annual budgets, as well as supplementary appropriations and authorise the Government to collect taxes. There are financial rules to ensure standards of propriety, regularity and probity in managing public funds. Government Departments and other public bodies are expected to follow these rules and adhere to the framework prescribed therein, when they receive and spend public money. The spending Departments are accountable to the Parliament and State Legislatures for both the quantity as well as the quality of expenditure incurred by them.

Articles 148 to 151 of the Constitution of India prescribe a unique role for the CAG in assisting the Parliament in enforcing the legislative accountability of the Government Departments. The CAG audits the accounts of both, the Union and State Governments, and also compiles the accounts of the State Governments.

The role of the CAG assumes great significance in view of our federal multiparty democracy, wherein both the Union and State Governments are responsible for the formulation and implementation of a large number of schemes involving substantial public resources. There has also been sustained emphasis on growth, inclusive welfare, promotion of technology-enabled development, energy transition and climate action. In response, SAI India is also continuously engaged in re-examining and evolving its processes, infrastructure and capacities to ensure that the CAG's mandate is effectively discharged in the emerging governance models and information technology driven platforms.

Proper accounting and auditing of *Panchayati Raj* Institutions (PRIs) has been an area of concern for successive Central Finance Commissions. Accordingly, we have focused on taking proactive measures for augmenting capacity building of Local Fund Auditors/Examiners of Local Funds and providing support to State organisations while also engaging with stakeholders in an effort to enhance good governance at the grass root level.

2.2 Our Vision, Mission and Core Values



VISION

(Our vision represents what we aspire to become)

Continue to provide independent and credible assurance on public resources and be a global leader in public sector auditing.

MISSION

(Our mission enunciates our current role and describes what we are doing today)

Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent and timely assurance to the Legislature, the Public and the Executive, that public funds are being collected and used effectively and efficiently.



CORE VALUES

(Our core values are the fundamental beliefs that guide our institution and our people)



Institutional Values: Maintaining professional standards, objective and balanced approach, independence and transparency.

People Values: Ethical behaviour, integrity, professional competence, fairness and social awareness.

2.3 Independence of SAI India

The Constitution of India provides for independence of the CAG from the executive branch of the Government of India and the States. Articles 149 and 150 provide for the duties and powers of the CAG. Article 151 prescribes that audit reports relating to the Union and the State Governments are to be submitted to the President of India/ Governor of the State, to be placed before the Parliament or State Legislatures. The CAG is an independent Constitutional authority who is neither part of the Executive, nor of the Legislature.

The Constitution enables independent and unbiased audit by the CAG by providing for:

- Appointment of the CAG by the President of India;
- Special procedure for removal of the CAG, as applicable to a judge of the Supreme Court;
- Salary and expenses of the CAG not being subject to vote of Parliament; and
- Making the CAG ineligible to hold any other Government office after completion of the term.

The Constitution further provides that the conditions of service of persons serving in SAI India and the administrative powers of the CAG shall be such as may be prescribed by rules made by the President, after consultation with the CAG.

Speech of Dr. Rajendra Prasad, the first President of India, on 21 July 1954

“

The CAG has the power to call to account any officer, however highly placed, so far as the State moneys are concerned. Hence he should be provided with all the necessary facilities to enable it to function in a way calculated to ensure the discharge of the duties allocated to it in the best possible manner

”

2.4 Our Accounts Mandate

The CAG's (Duties, Powers and Conditions of Service) Act, 1971¹ (CAG's DPC Act, 1971), promulgated in exercise of powers conferred by the Constitution of India, provides for compilation of accounts of the State governments by the CAG. Besides compiling the accounts, the CAG is responsible for preparing and submitting the accounts to the President, Governors of States and Administrators of Union Territories (UTs) having Legislative Assemblies. He may also give information and render assistance, related to preparation of the accounts. The CAG compiles accounts of the State Governments from the subsidiary accounts submitted by treasuries and other officers of the State Governments. The CAG reports instances where public funds are drawn in excess of

¹ Sections 10, 11, & 12 of the CAG's DPC Act 1971

authorization, highlighting such irregularities in its audit findings. The CAG also actively monitors expenditure patterns and provides advice and reports on excesses, surrenders and lapses of funds.

The Union Government is authorised, after consultation with the CAG, to frame rules, for maintenance of accounts by the Union and State Government Departments, including the manner in which initial and subsidiary accounts are to be kept by the treasuries, offices and departments rendering accounts to audit and accounts offices.

2.5 Our Audit Mandate

2.5.1 CAG's DPC Act, 1971

The audit mandate of the CAG is defined in the CAG's DPC Act, 1971 and certain other laws enacted by the Parliament. The CAG has the mandate to audit and report upon:

- All receipts payable into and expenditure from the Consolidated Fund of the Union and the State Governments;
- All financial transactions in emergencies, outside the normal budget (called the Contingency Fund);
- Inflows and outflows of private monies of the public held by the Government as a trustee or banker (called Public Accounts), at the Central, as well as at the State levels;
- All trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts kept in any Government Department;
- All stores and stock accounts of all Government offices and Departments;
- Accounts of all Government companies and any other company as defined in the Companies Act 2013;
- Accounts of all Regulatory Bodies and other statutory authorities/corporations, where the governing laws provide for their audit by the CAG;
- Accounts of all autonomous bodies and authorities substantially financed by the public exchequer;
- Accounts of a body or authority whose audit is specifically entrusted to the CAG, in public interest, by the President/ Governor /Lt. Governor, under enabling provisions of the CAG's DPC Act, 1971.

The following special responsibilities have also been entrusted to the CAG

- On the recommendations of successive Central Finance Commissions, the States have entrusted the CAG, as per provisions of the CAG's DPC Act, with the role of providing Technical Guidance and Support (TGS) to the Local Fund Audit Wings of State Governments, who are the Primary Auditors of Local Governance. The components of TGS include *inter alia* support and handholding of Primary Auditors for setting of auditing standards, audit planning, adoption of improved audit methodologies and capacity building. In addition, utilisation of funds received as grants-in-aid from Central/State Governments and implementation of Central/ State Schemes by LBs are also audited.

Further, all receipts and expenditure of those LBs are audited which are either substantially financed from the Consolidated Fund of India/ States or where such audit has been entrusted by the State Governments.

- Conducting a review of the performance of the Union Government in meeting its obligations under the Fiscal Responsibility and Budget Management Act.
- Certifying the net proceeds of Central taxes/duties, which are shareable with the States.

2.5.2 Mandate through judicial pronouncement

The CAG has the authority to audit the accounts of even a private company, not normally within the audit mandate of the CAG, if the company has been allowed the commercial use of scarce natural resources under the terms of license, which require the company to share a part of the revenue so generated with the government. This authority was upheld by the Hon'ble Supreme Court of India in its judgment dated 17 April 2014 pertaining to the companies providing telecom services.

2.6 Our Powers

2.6.1 Powers to Audit

In carrying out the above mentioned duties, the CAG has powers² to:

- inspect any office or organisation subject to his audit;
- call for any records, papers, documents from any audited entity;
- decide the extent and manner of audit;
- examine all transactions and question the executive; and
- dispense with, when circumstances so warrant, any part of detailed audit of any accounts or class of transactions and to apply such limited check in relation to such accounts or transactions as he may determine.

2.6.2 Powers of Delegation

The CAG can delegate his powers, under the provisions of the CAG's DPC Act, 1971 or any other law, to any officer of his Department, with the exception that, unless the CAG is absent on leave or otherwise, no officer can submit an audit report to the President or the Governor on his behalf.

2.6.3 Powers to make regulations

The CAG can make regulations for carrying into effect the provisions of the CAG's DPC Act, 1971, in so far as they relate to the scope and extent of audit, including laying down, for the guidance of Government Departments, the general principles of Government accounting and the broad principles in regard to audit of receipts and expenditure.

² Sections 18, 21, 22, 23 & 24 of the CAG's DPC Act 1971

In view of significant developments in the environment wherein public auditors operate such as governance paradigm, changes in government priorities, extensive deployment of IT tools in service delivery and data environment of the government, new form of institutional set ups, judicial interpretation of the CAG's mandate, scope and applicability of public audit provisions etc., the 'Regulations on Audit and Accounts' issued in 2007 under the above mentioned powers were reviewed and have been substituted by the Regulations on Audit and Accounts (Amendments) 2020.

2.7 Different types of Audit conducted by SAI India

The CAG's powers extend to determining the scope, extent, methodology and approach to be adopted in conducting any audit. The CAG conducts Financial Audit, Compliance Audit and Performance Audit or any combination of these types of audits, in accordance with its mandate, standards and guidelines framed by the CAG in this regard.

Types of Audit Conducted by CAG

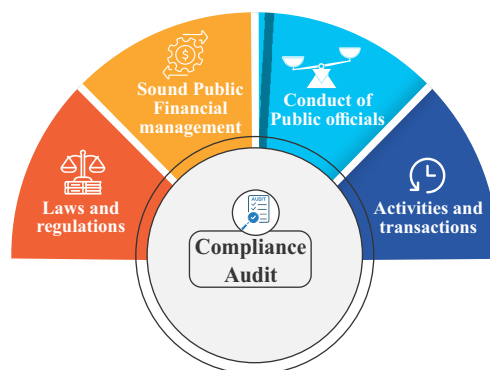
Financial Audit

Financial Audit deals with determining whether an entity's financial statements and information are properly prepared, complete in all respects and are presented with adequate disclosures in accordance with the prescribed financial reporting and regulatory framework; and is accomplished by obtaining sufficient and appropriate evidence to enable the auditor to express an opinion as to whether the financial statements and information represent a true and fair view of the entity's financial situation and are free from material misstatement due to fraud or error.



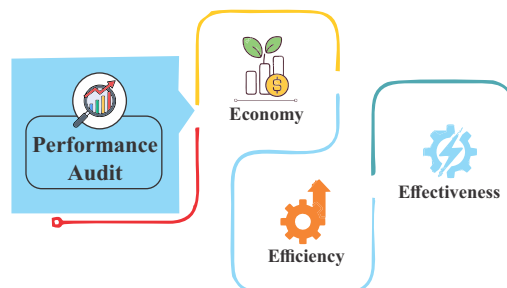
Compliance Audit

Compliance audit is an independent assessment of whether a given subject matter (an activity, financial or non-financial transaction, information in respect of an entity or a group of entities) complies in all material respects with the applicable laws, rules, regulations, established codes etc., and the general principles governing sound public financial management and the conduct of public officials.



Performance Audit

Performance Audit is an independent, objective and reliable examination of whether Government entities, institutions, operations, programmes, funds, activities (with their inputs, processes, outputs, outcomes and impacts) are operating in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement.



CHAPTER-3

Organisation of SAI India

3.1 Organisation of SAI India

The CAG discharges his duties through the Indian Audit & Accounts Department. SAI India is a knowledge-based and human resource driven organisation. It consists of approximately 42,000 employees. The CAG's office located in New Delhi is the headquarters of SAI India. During 2023-24, it was supported by 137 field offices (132 offices spread across India and five offices located abroad) including four Central Training Institutes and 12 Regional Capacity Building & Knowledge Institutes/Centres providing capacity building support.

The Office of the Comptroller and Auditor General of India in New Delhi directs, monitors and controls all activities connected with audit, accounts and entitlement functions of SAI India. It lays down the long term vision, mission and goals of SAI India. It also sets the policies, auditing standards and systems and carries out the final processing and approval of all Audit Reports.

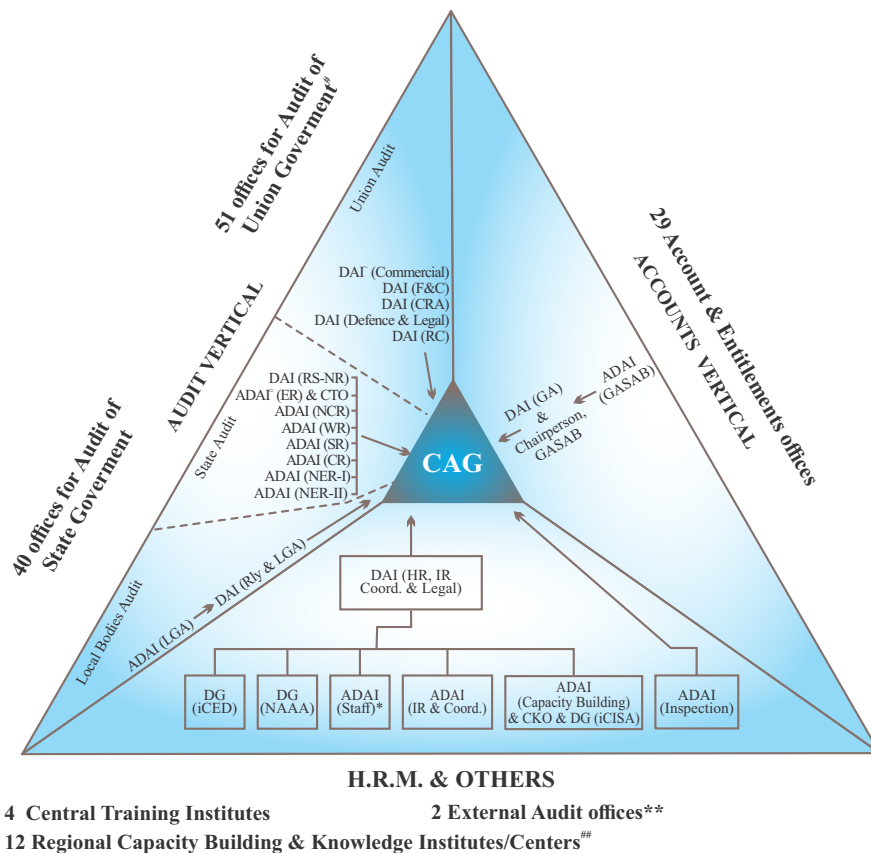
For carrying out these responsibilities, there are separate divisions dealing with Accounts and Entitlement, Civil Audit, Commercial Audit, Defence Audit, Railway Audit, Revenue Audit, State Governments Audit, Local Government Audit, Professional Practices, Strategic Management, Administration of Personnel, Knowledge and Capacity Building, Communication, Inspection of field offices, Big Data Management etc. These divisions are headed by the Deputy Comptroller and Auditors General/ Additional Deputy Comptroller and Auditors General who report to the CAG. They are assisted by Directors General, Principal Directors, Directors and Deputy Directors, who are all senior level managers.

Field offices located in different parts of the country are responsible for carrying out the audit and accounts mandate of the CAG. The audit offices in London, Kuala Lumpur and Washington DC conduct audit of the overseas missions of the Government of India, while our external audit offices in Rome and Geneva carry out the audit of the United Nations' Food and Agricultural Organization and World Health Organization, respectively.

Our verticals are structured according to the functions we perform, viz., Audit of Union Government, Audit of State Government, Accounts and Entitlement and Training & Human Resources.

The organisational set up is depicted in the diagram below:

Organisation Chart of SAI India



~ DAI: Deputy Comptroller and Auditor General

≈ ADAI: Additional Deputy Comptroller and Auditor General

*ADAI (Staff) is holding additional charge of ADAI (GASAB)

#including 3 Overseas Offices at Kuala Lumpur, London and Washington DC

one RCBKC is not a separate office

**Location at Rome and Geneva

The current Organisation chart of the Office of the CAG is available at <https://cag.gov.in/en/organisation-chart>. The web link to each of the field offices is available at <https://cag.gov.in/en/home/our-office/1>.

3.2 Comptroller and Auditor General's Audit Advisory Board

There is an Audit Advisory Board, to advise the CAG on matters relating to audit and suggest improvements in the performance and focus of audit within the framework of the Constitutional mandate of the CAG.

The Board consists of nominated external members who are eminent persons in diverse fields, as well as Deputy Comptroller and Auditors General of the SAI India. The members of the Board function in an honorary capacity. The Audit Advisory Board is reconstituted every two years. The first Audit Advisory Board was constituted in 1999. Since then, as on 31 March 2024, the Board was reconstituted ten times (2001, 2003, 2006, 2009, 2011, 2013, 2015, 2018, 2021 and 2023). As on

31 March 2024, the Eleventh Audit Advisory Board was constituted in April 2023 for the biennium 2023-25. The members of the Eleventh Audit Advisory Board are as follows:

CHAIRMAN



Shri Girish Chandra Murmu
Comptroller and Auditor General of India

MEMBER



Shri Ashok Gulati
Agricultural Economist



Dr. Devi Prasad Shetty
Chairman and Executive Director,
Narayana Health



Shri H. K. Dash
Retired IAS Officer



Prof. Makarand R. Paranjape
Academician



Shri Manish Sabharwal
HR Consultant



Shri Maroof Raza
Retired Indian Army Officer
and National Security Analyst



Shri Nitin Desai
Distinguished Fellow, TERI



Dr. Rajeev Lochan Bishnoi
Credit and Financial specialist



Dr. Ravindra H. Dholakia
Economist



Shri S.M. Vijayanand
Retired IAS officer



Shri P. K. Srivastava
Central Vigilance Commissioner

Ex-officio Members

All Deputy C & AsG

3.3 State Audit Advisory Boards

On similar lines, Audit Advisory Boards have been constituted in the States, under the chairmanship of the concerned Principal Accountants General/Accountants General of Audit Offices. Other Accountants General in the states are ex-officio members of the Board. External members are nominated from amongst eminent academicians, professionals and retired Civil Servants. The objective of the State Audit Advisory Boards is to enhance the effectiveness of our audits, by providing a forum for professional discussion between the senior management of the audit offices and knowledgeable and experienced professionals from varied fields. The Boards meet twice a year and are reconstituted biennially.

CHAPTER-4

Capacity Building Infrastructure

4.1 Capacity Building infrastructure of SAI India

The capacity building infrastructure of SAI India comprises four Central Training Institutes, 10 Regional Capacity Building and Knowledge Institutes and two Regional Capacity Building and Knowledge Centres.

4.1.1 National Academy of Audit and Accounts, Shimla

The National Academy of Audit and Accounts (NAAA) is the apex training institute of SAI India, mandated to conduct the induction training of the Officer Trainees of the Indian Audit & Accounts Service (IA&AS) recruited through the Civil Services Examination conducted by the Union Public Service Commission. NAAA also conducts in-service training for officers from IA&AS and other All India and Central Civil Services.



NAAA, Shimla

NAAA facilitates the nurturing of newly recruited Officer Trainees into a cadre of competent officers, well-versed with contemporary best practices in the field of auditing, accounting, public administration and good governance. The residential induction training, lasting 89 weeks, commences around mid-December every year and is organised in a sandwich pattern of Phase-I, On the Job Training (OJT) and Phase-II training. Phase-I training is bifurcated into Semester-I & II focusing on various aspects of Government and Commercial Accounting; Public Audit, Public Finance, Law and Policy; Administration and Public Expenditure; Costing and Financial Management. Classroom training is supplemented by 30 weeks of On-the-Job training in select field offices (12 weeks in Accounts & Entitlement offices, 16 weeks in Audit Offices & 2 weeks in Administration Section of field offices) across the country for providing hands on experience of working in the field formations of SAI India.

The Officer Trainees are also sent to other academic institutions of excellence for domain specific knowledge including at Indian Institutes of Management (IIMs), National Institute of Public Finance and Policy (NIPFP), Reserve Bank of India (RBI), NITI Aayog, Securities and Exchange Board of India (SEBI), Arun Jaitley National Institute of Financial Management (AJNIFM) and Parliamentary Research and Training Institute for Democracies (PRIDE). Further, the 2021 & 2022 batches were also sent to Centre of Excellence in Digital Audit of Revenue (CEDAR), Bengaluru and Centralised Processing Centre (CPC) of Income Tax at Bengaluru.

During the training at the Academy, focus is also given on the development of interpersonal skills and personality development through sports, cultural, social outreach, and other extra-curricular activities. Various committees of Officer Trainees organise numerous activities/ events during their training period which include, *inter alia*, bringing out 'Academy Calling' and 'Yarrows Dew' magazines, organisation of annual photography-cum-exhibition of the entire SAI India known as 'Abhivyakti', annual debate competition ('Battle of Ideas'), annual quiz competition ('Quriosity'), running of Crèche for children of migrant laborers, organisation of blood donation and health



Yarrows Hostel, NAAA, Shimla

checkup camps, organising various sporting events and cultural programmes.

NAAA also offers mid-career and in-service training to IA&AS officers and the officers of other departments. Specialised programmes are also carried out for All India Services and Central Services like the Indian Civil Accounts Service, Indian Defence Accounts Service, Indian Railway Accounts Service, Indian Railway Traffic Service, Indian Postal Service etc.

4.1.2 International Centre for Information Systems and Audit (iCISA)

iCISA at NOIDA was established in March 2002 and is an ISO 9001:2008 and ISO 27001 certified institution, which strives for ensuring quality systems in training and alignment of IT audit with global best practices. iCISA is a designated Global Training Facility of the INTOSAI Working Group on IT Audit.

iCISA is mandated to impart quality training to officers of SAI India. In addition, iCISA trains senior officers from various services viz., Indian Administrative Service, Indian Forest Service, Indian Defence Accounts Services, Military Engineering Services, Indian Civil Accounts Services and Central Autonomous Bodies, as well as other SAIs.

iCISA's mandate extends to capacity building in the area of Information Technology and e-Governance. It collaborates with institutions and agencies such as Information Systems Audit and Control Association (ISACA) India chapter, leading audit firms, Indian Computer Emergency Response Team (CERT-In), Data Security Council of India (DSCI) and Standardisation Testing and Quality Certification (STQC) Directorate of Ministry of Electronics & Information Technology (MeitY).



iCISA, NOIDA

iCISA conducts International Training Programmes which are of four-weeks duration. The Ministry of External Affairs provides scholarships for these programmes under the Indian Technical and Economic Co-operation (ITEC) Plan. The broad objectives of these programmes are:

- promote bilateral co-operation between the Government of India, which funds these training programmes and other Governments;
- provide a platform at the International level for various SAIs to come together and share their ideas and experiences in various fields of audit; and

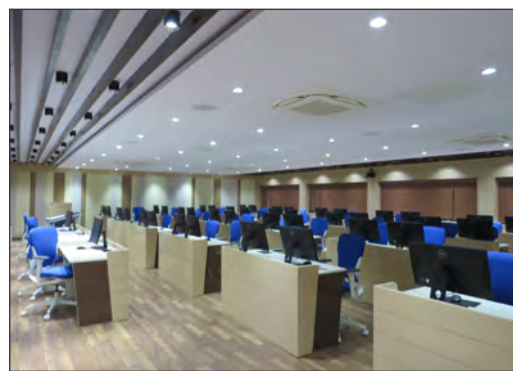
- provide an opportunity to participants from different SAIs to get an exposure to contemporary best practices in audit and focus on emerging audit concerns.

Senior and middle level officers from various SAIs and officers of Governments of countries in Africa, Central Asia, South East Asia, Far East, Middle East, Pacific and East European region participate in these international training programmes.

iCISA also contributes to capacity building of other SAIs under Bilateral Training Programmes. iCISA has designed and delivered customised training programmes for participants from several countries *viz.*, Afghanistan, Bhutan, Chile, Eswatini, Iraq, Jamaica, Maldives, Nepal, Oman, Uganda and Vietnam. The bilateral training programmes are an effective instrument for deepening ties between the SAIs and respective countries.



iCISA Classroom



iCISA Computer Lab

4.1.3 International Centre for Environmental Audit & Sustainable Development (iCED)

iCED, located at Jaipur was established in May 2013 and is a designated Global Training Facility (GTF) of the Working Group on Environmental Audit, and the Working Group on Extractive Industries (since August 2016) of International Organization of Supreme Audit Institutions (INTOSAI). As a GTF, iCED plays a stellar role in enhancing learning, experience and knowledge-sharing and exchange of best practices among peers in both INTOSAI WGEA and ASOSAI WGEA forums. iCED, Jaipur is also a leading institution for conducting training programmes on Environment Audit under the Indian Technical and Economic Co-operation Programme (ITEC) sponsored by the Ministry of External Affairs, Government of India. For its internal capacity-building programme, iCED conducts National Training Programmes on the audit of environmental issues which are specifically aligned with Sustainable Development Goals. Its campus has the unique distinction of being the country's first ever GRIHA (Green Rating for Integrated Habitat Assessment) **five-star rated green building**.



ICED, Jaipur

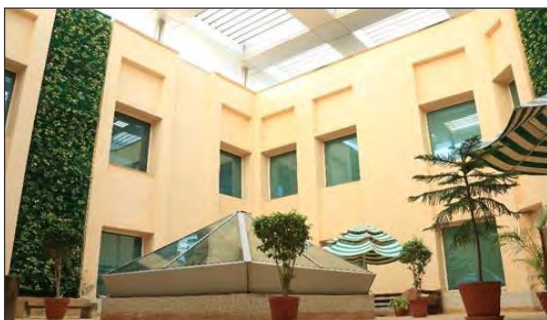
iCED's campus sprawling over 16 acres of land is amidst the picturesque backdrop of the Aravalli hills, just outside the historic city of Jaipur. It has an extensive green belt of nearly 10,537 plants and trees, including shrubs, hedges, and plants of a bio-diverse terrain. Of the total area, 85 *per cent* of the campus is a 'Green Zone' with variegated flora and fauna.

Cementing SAI India's commitment towards environmental conservation, iCED was designed to be a part of the living environment. The campus exhibits many green features viz.,

- Use of fly ash in concrete and bricks
- Weatherproof and climate-resilient building
- Energy efficient features and fixtures in design
- Use of clean energy through Solar Farm
- Water conservation Rainwater Harvesting System
- Reuse of water through Sewage Treatment Plant
- Rare Trees Park

This enhances the commitment of SAI India to the cause of a sustainable environment.

Sustainability on the Campus at iCED, Jaipur



4.1.4 International Centre for Audit of Local Governance (iCAL)

iCAL at Rajkot was inaugurated in July 2024 in order to address the need for capacity building in the field of audit of local governance in the country. The Centre aims to provide training and act as a think tank for audit of local governance, besides strengthening local governance through audit and developing international audit arrangements for local governments. iCAL will also collaborate with international and national organisations, SAIs and training institutions through bilateral exchanges and ITECs.

4.1.5 Regional Capacity Building & Knowledge Institutes /Centres (RCBKIs/Cs)

SAI India has 10 Regional Capacity Building & Knowledge Institute (RCBKIs) and two Regional Capacity Building & Knowledge Centres (RCBKC) located across the country to provide extensive training in Accounts, Audit, Administration, Management and Information Technology for officers/officials of SAI India. The institutes are located in Chennai, Hyderabad, Jaipur, Jammu, Kolkata, Mumbai, Nagpur, Prayagraj, Ranchi and Shillong. The two RCBKCs are located in Bengaluru and Delhi.

The RCBKIs/Cs function as Knowledge Centres for specific areas of specialisation assigned to each of them. As Knowledge Centres, the RCBKIs /RCBKC prepare Structured Training Modules (STMs), case studies and other training materials on topics pertaining to their designated areas of specialisation. They conduct All India Training Programmes in the area of specialisation allotted to them.



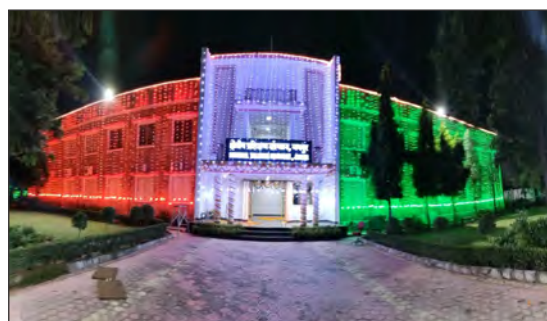
RCBKI Shillong



RCBKI Nagpur



RCBKI Prayagraj



RCBKI Jaipur

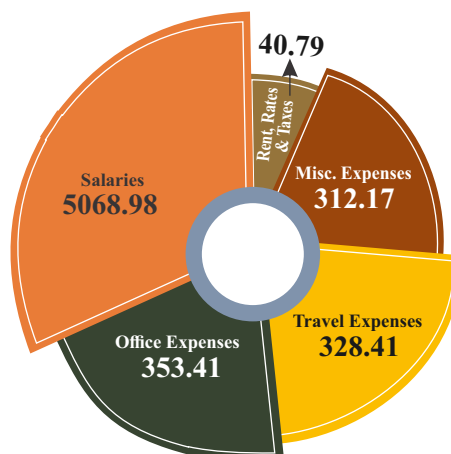
CHAPTER-5

How we manage
our resources

5.1. Financial Management - Components of Expenditure

We spent ₹ 6,103.76 crore in 2023-24. A major share of total expenditure (88.43 per cent) was incurred directly on our human resources – 83.05 per cent on 'Salaries' and 5.38 per cent on 'Travel'. Component wise details of expenditure are given below:

Components of Expenditure (₹ in crore)



Total expenditure for the financial years 2020-21, 2021-22 and 2022-23 were ₹5,035.25 crore, ₹5,352.06 crore and ₹5,871.02 crore respectively.

5.1.1 Expenditure pattern on functional basis

Civil Audit Offices accounted for the largest share of expenditure followed by Accounts & Entitlement Offices. Overall, we spent about 67.89 per cent on Audit (excluding Headquarters). The total expenditure on the Accounts & Entitlement Offices was approximately 24.91 per cent.

Table I.5.1

Category of office	Actual Expenditure (₹ in crore)	Percentage of Expenditure
Headquarters office	3,19.37	5.23
Civil Audit Offices	3,162.92	51.82
Commercial Audit Offices	285.21	4.67
Finance & Communication Audit Offices	184.31	3.02
Railway Audit Offices	301.64	4.94
Defence Audit Offices	161.68	2.65
Accounts & Entitlement Offices	1,520.67	24.91
UN Audit(Office of Directors of External Audit WHO-Geneva and FAO-Rome)	4.03	0.07
Overseas Audit offices	43.66	0.72
Training	82.83	1.36
Centralised procurements	37.44	0.61
Total¹	6,103.76	100

¹ Expenditure pertaining to Sub-head 'Departmental Canteen' has been merged with the routine expenditure with the revision in object head with effect from 1 April 2023.

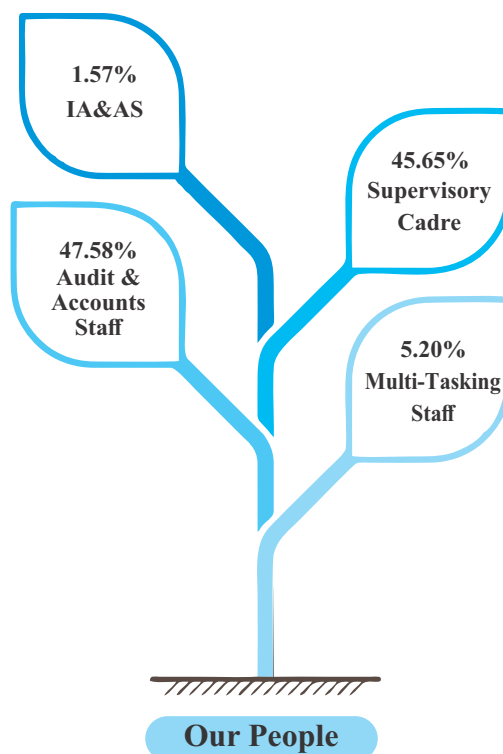
5.2 Human Resources Management

People are our key assets as we are a knowledge-based organisation. ISSAI 40 prescribes that the SAI should establish policies and procedures designed to provide it with assurance that it has adequate number of competent and motivated staff to discharge its functions effectively.

Our manpower is broadly classified into four categories:

Category	Numbers of Officers/Staff in position (as on 31 March 2024)
IA&AS	664
Supervisory Cadre	19,320
Audit & Accounts Staff	20,136
Multi-Tasking Staff	2,200
Total	42,320

In SAI India, 47.22 *per cent* of people are at different managerial and supervisory levels and 47.58 *per cent* people constitute audit and accounts staff. Only 5.20 *per cent* of the total strength provides support function.



Indian Audit & Accounts Service (IA&AS) Officers are recruited through Union Public Service Commission. The top, senior and middle management levels of SAI India are manned by officers from this service. In addition, Senior Audit/Accounts Officers are also inducted into this service by promotions. They constitute the Group A service in Government of India.

Supervisory Cadres - The supervisory cadre consists of Senior Audit/Accounts Officers (Group A- Gazetted), Assistant Audit/Accounts Officers (Group B- Gazetted), and Supervisors (Group B- Non-Gazetted). They form the critical operational management in our hierarchy. Assistant Audit/Accounts Officers come through either by direct recruitment process conducted by the Staff Selection Commission or are promoted to the cadre after passing all India departmental examinations popularly known as the Subordinate Audit/Accounts Services Examination.

Audit & Accounts Staff - Data Entry Operators (DEOs), Clerks, Auditors/ Accountants, Senior Auditors/ Senior Accountants and Assistant Supervisors form this cadre and constitute 47.58 *per cent* of our total manpower. They are recruited by the Staff Selection Commission or promoted from feeder cadre.

Multi-Tasking Staff - All support functions in various SAI India's offices are carried out by multi-tasking staff.

5.2.1 Qualifications

The IA&AS cadre has 15 doctorates, 232 post graduates and 413 graduates. Out of them, 395 are professionally qualified² officers. Officers and staff in the non-IA&AS cadre of Group 'A', 'B' & 'C' are also well qualified. We have 64 doctorates, 4,707 professionally qualified personnel, 4,889 post graduates and 21,839 graduates in these cadres.

5.2.2 Recruitment

Optimal staffing in the field offices continued to be a focus of the department during 2023-24. Requisitions placed with Staff Selection Commission for direct recruitment to the posts of Assistant Audit Officers, Divisional Accountants, Auditors, Stenographers have materialised during 2023-24.

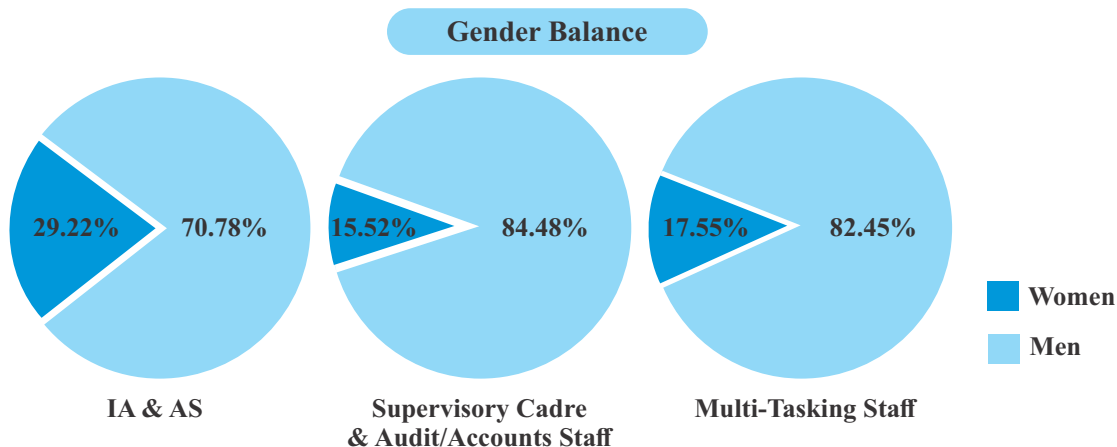
- We recruited 8,048 persons in 2023-24 *viz.*, 1,986 Assistant Audit/Accounts Officers, 4,609 Auditors/ Accountants, 923 Divisional Accountants, 144 Junior Translators, 86 DEO Grade 'A' and 300 Stenographer Grade-II.
- During the year 2023-24, 391 consultants were appointed on specific requirement basis.

² Engineers, Managers, Doctors, CA, ICWA, CFE, CISA, etc.

5.2.3 Gender Balance

The table below shows the gender profile of the Department in different cadres.

Category	Women	Men
IA & AS	194	470
Supervisory Cadre & Audit/ Accounts Staff	6,125	33,331
Multi-Tasking Staff	386	1,814
Total	6,705	35,615



While the proportion of women was 15.52 and 17.55 *per cent* in case of supervisory cadre and Multi-Tasking Staff respectively, it was higher in IA&AS at 29.22 *per cent*.

5.2.4 Staff Associations

We have 226 Staff Associations and five All India Federations representing audit and accounts staff and supervisory cadres. State level meetings were periodically held by the Principal Accountants General/Accountants General with the concerned field level Service Associations.



Statue of Dr. B.R. Ambedkar in the CAG office premises

Section

2

Fulfilling our Mandate

- **Chapter 1**
Fulfilling our Audit Mandate
- **Chapter 2**
Fulfilling our Accounts Mandate

CHAPTER-1

Fulfilling our Audit Mandate

1.1 Our Audit Process

The audit process at the SAI India level and the individual audit office level follows several stages, as depicted in the following diagram:



The Strategic Plan provides the overarching framework for planning in the SAI India on all significant areas for a longer time horizon. Annual Audit Plans developed by each field office contain the details of the individual audits planned during the annual audit cycle. The annual plan exercise takes into account the periodicity of audit, as determined by audit mandate; risk assessment; and other relevant parameters, including significance of the issue or unit and human resources available. The selection of topics for Performance Audit is guided by various considerations such as risk assessment, materiality and significance, visibility of the subject, past audits, estimated impact, coverage and stage of the programme development etc.

We also develop detailed audit programmes describing the audit teams to be deployed, the time allotted and the exact dates of the audit. The audit teams conduct audit based on prescribed audit norms, using different techniques for collecting reliable, competent and sufficient audit evidence to support their audit conclusions. They are guided by the auditing standards of SAI India and other instructions issued from time to time.

On completion of an audit, an Inspection Report is issued to the audited entity. Audit findings of high value, or those that may have a significant impact, are further processed for inclusion in the Audit Reports of the CAG for laying in the Parliament/State Legislatures at the Union and State levels.

The audited entities are expected to take action on the shortcomings pointed out and the recommendations made in the Audit Reports and send Action Taken Notes on the audit observations included in the Audit Reports. The Audit Reports issued by the CAG to the Union and State Legislatures are discussed by the respective Public Accounts Committees (PAC) and Committees on Public Undertakings (COPU). Action taken on audit observations and recommendations is also examined and reported upon during subsequent audits.

The Audit Committees constituted by audited entities are a mechanism for follow up of audit findings. The Audit Committees, consisting of officials from the audited entity and the SAI India, monitor the follow-up process, to bridge any perception gaps and to improve levels of communication, besides discussing and resolving outstanding audit observations.

1.2 Strategic Plan 2023-30

The public sector in India is witnessing rapid changes in governance mechanisms - the manner in which business is conducted, services are delivered, information is processed and risks are managed. The transformation and increasing digitisation of governance processes presents several opportunities and challenges. We need to keep pace with the changing ecosystem so that we are well equipped to provide timely and high quality auditing and accounting services. It is, therefore, incumbent on us to align our priorities with those of the Government and identify Goals and Strategies that will guide our course of action. This necessitated the development and adoption of our Strategic Plan for the period 2023-2030.

The Strategic Plan of SAI India for the period 2023-30 aims to transform, standardise and institutionalise our processes to enable us to achieve our mandate with greater efficiency and effectiveness. This plan is driven by several key factors, having a significant influence on our ecosystem viz., Digital transformation, Greater decentralisation, Knowledge-centric approach, Good Governance, Stakeholder relations and Quality assurance.

Our Strategic Plan 2023-30 comprises 10 strategies under four broad Goals to address our core functions as well as our internal processes. The Goals and Strategies are as follows:

Goal 1 - To Promote Good Governance and accountability through Professional and Effective Public Sector Audit

The first Strategic Goal is aimed at streamlining our processes to enhance quality of auditing and reporting, so as to achieve meaningful audit outcomes. Under this Goal we have devised the following five strategies, aimed at adopting improved practices in audit planning, execution and reporting so as to provide better value and timely impact through improvements in audit quality and reporting.

Strategy 1 - Making the Audit Planning process more effective by creating a medium three-year term audit plan

The strategy is to focus on one key theme that is most relevant from a citizen centric point of view, and covering that sector in audit planning and implementation through a horizontal audit spread over a three-year period. Timely alignment of audit to the relevant Sustainable Development Goal is an important consideration in this approach. The key deliverables will be multiple Audit Reports over the three-year plan period followed by a sectoral compendium after the three-year plan period.

Strategy 2 - Mainstreaming Local Government Audit

The Local Government forms the third tier of governance and implements a vast majority of Central Schemes, Centrally Sponsored Schemes and State Schemes. Recognising the need to assess the performance of Local Governments in the delivery of benefits at the ground level, we have developed this strategy to mainstream and augment the audit of Local Governments.

Strategy 3 - Ensuring enhanced quality of audit by peer review/ technical audit

The objective of this strategy is to ensure high quality performance in sync with prescribed guidelines as well as best practices, across the Institution, through peer reviews and technical inspection. The intent is to ensure enhanced quality of audit and percolation of the consequent learning through the entire organisation and especially to the cutting edge.

Strategy 4 - Making Action Oriented Effective Recommendation in Inspection Reports and Audit Reports so that monitoring and follow up are done more aggressively

Audit Reports which point out deficiencies with recommendations of the auditor as to what should be done in order to rectify these deficiencies, after studying the root causes for the deficiencies, are more likely to be acted upon and followed up.

In this light, this strategy envisions that for efficient monitoring and follow up of Audit observations, SAI India should adopt recommendation based reporting in its Audit products.

Strategy 5 - Creating institutional arrangements for Knowledge Management and Sharing

For conducting audit and for expressing fair audit opinions, current information and 'knowledge' are corner stones for any SAI. With increased digitisation and availability of data across numerous platforms, there is a need to collate all such 'knowledge' under one system so that such 'knowledge' could be easily retrieved and exploited more effectively. This strategy, thus, envisages setting up a formal and structured 'Knowledge Management System' within SAI India that will facilitate easy acquisition, analysis, communication, utility and sharing of 'knowledge' within the organisation.

Goal 2 - To enhance public outreach and communication with stakeholders

This Strategic Goal has been determined entirely around our stakeholders; with the intention of widening our outreach with them and harnessing our strengths to provide value to their functions. Three strategies have been designed towards fulfilment of this goal. The strategies are as below:

Strategy 6 - Introducing and expanding use of value added audit products like Departmental Appreciation Notes (DANs), Management letters, study reports, compendia etc., so that they act as 'Aids to Management'

This strategy envisions preparing newer audit products, in addition to our Audit Reports, which would facilitate a more comprehensive understanding of issues at the granular level. The range of information, knowledge and analysis available with SAI India is proposed to be used to develop specific tailor made value added products for our stakeholders which will assist them in taking informed decisions on major issues of concern in audit.

Strategy 7 - Celebrating occasions like Audit Diwas to engage more closely with stakeholders (Communication Policy)

Globally, SAIs have acknowledged the importance of engaging with stakeholders in a bid to increase their knowledge and understanding of the role and responsibilities of the SAI and to ensure understanding of the SAI's audit work and results. Such engagement helps in understanding expectations of our stakeholders and helps build their trust in our contribution towards good governance. The objective of this strategy is to expand the communication and outreach of SAI India

in disseminating the results of our audits as well as to highlight other facets of our functioning and SAI India's presence in international arena. We aim to enable a coherent view within SAI India regarding all aspects of communication and its outreach.

Strategy 8 - Proactively encouraging and engaging with Central and State Governments to build and strengthen institutional arrangements for internal audit and risk management

Better management of risk and better internal controls in Government will go a long way in aiding the assurance that is to be given by the CAG on the accounts of the Government. This strategy, hence, intends to encourage and facilitate the Central and State Governments in building and strengthening institutional arrangements for internal audit and risk management.

Goal 3 - To add value in Public Financial Management, Accounts and Entitlement Functions

This Goal comprising of a single strategy aims to harness the financial data available with our accounts and entitlements vertical to strengthen Public Financial Management and add value to the audit function through financial information analysis.

Strategy 9 - Transforming Accounts and Entitlement offices into analytics platforms for adding value to the audit function and supporting financial information analysis

Accounts and Entitlement (A&E) offices of SAI India are the first touch point of the State Governments in the Public Financial Management space. Integrating A&E offices with State Systems and the IT revolution improves access to financial information flows and big datasets.

The strategy is to transform A&E Offices into analytics platforms that would produce outputs to aid Public Financial Management and continuously provide inputs to support the audit function. IT enabled continuous improvements would further drive service delivery of the entitlement functions.

Goal 4 - To strengthen IT resource Management within the Supreme Audit Institution of India

This strategic goal envisions strengthening of our internal processes by leveraging Information Technology in different functional areas. The following strategy has been designed to achieve this goal.

Strategy 10 - Leveraging Information Technology to drive higher performance in SAI India

Recently we have achieved a major milestone by successfully on-boarding all our audit offices on the One IA&AD One System (OIOS) platform for complete audit process automation. This strategy, further, outlines the way forward for 2023-30 for upgrading the existing IT infrastructure in the organisation and to strengthen our IT based capabilities in different functional areas viz.,

- Audit - Audit Process Automation, Data Analytics and IT audits;
- Entitlements;
- Accounts and other A&E applications;
- Administration and other related areas; and
- IT infrastructure

The Strategic Plan for SAI India for the period 2023-30 is available at https://cag.gov.in/uploads/media/project_flip_book/index.html.

Strategy Managers in respect of each of the 10 Strategies have been nominated to put in place a framework for monitoring the implementation of the strategies. A Strategic Plan Monitoring Committee with Deputy Comptroller and Auditor General (HR, IR, Coord. & Legal) as Chair and the Strategy Managers as other members has also been constituted (in January 2024) to holistically monitor the progress in implementation of the Strategic Plan.

1.3 Highlights of the Annual Audit Plan 2023-24

The Annual Audit Plan 2023-24 accorded priority to the mandatory Financial Attest Audit related assignments. Our coverage of Compliance and Performance audits was guided by risk assessment and optimal utilisation of our remaining resources, with emphasis on quality and timeliness of Audit Report.

After holding several interactions with stakeholders and experts, All India Performance Audits on '*Rashtriya Uchchatar Siksha Abhiyan (RUSA)*', 'The Green India Mission', 'Cluster based schemes of Ministry of Micro, Small and Medium Enterprises' and 'Smart Cities Mission' were initiated during 2023-24. Besides these, we took up cross cutting audits on 'Implementation of *Pradhan Mantri Khanij Kshetra Kalyan Yojana* including District Mineral Fund Trusts (DMFTs)'.

1.4 Key Results and Achievements in Audit

Key functional areas of the SAI India include audit of the Ministries/Departments of the Union and State Governments, Public Sector Undertakings (PSUs) and Autonomous Bodies under them and Local Bodies. SAI India conducts Financial, Compliance and Performance audits in each of these functional areas.

The main outputs of these audits are Inspection Reports and Audit Certificates with Separate Audit Reports that are issued to the management of the audited entity. Significant audit observations reported in these audit products are included in Audit Reports of the CAG, which are placed before the Parliament/State Legislatures under provisions of Article 151 of the Constitution of India. Ensuring the quality and timeliness of these audit products is a key result area of the SAI India. In the following paragraphs, we report on the audits performed by us and the highlights of our audit products during 2023-24.

1.4.1 Financial Attest Audit

Besides the Financial Attest Audit of annual accounts of the Union and State Governments, Autonomous Bodies and PSUs, the SAI India also certifies the expenditure incurred on externally aided projects, as part of aid agreements.

In 2023-24, we examined 7,442 accounts of Union and State Governments, PSUs, Autonomous Bodies, Externally Aided Projects and other entities and issued audit certificate/comments for each account. Of these, only 1,495 accounts were received within the prescribed time. However, despite late receipt of majority of accounts, we issued 5,784 audit certificates/comments within time.

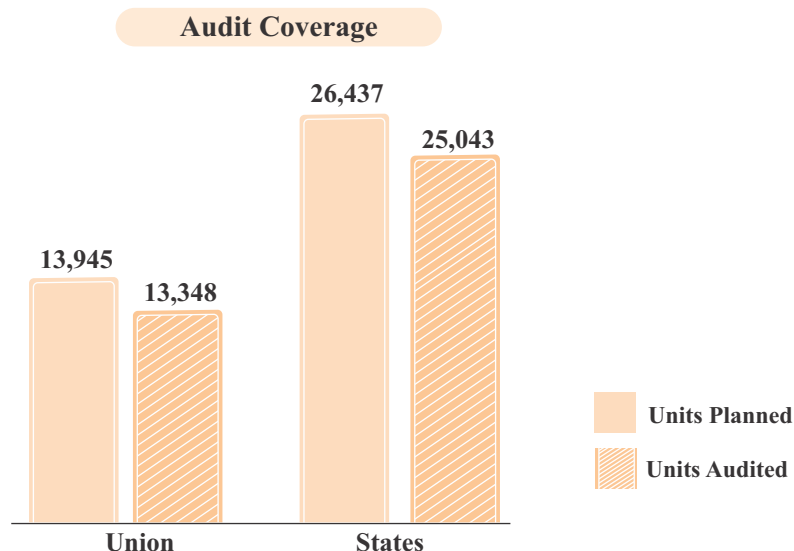
Accounts relating to	No. of accounts examined	No. of accounts received within prescribed time	Certificates issued within prescribed time
Central/State Government	214	140	145
PSUs (Central/State)	1,698	744	1,145
Autonomous Bodies (Central/State)	1,243	424	592
Externally Aided Projects (Central/State)	198	95	132
Others (Central/States) ¹	4,089	92	3,770
Total	7,442	1,495	5,784

The delays in certification of accounts were mainly on account of delay in receipt of accounts from the audited entity, delay in receipt of reply/response from the Management/Statutory Auditor, receipt of accounts for more than one year etc.

1.4.2 Compliance Audits

1.4.2.1 Audit Coverage

A total of 40,382 units were planned for audit during 2023-24. Against this, 38,391 units were audited during the year. The graph below shows that 95.72 *per cent* of the planned audits at the Union level and 94.73 *per cent* of the planned audits at the State level were completed.



¹ 'Others' include Gram Panchayats and proforma accounts of departmental undertakings of commercial nature including Centrally Sponsored Schemes

1.4.2.2 Inspection Reports

Inspection Reports (IRs) are issued on completion of every audit to the audited entity. Of the 38,391 units audited during the year, IRs in case of 22,603 units (58.88 *per cent*) were issued in 2023-24. In addition, 5,682 IRs were also issued for the units audited prior to 2023-24.

At the Union level, 78.96 *per cent* of the IRs were issued on time i.e., within 30 days, while at the State level, the on-time performance was 69.51 *per cent*.

Inspection Reports	Inspection Reports issued for Units actually audited during the year	Inspection Reports issued for units audited prior to 2023-24	Total Inspection Reports issued during the year	Inspection Reports issued within 30 days	Percentage of Inspection Reports issued within 30 days
Union	8,062	1,527	9,589	7,571	78.96
States	14,541	4,155	18,696	12,995	69.51
Total	22,603	5,682	28,285	20,566	72.71

1.4.2.3 Audit observations reported in Compliance Audit Reports

Significant audit observations made during compliance audit are included in the Compliance Audit Reports of the CAG. A total of 629 audit observations (162 in the Union Audit Reports and 467 in the State Audit Reports) were included in the Audit Reports approved during 2023-24. Important topics for Standalone Compliance Audit Reports were 'Information Systems Audit of Selected CPSEs' and 'Regional Connectivity Scheme- UDAN (*Ude Desh ka Aam Naagrik*)'. Besides, Subject Specific Compliance Audits on Conservation of Heritage Building of DoP, Estate management in BSNL, Setting up of 25,000 Wi-fi hotspots in BSNL Rural Telephone Exchanges, Management of Health Services in Indian Railways and Management of Parcel Services in Indian Railways were also undertaken.

At the Union level, 86 of the 162 audit observations were accepted and 20 were partially accepted by the audited entities. At the State level, of the 467 audit observations, 223 were accepted and 94 were partially accepted by the audited entities.

1.4.3 Performance Audits

Apart from All India Performance Audits and Horizontal Audits mentioned in paragraph 1.3, the other important topics taken up for Performance Audit at Union and States level were 'Government e-Marketplace', 'Integrated Child Development Service Schemes', 'Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) Scheme', 'Operational and Financial Performance of Major Ports', 'Ex-servicemen Contributory Health Scheme (ECHS) (Including audit of 'Welfare measures for defence personnel and injured personnel)', 'Cleanliness and Sanitation of long-distance trains under *Swachh Rail, Swachh Bharat Mission* of Indian Railways', 'Establishment of New AIIMS', 'Development initiative of Central Warehousing Corporation in evolving warehousing sector', 'Implementation of *Har Ghar Nal ka Jal Yojana in Bihar*', 'Management of Tribal land in Jharkhand', 'Mining of Iron Ore' – Chhattisgarh, 'Activities of Odisha Mining

Corporation Limited', 'Working of Uttar Pradesh Rajkiya Nirman Nigam Ltd', 'Integrated Power Development Scheme of ESCOMs', 'Strengthening of Public Finance Management in Rajasthan', 'Promotion and Development of Tourism in Maharashtra.

1.4.4 Audit Reports

Article 151 of the Constitution envisages that the CAG will prepare and submit reports to the President or the Governor for laying in the Parliament or the State Legislatures, as the case may be.

During 2023-24, 115 Audit Reports were approved, of which 21 Reports were to be tabled in the Parliament and 94 in the State Legislatures. Out of 115 Audit Reports, 12 Union Audit Reports and 26 State Audit Reports were presented to the Parliament and the State Legislatures respectively during 2023-24. Further, five Union Audit Reports and 48 State Audit Reports approved prior to April 2023 were also presented to the Parliament and State Legislatures respectively during 2023-24.

The Reports of the CAG, after they are tabled in the Parliament/State Legislatures, are placed in public domain at <https://cag.gov.in/en/audit-report>

1.4.5 Impact of Audit

1.4.5.1 Acceptance of Recommendations made by Audit

Between 2020-21 to 2022-23, on an average, annually 823 out of 2,238 recommendations made in the approved Audit Reports were accepted by the audited entities.

The status of recommendations made in the 115 Audit Reports approved during 2023-24 was as under:

Audit Reports	No. of Audit Reports approved during the year	Recommendations made	Recommendations accepted
Union Government	21	347	156
State & Union Territory Governments	94	1,798	959
Total	115	2,145	1,115

Thus, 2,145 recommendations were made in the 115 Audit Reports approved during 2023-24, of which 1,115 recommendations were accepted by the audited entities.

1.4.5.2 Recoveries at the instance of Audit

Some of our audit observations pertain to underassessment of taxes or specific loss to the exchequer, necessitating recoveries from the concerned parties. Recoveries made at the instance of Audit, during the year 2023-24, are indicated below:

(₹ in crore)

	Recoveries accepted	Recoveries effected
Union Government	18,375.31	4,558.07
State Government	44,057.79	1,708.61
Total	62,433.10	6,266.68

1.4.5.3 Impact of the Audit of Annual Accounts of PSUs

(i) Financial impact

In the case of annual accounts of Government companies and corporations, we conduct supplementary audit, under section 143(6) of the Companies Act, 2013. Supplementary audit of accounts of 1,403 companies and corporations (both Union and States) was conducted during 2023-24 and the impact of these audits on the accounts was: (a) amendment to Notes to the Accounts: ₹ 75,479.01 crore (b) classification mistakes: ₹ 1,11,365.07 crore (c) changes in profit and loss: ₹ 55,883.75 crore, and (d) changes in assets and liabilities: ₹ 2,58,849.23 crore.

(ii) Revision in the Statutory Auditor's Report

Based on audit enquiries/comments issued during certification audit for the year 2022-23, the Auditor's Reports were revised in the case of **Bharat Dynamics Limited (BDL)**, **BEML Land Assets Ltd. (BLAL)**, **BEML Limited**, **Mishra Dhatu Nigam Limited (MIDHANI)**, **Vignyan Industries Limited (VIL)** and **BEL Thales Systems Limited**.

(iii) Changes in Accounting Policies/Notes to Accounts (CPSUs)

Management Letters and audit observations issued in the course of supplementary audit had the following impact:

- Based on the Management letter issued in May 2023, the Accounting Policy in respect of capitalisation of assets, was modified by **Airports Authority of India (AAI)**.
- Based on the Management letter issued on the Annual Accounts for the year 2021-22, **Cotton Corporation of India Limited** made a disclosure regarding the aging schedule of Trade Payables in respect of MSME and others as per MCA notification, in their Annual Accounts for the Financial Year 2022-23.
- Based on Audit Observation, **Hindustan Petroleum Corporation Limited (HPCL)** has incorporated the following policies in their Notes to Accounts for Financial Year 2022-23:
 - A policy in respect of capitalisation of Natural Gas Assets
 - A policy on Capital work-in-progress
- Based on Audit Observation on Standalone Accounts for the year 2022-23, **NMDC Limited**, in its accounts, has incorporated disclosure such as mine-wise details of lease number, description of mines, lease period, useful life of the mines, perceived risks involved in the operation of defined employees benefit plans etc.
- Based on the Management letter issued, **Oil India Limited (OIL)** has changed its Accounting Policy in the Financial Statements for 2022-23 in respect of physical verification of inventory.
- Based on the Audit Enquiry on accounts for the year 2022-23, **KIOCL Limited** has modified its existing accounting policy on Inventories.

- Based on the Audit Enquiries issued, Corporate Office of **Bharat Electronics Limited (BEL)** issued Guidelines to bring uniformity in practice across all the Units relating to Onerous Contract Provision.
- Based on Audit Enquiries, **Hindustan Aeronautics Limited (HAL)** changed the Inventory provision accounting from LIFO to FIFO. It also made Changes in the rules of payment of Vacation Leave (VL) encashment for employees on the basis of the Inspection Report observation.
- Based on Audit Enquiries, **BEML Limited** disclosed all property taxes paid by BEML on BLAL properties as a loan to BLAL in BEML books. It also cleared travel advances paid to employees and pending for more than three years during the financial year 2023-24. The Company also settled all the Work orders pending closure for more than three years during the financial year 2023-24.
- Based on Audit Enquiries, **Mishra Dhatu Nigam Limited (MIDHANI)** reclassified the material aged more than five years which can't be further processed directly as Rejects in the Scrap category for further processing in re-melting and Mapping of WIP items with sale orders.

(iv) **Changes in Accounting Policies/Notes to Accounts (SPSUs)**

(a) **Karnataka**

- Based on the comment raised during the supplementary audit of Annual Accounts of **Karnataka Power Corporation Limited (KPCL)**, the State Government has issued orders to ESCOMs to incorporate, in their books of accounts, the finally reconciled and agreed outstanding Power Purchase Cost dues for the period FY 2005-06 to FY 2019-20 of ₹17,016.54 crore payable to M/s KPCL and directed ESCOMs to clear the above outstanding dues to KPCL.
- Based on the audit observation during the supplementary audit of **Karnataka State Mango Development and Marketing Corporation Limited**, Bengaluru, the Accounting Policy in respect of Government Grants was modified and accounts for the year 2022-23 were revised.
- Based on the comments raised during the supplementary audit of **KPC Gas Power Corporation Limited**, Administrative & General Expenditure of Yelahanka Combined Cycle Power Plant (YCCPP) capitalised was written off during the year from Capital Work in Progress of YCCPP as such expenditure did not carry any asset/value to the Plant and the change effected was disclosed under exceptional item in the financial statements of the Company for the year 2022-23.\

(b) **Madhya Pradesh**

- Based on the comments on the accounts of **MP Paschim Kshetra Vidyut Vitaran Company Limited, Indore**, the Company has revisited its policy on disclose of contingent liabilities in Notes to accounts from the Financial year 2022-23.

- Based on the comments on Annual Accounts of **MP Power Transmission Company Limited, Jabalpur**, the Company disclosed the basis of recognition of true up income and regulatory deferral account balance in Financial Statement of the year 2022-23 under Notes to Accounts.
- Based on the comments on Annual Accounts of **MP Power Generating Company Limited, Jabalpur**, the Company revisited its policy and separately disclosed the amount of grant received and interest income in Notes to Accounts disclosed in Financial Statement of the year 2022-23.

(c) Delhi

- Based on an audit observation **Delhi Transport Corporation** changed and adopted its accounting policy for Grants-in-Aid by Government for capital works utilised, as per Accounting Standard 12.

1.4.5.4 Changes in Policies, Laws and Rules and Procedures at the instance of Audit

Some of the changes in the policies, laws, rules and procedures made by the Ministries/Departments of the Union/State Governments based on our observations are as follows:

Union Audit

(i) Direct Taxes- Report No. 12 of 2022: Performance Audit on ‘Exemptions to Charitable Trusts and Institutions’

Based on the audit recommendations included in the Audit Report, the Finance Act 2023 introduced the following amendments to the Income Tax Act:

- Insertion of a New clause (iii)* in Explanation 4 to sub-section (1) of Section 11 of the Income Tax Act providing that any amount credited or paid by a trust or institution to another trust as donation out of current years’ income shall be treated as application.
- Introduction of new ITR Form-7*: A new ITR form-7 applicable for Charitable Trusts/ Institutions capturing the data/information relating to contributor/donor as done in respect of Section 80G (5) to bring transparency and accountability for the funds contributed/donated was introduced.
- Amendment of Rule 16CC and Rule 17B of the Income Tax Rule 1962 and Tax Audit Report (TAR)* required to be furnished by Charitable Trusts or Institutions registered u/s 12A or approved u/s 10(23C) in Form No. 10B and Form No. 10BB.

(ii) Direct Taxes- Report No. 6 of 2022: Performance Audit on ‘Assessment of assesses of Gems and Jewellery Sector’

Based on the audit recommendations included in the Audit Report, the Finance Act 2023 introduced the following amendments to the Income Tax Act:

- Amendment of Section 10AA* of the Act fixing the time limit of six months for export realisation for claiming deduction under Section 10AA (effective from

1 April 2024). A new sub-section (4A) was inserted in Section 10AA, which applies to a Unit, if the proceeds from sale of goods or provision of services is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or, within such further period as the competent authority may allow in this behalf.

- (b) *Through Amendment in Section 56(2) (viib) of the Act*, the word ‘being a resident’ has been omitted so as to include ‘non-resident’ also within the ambit of making addition of excess share premium received on issue of shares.
- (c) *Insertion of clause (ii) in Section 142(2A)* as per which the Assessing Officer can direct the assessee to get the inventory valued by a cost accountant with the prior approval of the PT.CCIT/CCIT/Pr.CIT/CIT, and to furnish a report of such inventory valuation in the prescribed form duly signed and verified by such cost accountant and setting forth such particulars, as may be prescribed (Rule 14A and Form No. 6D) and such other particulars as the Assessing Officer may require.

(iii) Indirect Taxes- Goods and Services Tax - Report No.5 of 2022: Compliance Audit

- (a) Audit recommended that an effective risk based standardised system of returns scrutiny, which should involve risk based selection of returns of scrutiny, should be implemented.

Based on the audit recommendations, CBIC has issued standard operating procedure for scrutiny of returns, based on various risk parameters, in May 2023.

- (b) It was observed that on the DDM portal, the Directorate General of Analytics and Risk Management (DGARM) reports and the action taken by the field formations on these reports were uploaded. However, the detailed action taken by the field formations on these reports like correspondence with the taxpayer to explain the nature of discrepancy noted and to take taxpayers’ response on the same was done manually/offline. Audit recommended that the entire set of activities should be end-to-end automated as part of the CBIC-GST platform to facilitate transparency and effective real-time monitoring and also recommended the fixing of timelines in which the Department offices should complete action on the DGARM reports, against which progress can be monitored.

Based on the audit recommendations, CBIC has rolled out the Automated Return Scrutiny Module for central tax officers in May 2023. Further, on the basis of Audit’s recommendation, SOP was issued by the CBIC for completion of action on DGARM reports by the CGST Zones/Commissionerates on DGARM Reports in a time bound manner.

(iv) Railway Audit: Report No. 19 of 2019 (Compliance Audit)

- (a) Audit, while reviewing functioning of Private Freight Terminals (PFTs) during 2015-16 to 2017-18, observed that a total amount of ₹ 33.60 crore was outstanding on account of various charges such as land licence fee, department charges, repair and maintenance, shunting stabling charges etc., as well as

₹13.20 crore towards cost of commercial staff deployed still to be recovered from (Terminal Management Company) TMCs. Further, Audit also raised the objection regarding wrong calculation of Land License Fee (LLF) and its non-recovery till date.

Based on Audit Observation, the Ministry of Railway *vide* letter issued in August 2023 advised all General Managers to take necessary steps to realise the outstanding amount and also advised for timely raising and realisation of Land License Fees as per respective policies, circulars issued from concerned directorates of Railway Board.

- (b) Audit had pointed out that Railway needs to re-engineer the scheme with adequate financial incentives so that tariff charged by PFTs is competitive *vis-a-vis* that of railway and railway also need to simplify the rules and regulations and create a single window clearance system for the entire zone.

Based on audit observation, in order to remove the deficiencies in finalisation of proposals, a committee was constituted to go into the gamut of policy and implementation issues of PFTs. Based on the recommendations of the committee, a revised policy aiming at simplified procedure and single window clearance system has been issued as Master Circular.

- (v) Based on Special Letter issued in March 2019 on “Loss of ₹ 2.36 crore due to non-rationalisation of haulage charges”, Railway Board, *vide*, orders issued in October 2023, revised guidelines for haulage charges for movement of 40 feet containers.
- (vi) Based on audit observation issued as draft para regarding non-capitalisation of cost of survey to the project concerned after completion of the projects despite the fact that these projects were completed and even handed over to the divisions concerned, the Railway Board amended its instructions providing that when the construction of a project is undertaken, the expenditure incurred on a survey project is transferred to the project concerned, irrespective of the year in which the expenditure was originally incurred.

State Audit

(i) Odisha

Audit pointed out (**Inspection Report on PA, Integrated Tribal Development Agency**) that payments were made directly to the accounts of the engineers who further made the payment to the vendors/contractors. This system of transaction lacked transparency leading to suspected misappropriation/ doubtful expenditure of Government funds. At the instance of Audit, Government of Odisha issued orders to stop this practice of crediting the amount to the JEs/AEs/any employee's account with immediate effect.

(ii) Rajasthan

Audit pointed out (**Report no. 2 of the year 2020- Economic and Revenue Sector**) that Section 4(2) and Rule 25 of the Rajasthan Motor Vehicle Taxation Act and Rules,

1951 prescribe minimum period for Registration Certificate (RC) surrendered or non-use as seven days for stage carriage and one month for other than state carriages, but do not prescribe the maximum period of non-use of vehicle. Based on audit observations, the State Government has amended Rule 25(2) of Rajasthan Motor Vehicle Taxation Rules, 1951.

(iii) **Kerala**

(a) **Report No.9 of 2022: Performance Audit on Waste Management in Urban Local Bodies-** Based on the recommendations of Audit, the following changes were adopted by the Government of Kerala:

- Collection of sanitary waste: At the instance of Audit, the Government of Kerala issued Guidelines for collection, deposition and disposal of domestic bio-medical waste including sanitary waste.
- Status of dumpsites- Audit pointed out that investigation and analysis of all old open dumpsites and existing operational dumpsites for their potential of biomining and bio-remediation was not done. At the instance of Audit, the Government of Kerala issued Guidelines for remediation of legacy waste dump yards through Bio-remediation.
- At the instance of Audit, the Government of Kerala issued Clarification orders to strengthen the collection of user fee for door-to-door collection of Solid Waste.

(b) Based on audit observation in the **Inspection Report of O/o the Executive Engineer, PWD Roads Division, Kozhikode**, the Government has made it mandatory for contractors to declare, at the time of submission of bids, that no related individuals/firms etc., have submitted bids for that tender.

(iv) **Tamil Nadu**

- Based on audit observations (**Inspection Report on Tamil Nadu Warehousing Corporation (TNWC)** for the period 2022-23), the Company had adopted adequate fire safety measures in all the Warehouses as per Warehousing Development and Regulatory Authority norms.
- Based on audit observations (**Inspection Report on Tamil Nadu Forest Plantation Corporation Limited (TAFCORN)** for the period 2023-24) pertaining to Investment of surplus funds – Lack of investment policy/dedicated manpower in TAFCORN, the Company had framed their investment policy and got it approved by their Board of Directors.
- Based on audit observation in various **Inspection Reports**, the Commercial Taxes and Registration Department revised the stamp duty on composite value of land and building together based on value of property.

1.4.6 Follow Up on Audit Findings and Recommendations

ISSAI 10 prescribes that SAI should have independent procedures for follow up to ensure that audited entities properly address their observations and recommendations and that corrective actions are taken. Regulations on Audit and Accounts 2020 stipulate that the Secretary to Government of the concerned Department shall cause preparation of self-explanatory Action Taken Note(s) on the audit paragraph(s) relating to his/her Department, that are included in the audit report, for submission to the Public Accounts Committee/Committee on Public Undertakings.

An Action Taken Note (ATN) states -

- Whether facts and figures in the audit report are acceptable;
- Whether circumstances in which the irregularity pointed out by audit occurred;
- Action taken to fix responsibility and likely timeframe for its completion;
- Current status of recovery;
- Action taken or proposed to be taken on suggestions and recommendations made by audit; and
- Remedial action taken or proposed to be taken to avoid recurrence of similar lapses in future.

During 2023-24, 2,827 ATNs were received from the Ministries/Departments of the Union (1,795 ATNs) and State Governments (1,032 ATNs) of which 2,475 ATNs (1,558 ATNs from Union Government and 917 ATNs from State Government) were vetted by offices of SAI India. 1,974 ATNs (1,025 ATNs from Union Government and 949 ATNs from State Government) were settled during the year. 9,316 ATNs (863 pertaining to Union Government and 8,453 pertaining to State Governments) were pending for settlement even after vetting at the end of March 2024. Further, 6,907 ATNs (Union Government- 172, State Governments- 6,735) were not submitted even once by the Governments, as on 31 March 2024. Consequently, Audit could not verify the remedial action taken or proposed to be taken to avoid recurrence of similar lapses in future.

CHAPTER-2

Fulfilling our Accounts Mandate

The duties and powers of the CAG, in relation to the accounts of the Union and States, are laid down in Article 149 of the Constitution of India read with Sections 10, 11 and 12 of the CAG's DPC Act, 1971. The CAG is responsible for compilation and preparation of accounts of State Governments (other than NCT of Delhi and Goa), maintenance of General Provident Fund (GPF) accounts in 20 States, authorisation of pension payments of State Government employees in 19 States, Gazetted Entitlement (GE) functions in nine States and cadre control of the Public Works Divisional Accountants in 18 States (Details are furnished in **Table II.2.1** at the end of this Chapter). In addition to monitoring the performance of office of the Accountants General (A&E), the Government Accounts (GA) wing under the Deputy CAG (GA)'s charge also renders advice under Article 150 of the Constitution, mainly involving the opening of new Heads of Accounts, Forms, Procedures and Rules of Accounting, for the Union Government and State Governments.

2.1 Performance related to Account's function

2.1.1 State Principal Accountants General (PAsG)/Accountants General (AsG) (Accounts & Entitlement) prepare the Annual Finance and Appropriation Accounts of the respective States, which, after certification by Audit, are signed by the CAG for being laid in the State Legislatures.

2.1.2 Besides the Annual Accounts, various MIS reports relating to Monthly Civil Accounts and Expenditure figures are provided to the State Governments regularly. Annual Accounts at a Glance are also prepared by PAsG/AsG Accounts & Entitlements (A&E) for forwarding to the State Governments which provide a broad overview of Finance and Appropriation Accounts and also the fiscal indicators over a period of five years.

2.1.3 Timeliness of Accounts

(i) Finance and Appropriation Accounts

The Finance and Appropriation Accounts of all 28 States for 2022-23 were certified by March 2024. Finance and Appropriation Accounts of 26 State Governments for 2022-23 were placed in the State Legislatures before or during Budget Session for 2024.

(ii) Monthly Civil Accounts

295 accounts (81 *per cent*) out of 364² Monthly Civil Accounts of 28 States, were rendered by the A&E Offices on time during 2023-24. There were delays in rendering the remaining accounts, which were mainly due to late receipt of accounts from Treasuries/Divisions/ other accounts rendering units of State Governments and in few cases, due to technical glitches at State Government level or local issues.

(iii) Joint Workshops with Synchronisation Wing

As in previous year, Region-wise Joint Workshops were conducted by GA Wing with State Reports Wings and Synchronisation Wing for the A&E Offices and region-wise Audit Offices. Officers from Audit and Accounts verticals attended these Workshops,

² 28 States x 13 Accounts in a year including March (Supplementary) Accounts

held during the months of July 2023 and August 2023 i.e., after closing of Annual Accounts 2022-23 of State Governments. The objectives of these workshops were to facilitate timely preparation and certification of States' Annual Accounts, resolution of issues across the table, strengthening the audit processes for Financial Attest Audit and improvement in the quality of State Finance Audit Reports (SFARs).

This initiative enabled the finalisation of Accounts 2022-23 of State Governments on time and laying of Annual Accounts 2022-23 of 26 State Governments in the State Legislatures before or during Budget Session 2024.

2.1.4 Combined Finance and Revenue Accounts

The Combined Finance and Revenue Accounts (CFRA) of the Union and State Governments is an informative compilation integrating important information pertaining to the accounts of the Union, Union Territories and all the States for a year, including their balances and outstanding liabilities and other information as to the financial position. CFRA is published annually and is useful to several stakeholders as it consolidates the financial position of the Union and the States in one place. While the broad framework of CFRA has been retained, the revised version adopted with effect from 2016-17 is more analytical.

The CFRA statements comprising three volumes are compiled by AG (A&E) Punjab and audited by the AG (A&E) Haryana. "Union and State Finances at a Glance" is prepared to complement the CFRA Statements.

The CFRA for the year 2020-21 is under submission for approval and CFRA for 2021-22 is in the final stages of completion with the compilation of Statements by the AG (A&E), Punjab and validation by GA Wing. The preparation of the complementary edition "Union and State Finances at a Glance" for 2021-22 is in process of completion. The process for compilation of CFRA 2022-23 would commence soon since Finance accounts of 26 State Governments for 2022-23 have already been laid in the respective State Legislatures.

An interactive dashboard with CFRA data for a period of five years up to 2019-20 covering the Union/States and UTs is available on the CAG website³.

2.1.5 VLC Database and Dashboard project (VDDP)

A Project Development Team/Core Committee was constituted under PAG(A&E) Assam. This team comprised officers from different levels from various offices, who had the requisite domain knowledge and IT skills. Their objective was to build data repository for Accounts data, using Finance and Appropriation Accounts as the source and visualise in the form of dashboards for better utility. Tableau software was leveraged as the primary tool for data analysis and visualisation.

The team adopted a standardised methodology involving:

- (a) Data Extraction: Using data from Finance and Appropriation Accounts.
- (b) Data Transformation: Cleaning, organising and formatting the extracted data.
- (c) Data Loading: Populating the Dashboard with the transformed data.

The envisaged objectives of the VDDP, are as follows:

- (a) Development of the methodology for collecting data from VLC and preparation of dashboards which includes the key accounting information, consistent with Accounts prepared by the State.
- (b) Preparation of a consolidated dashboard for all the States on different Accounting parameters.
- (c) Expansion of the dashboard initiative to Audit by linking it with other data elements required for Audit planning, including both Accounting sources *viz.*, Drawing & Disbursing Officer, Voucher detail, Challan detail, as also non-accounting information *viz.*, population, Gross State Domestic Product, employee count etc.

Dashboard was presented during the AsG (A&E) Conclave on 10 April 2023. Presently, data for last eight years (from 2015-16 onwards till 2022-23) has been collated for all the States and updation of Dashboard for 2023-24 is in progress. The Dashboards of all States will be finally consolidated to have a Pan-India picture.

2.1.6 Single Nodal Agency (SNA) for implementation of Centrally Sponsored Schemes and Central Plan Schemes through PFMS

With effect from 1 July 2021, the Government of India, has introduced the Single Nodal Agency (SNA) for implementation of Centrally Sponsored Schemes and Central Plan Schemes through PFMS.

A multi-stakeholder meeting in hybrid mode on the accounting of transactions under SNA was held on 23 February 2023. In pursuance of the decisions taken in the meeting, the Office of the Controller General of Accounts (CGA) formed a six member Working Group under the Chairpersonship of Additional Controller General of Accounts (A&FR). The Working Group comprised representatives from Office of the CAG of India, CGA, Plan Finance-States Division of Department of Expenditure, Budget Division, Department of Economic Affairs and PFMS-CGA. The Working Group submitted its report in December 2023 and recommended end-to-end controls required in the transfer, accounting and reporting of the funds under the SNA framework in their Report.

In December 2023, the PAsG/AsG (A&E) were directed to comply with the recommendations of the Working Group and take up the actionable points with the State Governments for implementation of the recommendations of the Working Group.

2.2 Accountants General (A&E) Conclave 2023

A first of its kind Conclave of the Accountants General (A&E) was held on 10 April 2023 at the Office of the CAG of India, New Delhi. The Conclave focused on the topical and critical areas relating to the Accounts and Entitlements functions under the mandate of SAI India.

³ <http://cag.gov.in→Accounts→Dashboard for Union and State Finances>

All the PAsG/AsG and Group Officers of the A&E offices participated in this Conclave. The Conclave was inaugurated by the CAG of India. Members of the Senior Management of SAI India, Directors General and Principal Directors of the CAG Office and officials of the GA Wing participated in the inaugural and plenary sessions.

The agenda of the Conclave included the following five topics, on which papers were presented by the AsG (A&E):

- (1) Preparation of a Data repository from VLC for both Accounting and Audit purposes
- (2) IFMIS/PFMS – VLC Interface Arrangements (Data Access Arrangements with IFMIS/PFMS– Middle Ware & API Strategy, Review Controls for Access and Storage Specification)
- (3) Learning from the previous year, Timely closing of Accounts and present Finance Accounts and Appropriation Accounts to the Legislature in the Prescribed timeline, Quality Improvements and Assist Audit in Preparing SFAR
- (4) Focus on Key Issues - Reserve Bank Deposits(RBD) Reconciliation & Settlements, Regularisation of Excess expenditure and Fiscal Sustainability indicators from Accounts.
- (5) Improvements in Entitlements (Digi Locker for pensioners, Business Process Re-engineering for internal processes).

Topic-wise recommendations, along with actionable points, timelines and resource persons for implementation of recommendations approved by CAG, were communicated to all the A&E offices. Action on these has also been initiated and being advanced with the support of Synchronisation, PPG and CTO wings.

2.3 Monthly virtual meetings with all PAsG/AsG (A&E)

The GA Wing has introduced regular monthly virtual meeting of Deputy CAG (GA) with all PAsG/AsG (A&E) to review the progress of work, exchange good practices/process/views in a particular office with their peer A&E offices, on items of key functional area of Accounts and Entitlement functions. The first virtual monthly meeting was conducted on 7 March 2024.

During the first virtual monthly meeting, field offices and the GA Wing gave presentations on the topic selected with an aim to exchange good practices with other PAsG/AsG (A&E) Offices for betterment on the functions/service delivery mandated to the (A&E) offices.

2.4 Streamlining discrepancies in Cash Balance and reporting on State Government Guarantees

The Reserve Bank of India (RBI) is the banker to the Government. The RBI authorises agency banks on the request of the State Governments to carry out the Government's business.

The Cash Balance report of the State Government is maintained by the RBI and reflected in the Monthly Civil Accounts and Annual Accounts prepared by AG (A&E). The reconciliation of Cash Balance is done by AG(A&E) with RBI through the Major Head 8675- Reserve Bank Deposits (RBD). The position of Cash Balance of the State Government at the close of financial year is depicted in the Finance Accounts of the State Government. Differences are observed in the Cash Balance figures reported by the RBI and that reported by AG Office due to non-settlement of old discrepancies.

In order to settle the old RBD discrepancies which have been pending for many decades and no progress could be made in spite of best efforts put in by all Stakeholders, the RBI, in collaboration with CAG office, organised a meeting with all AsG (A&E) in September 2023. It was decided that CAG office and RBI would workout modality of clearance of RBD up to 2009-10 and take it up with the State Governments.

The Date-wise Monthly Statement (DMS) of transactions prepared by the Agency Banks is the basis of reconciliation of Cash Balance between RBI and A&E office. The DMS of transactions which was in practice, was not depicting the full information of transactions. The GA Wing had taken initiative to revise the format of DMS, to minimise the differences in the Cash Balance. Accordingly, the RBI directed all Agency Banks to implement the revised DMS from August 2023 and sensitise the Agency Banks to be more careful in reporting of transactions, remittance of funds and submitting of DMS so that discrepancies are reduced to bare minimum. With this initiative, there is less difference in the Cash Balance of the State Governments as reflected in the Finance Accounts.

For effective conduct of the Government business, RBI organised another meeting with Agency Banks in December 2023. GA Wing highlighted issues related with Agency Banks in regard to State Government transactions like delayed credit of Government Collections, delay in submission of Bank scrolls/incomplete Bank scrolls, clubbed reporting of transactions, double posting of challans etc. The RBI directed Agency Banks to resolve the issues pointed out by AG Offices. With streamlining of the reporting of transactions by Agency Banks, the updated information/data are being reflected in Monthly Civil Accounts/ Annual Accounts of the State Government.

The 32nd Conference of the State Finance Secretaries, held in July 2022, flagged the issue of Bank finances, to comment on authorities backed by Guarantees and the need for deliberation on effective monitoring and reporting of Guarantees. Accordingly, RBI has constituted a Working Group of State Finance Secretaries, Ministry of Finance, RBI representative and CAG representative on State Government Guarantees. The Working Group has submitted its report in June 2023 for streamlining reporting on State Government Guarantees and providing details to AG offices for inclusion in the Finance Accounts.

2.5 Treasury Inspections

PAsG/AsG (A&E), being the compiler of State Government Accounts, examine the internal control mechanism in Treasuries through Treasury Inspections. The objective of a treasury inspection is to seek an assurance that various checks and procedures prescribed for the preparation of initial accounts, payment of salary, pensions etc., are being duly complied with by the treasuries. Treasuries in almost all the States are computerised.

During 2023-24, inspection of 2,078 treasuries/sub-treasuries was carried out against the total planned 2,088 treasuries/sub-treasuries. As a result of these inspections, 1,802 Inspection Reports were issued wherein 4,141 recommendations were made by A&E offices.

2.5.1 Results of treasury inspections

The treasury inspections during 2023-24 revealed a number of deviations relating to compliance with State's financial/entitlement rules, weak internal control mechanism which impacts the financial management of the States. Some of the instances are given below:

- Almost all the PAsG/AsG(A&E) offices have raised observations on Irregular/ overpayment of pensionary benefits including in death cases, non-recovery of amount due from Gratuity amount.
- **Chhattisgarh-** Opening of Savings bank account without the permission of Finance Department and non-deposit of interest amount received from savings bank account into the Government account.
- **Gujarat-** Overpayment of pension amount worth ₹10.12 crore in eight Treasuries in Treasury Inspection Reports for the year 2023-24.
- **Himachal Pradesh-** Irregular payment of allowances on pension to the retired employees (₹18.45 lakh).
- **Jammu & Kashmir-** Irregularities in payment of pension/family pension in some cases and approximately an amount of ₹94.85 lakh regulated incorrectly resulting in excess payment of pension.
- **Maharashtra-I-** Double salary paid to the employees of different DDOs under jurisdiction of Ahmednagar Treasury (₹5.39 lakh). Irregularities in the Sub-Divisional Officers' Personal Deposit/ Personal Ledger Accounts maintained in Thane Treasury office (₹645.95 crore).
- **Odisha-** Excess payment of ₹22.45 lakh paid due to continuation of provisional pension.
- **Rajasthan-** Excess payment (₹48.76 lakh) due to non-deduction of recovery from Gratuity.
- **Tamil Nadu-** Non-deduction of subscription (₹63.88 lakh) towards National Health Insurance Scheme (NHIS) from special pensioners (Village Assistant Pensioners).

- **Telangana-** Drawal of excess pension, family pension, dearness relief and medical allowance to ineligible pensioners (₹2.30 crore).
- **Uttar Pradesh-I-** Fraudulent/irregular payment of pension amount in Lucknow Collectorate Treasury (₹1.42 crore).
- **West Bengal-** Non-release of additional pension on attaining the age of 80/85/90/95/100 years (₹25.63 lakh).

2.6 Performance with regard to Entitlement Functions

Across the board, A&E offices have made efforts to improve satisfaction levels of Pensioners, GPF Subscribers and Gazetted Entitlement officers by expediting disposal of final payment cases of GPF, authorisation of pension and issue of pay slips etc., by streamlining entitlement functions and moving towards electronic data transfer. E-authorisation has reduced the time taken for the disposal of cases in some offices. All efforts were made to adhere to the timeframes for the disposal of cases as laid down in the Citizens' Charter. Online complaint redressal mechanisms are functioning in most A&E offices.

2.6.1 Information related to Entitlement functions

Information relating to the status of Pension, GPF and GE functions is available on the websites of respective AG offices, through SMS based services where details have been provided by the employees of the State Governments to the offices and in few States through Interactive Voice Response System (IVRS). This enables the concerned stakeholders and other visitors to view information uploaded on the respective State AG's websites, and to receive intimation through SMS and through IVRS as well.

2.6.2 Pension cases finalised

The function of pension authorisation is being carried out by 20 A&E offices. These offices finalised a total of 4,97,845 cases of Original and Pension Revision during 2023-24. The State-wise total pension cases received and finalised during 2023-24 is given in **Table II.2.2** at the end of the chapter. As per the Citizens' Charter, original pension cases are to be finalised within 30 working days from the receipt of the case complete in all respects in the AG office. The average time taken for finalisation of pension cases was within the prescribed timeline in Assam, Haryana, Jammu & Kashmir, Jharkhand, Kerala, Maharashtra-I, Manipur, Meghalaya, Nagaland, Odisha, Tamil Nadu and Telangana. In the remaining States, average time taken for the finalisation of Pension cases was more than 30 days mainly due to wanting of information from the Departments concerned, receipt of cases in bulk or other operational hindrances.

2.6.3 Maintenance of GPF Accounts

In 20 States, 22 A&E offices are responsible for the maintenance of GPF accounts of the State Government employees. During 2023-24, 25,48,995 GPF accounts were maintained by these offices. Due to introduction of Old Pension Scheme by the State Government of Himachal Pradesh, there has been an increase of 0.16 *per cent* subscribers (last year total number of subscribers were 25,44,893) in comparison to the previous year.

2.6.4 Finalisation of GPF Final Payment cases

During 2023-24, out of 1,90,762 cases due for final payment of GPF, the A&E Offices finalised 1,85,804 final payment cases (97.40 *per cent*) within the prescribed time limit (one month from the date of receipt of the case complete in all respect).

No. of GPF final payment cases due in 2023-24	No. of final payment cases finalised ⁴
1,90,762	1,85,804

2.6.5 Proactive engagement with stakeholders

During 2023-24, various Pension/GPF Adalats, workshops and conferences were held in different States of India for pensioners and subscribers. The endeavor of AG offices having entitlement function is to ensure timely issue of PPOs/GPF authorisations etc. These events aimed to address pensioners' grievances, provide pre-retirement counselling and improve service delivery. Some instances include:

In most of the States, AG Offices entrusted with entitlement functions, have conducted Pension and GPF Adalats at district levels to resolve grievances/doubts of pensioners and GPF subscribers.



Pension Adalats in Jammu and Kashmir, conducted by AG (A&E) Jammu & Kashmir office



GPF Adalats at Jhabua and Bhopal, conducted by AG (A&E)-II, Madhya Pradesh office

⁴ within the prescribed time limit

Andhra Pradesh: On the event of “*Audit Diwas*”, Andhra Pradesh Office conducted a “Pension & GPF Workshop” in November 2023 at Visakhapatnam covering over seven districts regarding the Pension and GPF related issues at Treasuries.



GPF Adalat/workshop at DGP Office and at Alluri Sitaramaraju District conducted by AG(A&E) Andhra Pradesh office

Chhattisgarh, Jharkhand & Uttar Pradesh–I: Two workshops were organised by the Chhattisgarh office with Budget Controlling Officers and all Treasury Officers of Chhattisgarh. Similarly, **Jharkhand & Uttar Pradesh –I offices** organised a one day workshop to discuss various accounts, GPF related issues.

Gujarat: During the year 2023-24, two seminars were organised in Rajkot office (June 2023 and March 2024) for discussion on old pending paras and various aspects of working of the treasuries of Gujarat State. During these seminars, total 33 Treasury Officers and representatives from Directorate of Accounts & Treasury attended the seminar and a total 144 treasury inspection paras were settled.

Odisha: A two day Financial Advisers'/Assistant Financial Advisers' Workshop was held in August 2023 at Bhubaneswar. The Workshop was organised by Finance Department in co-ordination with Odisha office. Various accounting issues such as Misclassification, Centre-State cash settlement, Grants-in-Aid, Abstract Contingent/Detailed Contingent Bills, Personal Ledger Accounts, parking of funds in DDOs accounts, Transfer of Centrally Sponsored Scheme fund to Single Nodal Agency, etc., were discussed during this Workshop.

Punjab: On the occasion of *Audit Diwas*, Punjab office conducted a seminar on the topic “Timely Sanction, Authorisation and Disbursal of Pensionary benefits” in November 2023 at Chandigarh to have a holistic view on pension process, including recent changes, challenges faced by pensioners, identify causes of delays in disbursing pension and ways to ensure that the pension system becomes citizen-centric, transparent and user-friendly.



Seminar on Timely Sanction, Authorisation and Disbursal of Pensionary benefit in Chandigarh by AG(A&E) Punjab office

Tamil Nadu: A two day Workshop was conducted in the Tamil Nadu office in January 2024 for reconciliation of Departmental figures with those of Accountant General and for submitting pending Utilisation Certificates.

Himachal Pradesh: As a part of pro-active initiative to increase the outreach of Entitlement functions and to offer convenient and inexpensive redressal mechanism/confidence building measures, the Himachal Pradesh office took part in Live Phone-in program of All India Radio (AIR)- 'Lok Vani' on quarterly basis. In this program, the officers of the office interact with the pensioners/ GPF subscribers on phone in the AIR Centre, Shimla to discuss their issues and offer clarifications pertaining to Pension and GPF matters. Besides participating in the programme of All India Radio, the officers of the AG(A&E) office also took part in live telecast of programme of Doordarshan Kendra, Shimla known as 'Jan Vani' on monthly basis to apprise the audience about all entitlement function of AG office.

2.6.6 Web-based Grievance Redressal Mechanism in CAG's website

The SAI India has a centralised Web-based Grievance Redressal Mechanism for registering grievances online. GPF subscribers/Pensioners can register complaints online or through e-mails to the concerned A&E offices. In case, a subscriber/pensioner is not convinced with the reply of the AG office then complainant may also register grievance with the Complaint Wing of the CAG office. All the links related to grievance redressal system are available on CAG's website⁵. On lodging the grievance, the system automatically generates a unique registration number of the grievance and sends an SMS to the complainant for future reference.

During 2023-24, total 1,475 grievances (offline and online) were received in the office of CAG from State pensioners/subscribers, of which, 1,392 were redressed within the timeframe of the Citizens' Charter. The remaining grievances pending for disposal were within the prescribed period (30 working days) of Citizens' Charter. A report on grievances received and redressed is submitted to higher authorities on monthly/quarterly basis.

⁵ <https://cag.gov.in/en/page-entitlement-grievance>

Table II.2.1
Functions with State Accountants General (A&E)

Accounts	General Provident Fund	Pension	Gazetted Entitlement	DA cadre control
1. Andhra Pradesh	1. Andhra Pradesh	1. Andhra Pradesh	1. Assam	1. Arunachal Pradesh*
2. Assam	2. Assam	2. Assam	2. Bihar	2. Bihar
3. Arunachal Pradesh*	3. Chhattisgarh	3. Bihar	3. Jharkhand	3. Chhattisgarh
4. Bihar	4. Gujarat	4. Haryana	4. Karnataka	4. Gujarat
5. Chhattisgarh	5. Haryana	5. Himachal Pradesh	5. Kerala	5. Haryana
6. Gujarat	6. Himachal Pradesh	6. Jammu & Kashmir	6. Manipur	6. Himachal Pradesh
7. Haryana	7. Karnataka	7. Jharkhand	7. Meghalaya	7. Jharkhand
8. Himachal Pradesh	8. Kerala	8. Karnataka	8. Nagaland	8. Madhya Pradesh ^s
9. Jammu & Kashmir	9. Madhya Pradesh	9. Kerala	9. Tamil Nadu	9. Maharashtra ^s
10. Jharkhand	10. Maharashtra	10. Maharashtra		10. Manipur
11. Karnataka	11. Manipur	11. Manipur		11. Odisha
12. Kerala	12. Meghalaya	12. Meghalaya		12. Punjab
13. Madhya Pradesh ^s	13. Nagaland	13. Nagaland		13. Rajasthan
14. Maharashtra ^s	14. Odisha	14. Odisha		14. Tamil Nadu
15. Manipur	15. Tamil Nadu	15. Punjab		15. Tripura
16. Meghalaya	16. Telangana	16. Tamil Nadu		16. Uttar Pradesh ^s
17. Mizoram*	17. Tripura	17. Telangana		17. Uttarakhand
18. Nagaland	18. Uttar Pradesh	18. Tripura		18. West Bengal
19. Odisha	19. Uttarakhand	19. West Bengal		
20. Punjab	20. West Bengal			
21. Rajasthan				
22. Sikkim				
23. Tamil Nadu				
24. Telangana				
25. Tripura				
26. Uttar Pradesh ^s				
27. Uttarakhand				
28. West Bengal				

Note:

*These offices are composite offices for A&E and audit functions.

^sMadhya Pradesh, Maharashtra and Uttar Pradesh have two A&E offices. AG (A&E)-II, Madhya Pradesh has only GPF functions

Table II.2.2

State-wise finalisation of Original Pension cases and Revision of Pension cases during 2023-24

Sl. No.	Offices	Original Pension		Revision of Pension	
		No. of cases received (including opening balance)	No. of cases settled	No. of cases received (including opening balance)	No. of cases settled
1	Andhra Pradesh	5,258	3,489	5,541	4,548
2	Assam	15,718	15,064	1,841	1,222
3	Bihar	20,918	18,632	50,836	44,178
4	Haryana	12,292	12,292	5,832	5,832
5	Himachal Pradesh	16,904	15,382	57,258	41,561
6	Jammu & Kashmir	10,314	10,275	11,282	11,249
7	Jharkhand	8,385	8,074	10,844	10,691
8	Karnataka	24,438	23,232	9,585	9,367
9	Kerala	24,707	24,065	6,904	5,418
10	Maharashtra-I	23,818	23,818	25,974	23,974
11	Maharashtra-II	18,629	18,613	20,985	20,724
12	Manipur	2,898	2,504	556	433
13	Meghalaya	3,237	3,233	285	284
14	Nagaland	4,648	4,604	2,657	2,653
15	Odisha	13,143	12,576	2,825	2,629
16	Punjab	15,986	15,956	33,240	33,205
17	Tamil Nadu	26,907	24,776	12,905	12,462
18	Telangana	1,917	1,917	1,782	1,776
19	Tripura	4,917	4,905	269	267
20	West Bengal	19,576	17,305	4,660	4,660
	TOTAL	2,74,610	2,60,712	2,66,061	2,37,133
Total cases received (Original Pension cases and Revision pension cases)		5,40,671			
Total cases settled		4,97,845			



Statue of Sardar Vallabh Bhai Patel in the CAG office premises

Section

3

Recent Strides

- **Chapter 1**
Development of Guidances
- **Chapter 2**
Capacity Building
- **Chapter 3**
Internal Controls and Quality Assessment
- **Chapter 4**
Our IT initiatives
- **Chapter 5**
Audit Diwas 2023
- **Chapter 6**
31st Accountants General Conference
- **Chapter 7**
Other activities, no less important

CHAPTER-1

Development of Guidances

Professional Standards are the edifice to quality accounting and auditing. We are conscious of the significance of Professional Standards and Practices both for Government Auditors and Accountants. These provide guidance to be followed under diverse situations by all the practitioners and serve as benchmarks for the quality control and quality assurance processes. The Auditing Standards of SAI India envisage that the SAI should have an appropriate quality assurance system in place.

1.1 Government Accounting Standards Advisory Board (GASAB)

The CAG, in consultation with Government of India, constituted the Government Accounting Standards Advisory Board (GASAB) in August 2002. Its mission is to formulate and recommend accounting standards with a view to improve Government Accounting and financial reporting to enhance public accountability and quality of decision-making. The new priorities focus on good governance, fiscal prudence, efficiency and transparency in public spending.

GASAB consists of 15 members with high-level representation from the Government (Union and State), professional accounting institutes, Reserve Bank of India.

GASAB develops two kinds of standards:

- (i) **Indian Government Accounting Standards (IGAS)** which are based on cash based accounting system. They are mandatory for application by the Union, States and the Union Territories with legislature from the date of notification by the Government; and
- (ii) **Indian Government Financial Reporting Standards (IGFRS)** based on accrual based accounting systems which are recommendatory. These were developed as there was a need for accounting framework and accounting standards on accrual basis to facilitate pilot studies and research efforts on migration to accrual accounting at Union and State level.

1.2 Progress on Accounting Standards/ Disclosure Statements during 2023-24

1.2.1 Revision of Due Process

The functioning of GASAB had hitherto been guided by the 'Rules of Business' framed in the year 2011. However, to streamline and codify the functions of GASAB to make them more focused, robust and inclusive, the 'Due Process of GASAB' indicating the vision, mission, objectives of GASAB, roles and responsibilities of the Stakeholders, processes involved in the formulation of Standards, and structure of Standards etc., was revised in August 2020.

The document is under revision to incorporate the perception of all members of the GASAB relating to streamlining the functioning/standard-setting procedures of GASAB. The Revised Due Process was discussed by incorporating suggestions put forth by the Ministry of Finance (MoF), Government of India and other stakeholders. The last draft was forwarded to members of the Board in December 2023. Inputs have been received from major stakeholders including MoF, CGA, CGDA, ICAI and RBI.

The comments received from MoF and CGA are being vetted for incorporation. The Due Process is in concluding stage of consultations and on the basis of the conclusions, the draft will be finalised.

1.2.2 Preparation of IPSAS cash basis compliant financial statements

GASAB, in collaboration with the Institute of Chartered Accountants of India (ICAI), identified the following topics for preparation of IPSAS cash basis compliant statements:

- (i) Contingent Liabilities;
- (ii) Recognition of Revenue Receipts;
- (iii) Recipients of External Assistance

The draft related to 'Contingent Liabilities' is being mapped with IGFRS-5 (Contingent Liabilities and Contingent Asset) as per the directions of Senior Management.

The Draft related to 'Revenue Recognition' is being examined in accordance with mandatory/recommendatory requirement of IPSAS Cash basis.

The draft on 'Recipients of External Assistance' is under revision, *suo-moto* due, after merger of Plan & Non Plan expenditure and other review of Budget circular and Expenditure Profile of the Union Government etc.

1.2.3 Draft Standard on Reserve Funds

Reserve Funds are accumulations of funds created for specific purpose for the future and are non-lapsable. Presently, Reserve Funds suffer from various issues which include non-transfer/short-transfer of money into these funds, and the diversion of funds for other than the designated purpose etc.

The Objective of this Standard is to provide guidance on the manner in which the accounting of reserve fund is to be carried out and its financial reporting so that the information on the quantum of balances under the funds, transfer of monies into the reserve funds, expenditure sourced from funds are disclosed properly. The purpose is to ensure whether the funds have been utilised for the purpose for which they were created.

A re-written draft was circulated to all the stakeholders. The revised draft forwarded by CGA has been shared with MoF and GA Wing for vetting/review. The issue of transfer to Reserve Funds from Capital Heads of Accounts is being settled between MoF and Government Accounts Wing.

1.2.4 Review of Standards sent for notification but are yet to be notified

- (a) IGAS-1: Guarantees given by Governments: Disclosure Requirements notified in 2010 needs revision/ modification in terms of:
 - (i) The revised government Guarantee Policy 2022 of MoF.
 - (ii) Inclusion of Guarantee given by States, and
 - (iii) The additional Guarantee as envisaged under the FRBM Act 2003.

A preliminary study of IGAS-1 with relevance to the above accounting developments revealed that IGAS-1 requires revision for more transparency. Accordingly, a task force has been constituted to review the existing Standard to include disclosure on Additional Guarantee.

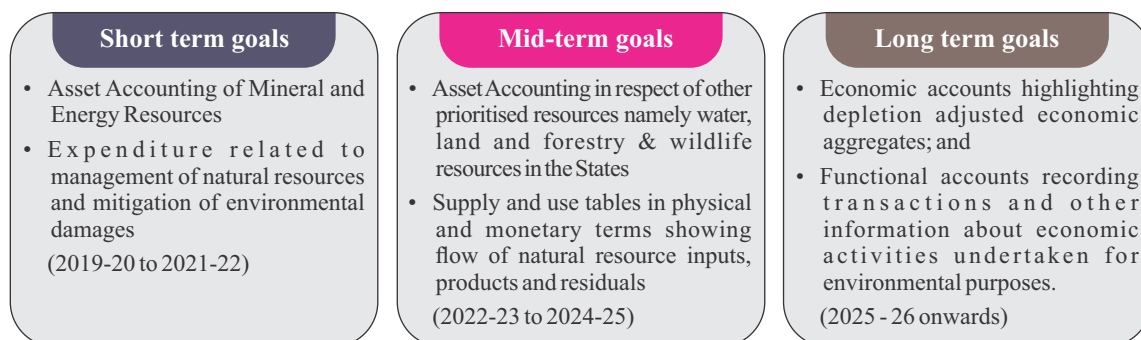
- (b) The Modified Standard viz., IGAS-2: Accounting and Classification of Grants-in-aid is being reviewed in light of the newly introduced system of Central Nodal Agency and Single Nodal Agency for disbursement of Grant-In-Aid(GIA) allocated by the Union and State Governments and Union Territories. The modification will be taken up on the basis of views drawn from wider consultation.
- (c) The Modified Standard viz., IGAS-3: Loans and Advances made by Governments, was first notified in February 2012 and is being reviewed for further revision after taking comments from all stakeholders.
- (d) SAI India had proposed to review the existing pronouncements every three years to update, modify, keep the pronouncements current and reflect the changes in the Government Accounting environment. In view of the time gap since the draft Standards were sent to MoF and subsequent pendency of these Standards for the purpose of notification, it was decided to revise the following four Standards and Guidance Note, *suo motu*:
 - (i) Foreign Currency transactions and loss or gain by Exchange Rate Variations: The revised draft incorporating the method of Prior Period adjustment Accounts (PPAA) for depicting the Loss/Gain due to exchange rate variation under the Disclosure was issued and consultation process is underway.
 - (ii) Government Investments in Equity/Disinvestment of Public Assets: The draft Standard on Disclosure on disinvestment of Public Assets was revised and suggestions of the MoF and Department of Investment and Public Asset Management (DIPAM) have been incorporated. The revised draft, after deliberations, would be presented before the Members of GASAB for approval.
 - (iii) Public Debt and Other Liabilities of Governments: The draft would be revised as per the comments and, after thorough examination, would be further amended.
 - (iv) Guidance Note on accounting of Fixed Assets: The Guidance Note is being considered for revision and is in the final stages of formulation.

1.3 Natural Resource Accounting (NRA) in India: An overview

GASAB is working proactively in an area of international importance to aid the Government's efforts in the nascent field of Natural Resource Accounting (NRA). Recognizing the pressing need for India to establish a robust system for managing its natural resources, the Comptroller and Auditor General (CAG) of India has taken a leading role in this crucial area. CAG of India, being uniquely positioned to play a critical role in implementation of environmental accounting as it has both the knowledge and capacity to use international best practices as well as institutional reach with its presence in all the States, where its mandate includes both audit and accounting.

The System of Environmental-Economic Accounting – Central Framework (SEEA-CF) is the latest internationally accepted framework for NRA. The SEEA-CF allows flexibility in implementation of the four staged strategy and also enables scope for embedding country specific needs. Inspired by this, a Concept Paper (July 2020) was brought out which set out a comprehensive plan commencing with accounting of the finite non-renewable resources and then gradually moving towards attaining other stages of the SEEA framework converging with the Sustainable Development Goals (SDGs) target of 2030.

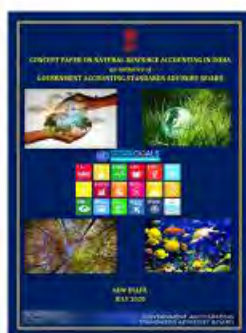
The action plans designed by SAI India



The initiatives and endeavour of GASAB in implementing NRA are discussed in the following paragraphs:

- (i) **Continuous brainstorming - Consultative Committee and State NRA Cells:** Central and State level NRA Cells were formed with stakeholder ministries in GoI/State Governments, regulatory agencies, knowledge centres and academia. The expertise of these specialists were of great advantage as GASAB collaborated with the State Governments through the Accountants General Offices in States in preparing the templates of Asset Accounts on Mineral and Energy Resources in which data is to be captured.
- (ii) **Constant follow up and handholding:** Monthly meetings with all 28 States and two UTs of Delhi and Jammu & Kashmir were held each month since October 2021 to monitor the progress of work, exchange thoughts, challenges and good practices to ensure that all the States are together in completing this time-bound exercise. This system has now been followed through monthly reports and quarterly meetings with all States and UTs for continued monitoring and support.

Papers released by GASAB till date on NRA



Concept Paper
(July 2020)



Booklet on templates
(October 2021)



Guidelines/SOPs for filling
the templates and way
forward (June 2022)



Compendium of Asset
Accounts in States on Mineral
and Energy Resources
(October 2022)

(iii) **First Compendium of Asset Accounts on Mineral & Energy Resources (October 2022)**

The clear roadmap and the framework, subsequent advisories, Guidelines/SoPs and close follow up by GASAB ensured that all 28 States and Union Territories of Delhi and Jammu & Kashmir prepared the first Asset Accounts on Mineral and Energy Resources for the year 2020-21. The Compendium was released in October 2022 by Hon'ble Minister of Parliamentary Affairs, Coal and Mines Shri Prahlad Joshi and the then CAG of India (compiled into a National Asset Accounts covering 107 Mineral and energy resources - 40 major minerals, 63 minor minerals and four fossil fuels).

(iv) **Other ongoing works:**

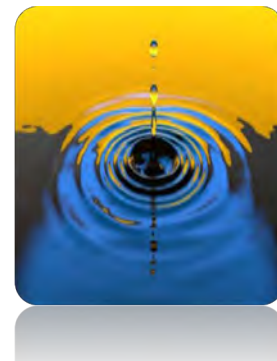
- (a) **Ambitious plan of mapping the supply and usage of resources:** A sizeable portion of a State's revenue comes from the exploitation of minerals and energy resources, which primarily supports the entities to fund the welfare and other planned activities of the States. Therefore, it is essential to establish a strong structure for end to end mapping of resources from extraction till their end-use.

The GASAB's idea of implementing NRA in India and making a fool-proof system of management of resources across the country, *inter-alia*, included an ambitious plan of mapping the supply and usage of resources or 360 degrees profiling of the mineral resources in the country through mapping of extraction, production, dispatch, usage/end use/export of minerals to reduce pilferage of minerals and optimisation of revenue. This is possible through implementation and mapping of the reporting requirements laid down by the Rule 45 of the Mineral Conservation and Development Rules as amended in 2011.

- (b) **Handholding the States in capturing grade-wise mineral productions:** The royalties on major minerals are based on *ad valorem* on the average sale price which is captured through the monthly reports of the mining lessees. On

ascertaining that many lessees are not providing the same set of reports (which are submitted to the Indian Bureau of Mines) to the State Governments, GASAB had taken an initiative to impress upon the State Governments about the need for capturing the grade-wise mineral productions and dispatches for correct assessment of royalties. GASAB has also carried out a study during 2023-24 to map the grade-wise mineral productions as reported by the lessees to the Indian Bureau of Mines with the mine-wise royalty collections which showed wide variations. GASAB has prepared detailed guidelines on this and circulated to the States.

- (c) **Accounting for Environmental Damages:** Parallel to the Asset Accounting and in view of the Stage Three of the SEEA-CF framework, GASAB has also outlined the accounting of receipts from resource exploitations and expenditure incurred on management of resources and mitigation of environmental damages. Pilot studies were run in Assam, Gujarat, Odisha, Tamil Nadu and Telangana during 2023-24 which were successful and showed evidence that the tentative templates designed by GASAB to capture the above inputs are practical and implementable. The template was finalised and rolled out to States/UTs for implementation as another table after 10 Mineral & Energy Resources Asset Accounts for 2022-23 Asset Accounting year. This is another requirement to attain the targets set by the SEEA framework.
- (d) **Accounting of Water Resources:** After successfully laying down the system for capturing data and their consolidations regarding mineral and energy resources, GASAB had picked up another important resource for the mankind, i.e., water resources. Commencing in February 2023, GASAB designed four tentative tables and a questionnaire and circulated to the States/UTs through the Accountants General for data collection. Also, GASAB had reached out to the concerned stakeholder ministries/agencies namely Ministry of Jal Shakti, Central Water Commission, Central Ground Water Board and Ministry of Drinking Water and Sanitation for taking them onboard on deciding the final formats.



As per the latest status of January 2024, data on water resources as per the formats have been received from 26 States and UTs of Delhi, Jammu & Kashmir and Ladakh.

Upon receipt of the data and consultation with the stakeholder Ministries and agencies, GASAB will design the final templates and roll over to the States for preparing Asset Accounts of Water Resources from the year 2022-23 along with the Asset Accounts of Mineral & Energy Resources.

1.4 Audit methodology and guidance

The mandate of the Professional Practices Group (PPG) includes development, dissemination and implementation of new audit methodologies and it serves as an advisory wing for technical issues relating to audit procedures and processes. PPG adopts a consultative approach before putting in place a new procedure or initiative as also whilst revising existing procedures. PPG also provides professional inputs to national and international professional organisations on the development of new audit practices as well as internalisation of best practices within the Department by issue of new guidelines and practice notes.

During the year clarifications on existing procedures and processes associated with Compliance Audit, Financial Audit and Performance Audit were issued covering matters such as special audit, Commercial Audit Reports on State PSUs, State Finances Audit Reports, quality assurance in Audit reports, etc.

1.5 Guidance issued for audit of Local Governments

Following guidances were issued during 2023-24 regarding audit of Local Governments:

- (1) Guidance, in the form of FAQs, was issued in May 2023 regarding audit of Local Governments, which clarified a lot of queries raised on the previous guidance issued in December 2022. This guidance also clarified fundamental issues in regard to audit of Local Governments like (i) What would Annual Audit Plan of Local Governments comprise of ? (ii) What units would be covered under Local Governments Audit ? (iii) What will be audited and observed under Local Governments Audit ? (iv) What would be the period of coverage for District Centric Audit ? etc., as well as more complex issues like what would be suitable issues to take up for different kinds of audit and how to approach Service-Delivery-Oriented audit.
- (2) To illustrate the function based approach for Local Governments Audit, a model Issue Analysis was prepared by the Local Government Audit Wing on the Function pertaining to 'Drinking Water', i.e., serial No. 11 of the Eleventh Schedule of the Constitution and issued to the Field Audit Offices.
- (3) A book on “Local Governance in India –Initiatives and Opportunities” was also released by the CAG of India in February 2024. The book discusses the latest initiatives by the CAG of India for strengthening Local Governance. It contains chapters contributed from the Ministry of Panchayati Raj and the Ministry of Housing and Urban Affairs on the latest initiatives/efforts taken by the ministries for the purpose of strengthening of governing structure, accountability and oversight mechanisms in the rural and urban spheres. Authored by distinguished figures in the field, including former bureaucrats and audit advisors, this book contains chapters on Social Audits, reforms in the accounting, auditing and reporting of Local Governments and the evolution of Panchayati Raj systems from ancient to modern times.

- (4) A book on 'Strengthening of Grassroots Democracy and Accountability- International Scenario of Local Governance' was brought out emanating from discussions and insights shared by the participating countries during the International Conference on “Strengthening of Grass Roots Democracy and Accountability”. The book contained details on the International Scenario of Local Governance; Mandate and Types of Audits Conducted in participating SAIs; and Case Studies and Best Practices aimed at experience sharing.

CHAPTER-2

Capacity Building

2.1 Introduction

SAI India strives to constantly upgrade its professional skills and expertise through a robust system of capacity building across all levels of its personnel. The training strategy is oriented towards supporting and strengthening the personnel in the performance of their roles and creating value through intensive training and knowledge sharing to fulfil the mission *"To enhance professional and institutional development"*.

2.2 Capacity Building in SAI India

The objectives of SAI India with respect to Capacity building are:

- Improving domain knowledge and its translation into training material
- Sharing of knowledge and information
- Improving teaching and learning environment
- Improving learning outcomes

The Strategic Management Unit (SMU) at Headquarters notified, in July 2023, the establishment of the 'Knowledge and Capacity Building (K&CB) Wing' in the Office of the CAG to enhance professional skills by facilitating learning, knowledge sharing and innovation within the organisation and among the SAI community. The wing is headed by the ADAI (Capacity Building) & Chief Knowledge Officer. The erstwhile Training Wing has been integrated in the Knowledge & Capacity Building wing. The K&CB wing has been entrusted with the dual responsibility of Knowledge Building and Knowledge Dissemination.

The Regional Training Institutes (RTIs)/Regional Training Centres (RTCs) have been re-designated as Regional Capacity Building & Knowledge Institutes (RCBKIs) and Regional Capacity Building & Knowledge Centres (RCBKC).

2.3 Training Methodology and Processes

- (i) **Central Training Advisory Committee (CTAC)** annually reviews all training activities and programmes in SAI India to ensure their focus, quality and relevance. CTAC also oversees the work of Regional Advisory Committees of the RCBKIs. The 48th CTAC meeting, chaired by Deputy CAG (HR, IR & Coord.) was held in March 2024 at CAG's office.
- (ii) **Training Needs Analysis (TNA)** is the first step towards a methodical approach to training and is carried out annually for effective designing of courses, implementation and evaluation of training. The TNA for the year 2023-24 was conducted through SAI Capacity Building portal for all offices of the SAI India. Based on the TNA, RCBKIs and RCBKCs developed their Annual Calendar of Training Programmes (CoTPs) for the year 2024-25.

- (iii) **Structured Training Module (STM)** is a compact package of material and references for successfully organising a training course. It includes reading materials, guiding papers, background documents and notes to facilitate the work of an instructor. The contents for training modules are developed by a team of officers who are subject matter experts.

As on 31 March 2024, 86 STMs have been developed, peer reviewed and disseminated to RCBKIs/RCBKC's for training purposes.

The following STMs were developed during 2023-24:

- Indian Accounting Standards (Updated)
- Outcome Based Audit
- Motor Vehicle Tax (MVT)
- Urban Local Bodies
- Financial Audit of Government Companies (updated)
- Performance Audit
- Compliance Auditing Guidelines
- Procurement Audit Analysis of Financial Statements
- Audit of Goods and Services Tax
- Guide on Direct Benefit Transfer
- Guide on e-Voucher and e-Challan
- Guide on International Auditing Standards

(iv) **Development of Case Studies/Research Papers**

Case studies are valuable and practical tools for adult pedagogy. The case study method creates a classroom in which students learn not by simply absorbing facts and theories, but also by exercising the skills of analysis, synthesis, leadership and team work in the face of real issues.

As of 31 March 2024, 67 Case Studies have been developed, peer reviewed and disseminated to RCBKIs/RCBKC's for training purposes. Following case studies were developed during 2023-24:

- Role of Public Accounts Committee on the Audit Reports of the CAG
- Construction and Maintenance of Limited Height Subway
- Payment of House Rent Allowance at Higher Rates
- Logging and Audit Trails

- Punctuality and travel time in Indian Railways
- Setting up of new Institutes of Technology (IITs)
- User Acceptance Testing
- Configuration Management
- Evaluating Auditee's Response to draft paragraphs
- Follow up of Proceedings on Audit Reports in PAC/COPU
- GST - Irregular claim of input tax credit on inadmissible items
- Public Works Audit - Wasteful Expenditure: Deficient Preparation and Approval of Detailed Project Report(DPR) Leading to Abandonment of Bridge Work
- Misclassification of Revenue Expenditure as Capital Expenditure
- Non-Compliance with the Terms and Conditions of Concession Agreement in PPP Contracts
- Storm Water Management
- Comments on Financial Statements of General Insurance Corporation for 2018-19
- Comments on Financial Statements of Haffkine Bio-Pharmaceuticals Corporation Ltd for the year 2019-20
- Non-Realisation of Land Revenue
- Short levy of Stamp Duty
- Unauthorised drawal of AC bills
- Assessment and Collection of Tax on Motor Vehicles and Financial Controls in the Department
- Production of Parachutes on Ordnance Factories
- Audit of Public Procurement - Avoidable expenditure
- Excess Expenditure beyond Approved Authorisation
- Savings in the Appropriation Accounts not surrendered timely
- Bio- Medical Waste Management in West Bengal

2.4 Training at Institutes of SAI India

The training infrastructure of SAI India comprises four Central Training Institutes, 10 Regional Capacity Building & Knowledge Institutes (RCBKIs) and two Regional Capacity Building & Knowledge Centres (RCBKCs).

2.4.1 Trainings at Central Training Institutes

2.4.1.1 National Academy of Audit and Accounts (NAAA)

During 2023-24, NAAA conducted various phases of induction training programme for Officer Trainees of 2021, 2022 and 2023 batches in which 64 Officer Trainees of IA&AS, six officers from Royal Audit Authority of Bhutan and two officers from SAI, Maldives had undergone/been undergoing training. 13 IA&AS Officer Trainees of 2021 batch successfully completed their training at NAAA in November 2023 and 14 IA&AS Officer Trainees of 2022 batch who have completed their Phase-I training are currently in field offices for their On-the-Job Training. 26 IA&AS Officer Trainees of 2023 Batch and two officers from Royal Audit Authority, Bhutan have joined their Induction Training at NAAA in November 2023 and are undergoing their Phase-I training.

One of the major objectives of NAAA is to help the Officer Trainees in acquiring professional knowledge and competence as Civil Servants, through in-house training, extra-curricular and social activities. Inputs for professional knowledge are imparted through an interactive classroom environment; practical sessions on the working of different organisations through study tours and lecture series by eminent personalities from various walks of life.

During 2023-24, NAAA conducted two lectures under '*Pragyan*' Lecture series by eminent personalities. First lecture was delivered by Dr. Shivshankar Menon, Former Foreign Secretary of India on “The Effect of Asian Geopolitics on Indian Foreign Policy”, on 28 June 2023 and Padmashri Awardee Ms. Shovana Narayan, delivered the second lecture on “Confluence of Art and Cultural Heritage of India” on 22 January 2024.

Besides Induction Training of IA&AS Officer Trainees, NAAA conducts Executive Development Programmes for serving IA&AS officers and Audit & Accounts Sensitisation courses for Officer Trainees of other Central Services and officers of Indian Army. During 2023-24, 13 in-service courses including two workshops were conducted at NAAA, in which 252 officers participated.

2.4.1.2 International Centre for Information Systems and Audit (iCISA)

iCISA, Noida was set-up to design frontline audit products and conduct high quality, skill-developing training programmes for national and international participants, using the latest pedagogy and training tools. iCISA aligns its international capacity-building initiatives with emerging trends and technologies, allowing auditors and professionals from around the world to share their experiences and aid in continuous professional improvement. iCISA draws upon a rich resource pool comprising experts from various esteemed organisations such as Information Systems Audit and Control Association (ISACA), UNICEF and World Bank as well as renowned educational institutions like Indian Institutes of Technology (IITs) and Indian Institutes of Management (IIMs).

Additionally, professionals from leading IT firms such as IBM and TCS further enriched the institution's training offerings. iCISA has trained 5,276 participants from 152 countries through residential International Training Programmes till 31 March 2024 and 126 participants through online multilateral programmes.

During 2023-24, iCISA conducted 17 Training programmes (nine International and eight National) which were attended by 542 participants (246 International & 296 National). The National Training Programmes also included one training programme conducted for 35 Officers of Military Engineering Services.

iCISA publishes a bi-annual e-Journal-PursuIT which is circulated in all field offices and hosted on the iCISA website. Currently, Eighth journal is uploaded on the iCISA website and Ninth issue based on the theme of 'Digital Data Protection' is under preparation. Further, iCISA has been contributing to capacity building by developing various e-Learning Modules (eLMs). eLM on “Disciplinary Proceedings in IA&AD” was developed by iCISA and hosted on the SAI Training portal. Further, an eLM on “Code of Ethics” is under preparation. Additionally, iCISA is actively involved in developing learning videos on IS Audit (using Captivate and other tools).

2.4.1.3 International Centre for Environment Audit & Sustainable Development (iCED)

iCED was set up for capacity building and knowledge sharing in the area of Environmental Audit. iCED is uniquely dedicated to the area of Environment Audit and Sustainable Development and seeks to harness India's expertise in conducting environmental audits over the years. iCED is also a designated Global Training Facility (GTF) of the Working Group on Environmental Audit, and the Working Group on Extractive Industries (since August 2016) of International Organisations of Supreme Audit Institutions (INTOSAI).

During 2023-24, 20 capacity-building and knowledge-sharing programmes were organised by iCED. Of these, 11 were National Training Programmes, two National Workshops/Regional Seminars, two UN Audit training programmes and five International Training Programmes. Nine programmes were conducted in online mode and 11 were conducted in offline mode. A total of 604 participants (313 international participants and 291 national participants) attended these programmes.

iCED has a vibrant in-house research programme, in collaboration with leading academic institutions like TERI (The Energy and Resources Institute), to bring out quality research projects dovetailed to SAI India's Environment Audit processes.

iCED releases a quarterly newsletter “Green Files” by combining inputs from various Environmental Audit reports and other related content which is greatly appreciated in SAI India and outside. Following volumes were published/under publication during 2023-24:

- 45th Volume of 'Green Files' under the theme “Blue Economy”
- 46th Volume of 'Green Files' under the theme “Climate change and Blue Economy”.
- 47th Volumes of 'Green Files' under the theme “Perspectives of the Blue Economy”.
- 48th Volume of 'Green Files' is under publication focusing on the themes of “Climate Change and Blue Economy with Special Focus on COP 28”.

During 2023-24, iCED has included contemporary environmental topics and sections such as climate transitions, energy-related emissions and the importance of Rainforests in mitigating Climate Change.

iCED as a Centre of Excellence on the Blue Economy

The CAG of India approved the establishment of a Centre of Excellence for the Blue Economy at iCED in April 2023 and announced the same during the SAI20 Summit meeting at Goa in June 2023.

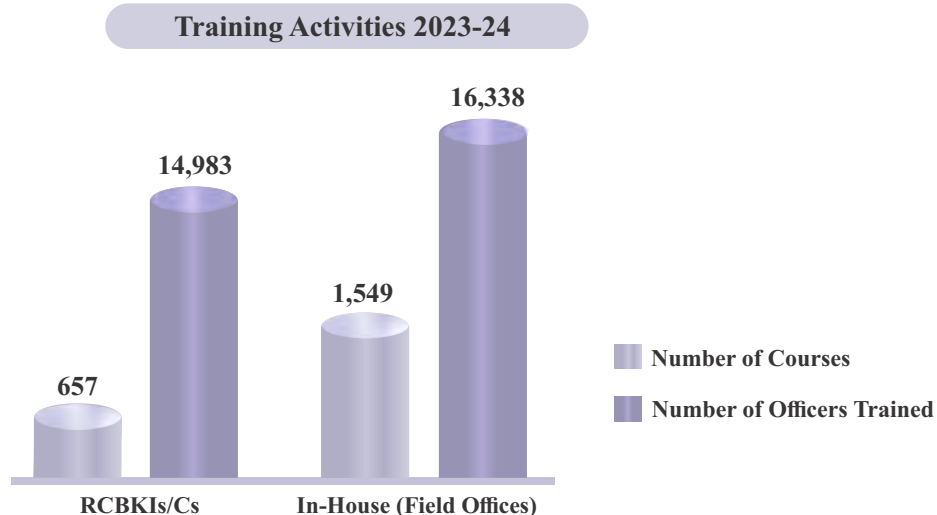
iCED, in 2023-24, successfully commenced its role as a Centre of Excellence on the Blue Economy by using iCED's Four Pillars of approach as mentioned below:

- **Capacity Building:** iCED developed training modules and conducted various training programmes on blue economy including International training programmes in association with INTOSAI WGEA, national training programmes and in-house capacity-building workshops for its staff.
- **Research:** Several occasional research papers have been published highlighting critical themes in marine and renewable energy sectors of blue economy. In September 2023, the paper titled “Sustainable Livelihood and Gender Equity in the Development of the Blue Economy with a Special Focus on Marine Fisheries” was released. This was followed by “Use of Remote Sensing, GIS, Driver-Pressure-State-Impact-Response(DPSIR) Framework, and SWOT Analysis for Impact Assessment of Marine Renewable Energy Sector with a Focus on Floating Solar Photovoltaic Systems in India” in December 2023. Subsequent papers included “Marine Energy Resources: Perspectives for Planning Audits” in February 2024 and “Selected Perspectives on Ocean Acidification” in March 2024.
- **Knowledge Repository:** iCED contributed to various initiatives of SAI India during the SAI20 events on Blue Economy. Additionally, a coffee table book with the same title was showcased at the SAI20 Summit in Goa in June 2023.
- **Experience Sharing:** iCED collaborated with leading think tanks such as the National Maritime Foundation (NMF), Observer Research Foundation (ORF), and World Resources Institute (WRI) to effectively implement blue economy training programs. Further, iCED actively participated in the Steering Committee meeting on the Horizontal Audit of the Blue Economy in December 2023, and shared materials during the 2023 SAI20 summits in Guwahati and Goa. Additionally, iCED provided valuable inputs for the Director General of Audit (Environment and Scientific Departments) team for the SAI20 delegates meeting in Guwahati.

2.4.2 Trainings at Regional Capacity Building Institutes/Centres/In-house training

SAI India has 10 Regional Capacity Building & Knowledge Institutes (RCBKIs) and two Regional Capacity Building & Knowledge Centres (RCBKCs) located across the country. Field offices also organise in-house training programmes of short duration to meet office specific requirements for capacity building.

During 2023-24, RCBKIs/RCBKC's conducted 657 courses (422 General, 207 IT and 28 Hybrid) and trained 14,983 officers. During the same period, field offices conducted 1,549 in-house courses and trained 16,338 officers.



These training courses were conducted on various subjects such as GST, Works Audit, Compliance Audit, Performance Audit, Financial Attest Audit and IT subjects such as Data Analytics, Audit in IT environment, Oracle and Computer Assisted Audit Techniques.



RCBKI, Mumbai

2.5 Career Milestone Training for IA&AS Officers at institutions of repute

The pattern of Mid-Career Training Programme (MCTP) for IA&AS officers was revised as per DoPT orders issued in May 2016. Currently it includes:

- (i) **Executive Development Programme (EDP) for IA&AS Officers with 7-9 years of service** to enhance understanding of public policy and finance issues, strengthen analytical tools and management acumen.

- (ii) **Management Development Programme (MDP) for IA&AS Officers with 14-16 years of service** to widen exposure and technical inputs, strengthen analytical tools, management acumen and interpersonal skills.
- (iii) **Advanced Management Development Programme (AMDP) for IA&AS Officers with 26- 28 years of service** to widen exposure to multi-dimensional issues faced by senior managers including policy development, performance management, organisational design, negotiation and leadership.

MCTPs for IA&AS Officers during the year 2023-24 were conducted as under:

- A two-week EDP was organised at IIM Bangalore for 20 IA&AS officers from 8 January 2024 to 19 January 2024.
- A two-week MDP was organised for 20 IA&AS officers i.e., Week-1 at IIM Ahmedabad from 4 March 2024 to 8 March 2024 and Week-2 at NAAA, Shimla (in lieu of foreign component) from 11 March 2024 to 15 March 2024.
- A two-week AMDP was organised at Indian School of Business (ISB) Hyderabad for 15 IA&AS officers from 29 January 2024 to 9 February 2024.

2.6 External Trainings for Senior Audit/Accounts Officers/Assistant Audit/ Accounts Officers

During 2023-24, 241 SAOs/AAOs were trained in six trainings at OP Jindal Global University, Sonapat, Haryana on 'Emotional Intelligence', 'Stress and Anxiety management', 'Competency Mapping', 'Handling legal cases including RTI' and 'Big Data Analytics'.

2.7 Self-Nomination Scheme for Senior Audit Officers/Assistant Audit Officers

CAG of India approved (October 2019) the Self-Nomination Scheme for training of AAOs/SAOs at Indian Institutes of Management (IIM). The self-nomination scheme was revised in November 2021 to enable SAOs/AAOs to participate in online/hybrid trainings conducted by IIM as well.

During 2023-24, 69 SAOs/AAOs were trained in 17 courses at IIMs viz., Ahmedabad, Bangalore, Kolkata, Lucknow and Indore.

2.8 Mid-Career Training Program for Senior Audit Officers/Assistant Audit Officers

K&CB wing implemented a five level Mid-Career Training Programme (MCTP) for SAOs/AAOs from March 2023 as under:

MCTP	Description
Level 1	Induction training for direct recruit AAOs/promoted AAOs conducted at the RCBKIs/RCBKC's
Level 2	For AAOs with service career of 7 to 12 years - at RCBKIs/RCBKC's
Level 3	For SAOs/AAOs with service career of 12-17 years - RCBKIs/RCBKC's
Level 4	For SAOs/AAOs with service career of 17-22 years at external training institutes i.e., OP Jindal Global University (OPJGU) Sonipat and Administrative Staff College of India (ASCI) Hyderabad
Level 5	SAOs/AAOs with service career of more than 22 years at Arun Jaitley National Institute of Financial Management (AJNIFM) Faridabad

During 2023-24, 79 MCTPs were conducted in which 2,288 SAOs/AAOs were trained.

2.9 Self-Learning Modules (SLMs)

To equip all the officials of SAI India with optimum functional knowledge of IT, SLMs were developed on MS-Word, MS-Excel, MS-Access, MS-PowerPoint, E-Mailing, E-office, PFMS, BEMS and SPARROW. These modules were made available to all the employees through SAI Training Portal. Field offices were requested to conduct a periodical in-house evaluation examination on these SLMs, passing of such examination should culminate in certification of the successful candidates.

By end of March 2024, 14,953 employees, in 145 offices, trained through these modules, appeared for evaluation tests conducted by field offices and 13,198 employees were declared successful.

2.10 Performance Monitoring Framework

A Performance Monitoring Framework (PMF) for RCBKIs/RCBKC's with quantitative parameters was designed and introduced in 2015-16. The PMF envisages internalising and institutionalising excellence by linking RCBKIs/RCBKC's internal processes to stakeholders' expectations, ensuring a quality learning environment and necessary facilities to effectively impart training as well as function as knowledge centres. The scores allotted by the RCBKIs/RCBKC's and its user offices are verified by conducting physical inspection of the RCBKIs/RCBKC's. The PMF verification for the year 2022-23 in respect of 11 RCBKIs/RCBKC's has been completed during 2023-24.

2.11 Special achievements of Knowledge & Capacity Building (K&CB) Wing during 2023-24

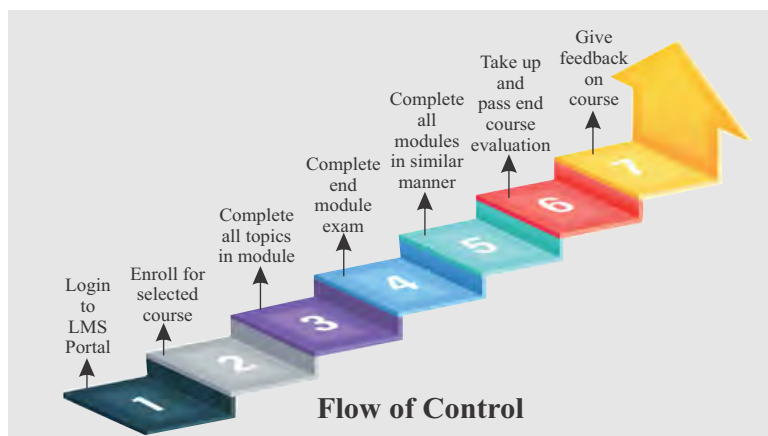
Following other milestones in capacity building were also achieved during 2023-24:

- (i) **An All India Training Programme on 'Artificial Intelligence & Machine Learning'** was organised at Indian Institute of Management, Bangalore for 19 IA & AS officers from 11 March 2024 to 13 March 2024.
- (ii) **Dr. B. R. Ambedkar Lecture Series** is organised by K&CB Wing since February 2024. The objective of the lecture series is to expose officers/officials to ideas and issues of importance and relevance. The underlying philosophy of the lecture series is to encourage officers to think differently and innovatively. K&CB Wing organised the 10th Dr. B.R. Ambedkar lecture series on the Digital Twin of Kohima City in February 2024 and invited two guest speakers Shri Mhathung Kithan and Shri Atho-o Kethorietuo Kesiezie for a talk/presentation. Shri Mhathung Kithan and Shri Atho-o Kethorietuo Kesiezie, are Project Engineers from the Government of Nagaland, who have played a pivotal role in the development of Digital Twin of Kohima city.
- (iii) **Engagement of Research Associates in iCED:** During 2023-24, under the Academicians/Research Associates Scheme, four Research Associates (Grade-I) were engaged for iCED Jaipur.
- (iv) **Internship Scheme in SAI India:** During 2023-24, under the Internship Scheme in SAI India, Knowledge & Capacity Building Wing engaged six Young Professionals for K&CB Wing (three YPs), Legal Wing (two YPs) and SMU Wing (one YP).
- (v) **Revision of Knowledge Centre Topics:** The Strategic Knowledge Committee has reviewed the Knowledge Centre topics of RCBKIs/RCBKCs, and revised topics on priority areas allocated to RCBKIs/RCBKCs.
- (vi) **System Automation Initiative (SAI) Training Application:** Progress of SAI Capacity Building (erstwhile SAI Training) Portal Phase-IV during 2023-24 is as under:

Sl. No.	Module	Description
1	External Training Module	A module for managing nominations for external training programmes organised centrally by K&CB wing
2	Faculty login module for external faculty	Faculty module gives guest faculty members (of RCBKIs/RCBKCs) the option of providing feedback on participants
3	K & C B wing MIS reports	Reports specific to the requirements of K&CB wing

- (vii) **Learning Management System (LMS):** In order to promote self-learning in the department, K&CB Wing introduced a Learning Management System (LMS). During 2023-24, one general course on Disciplinary Proceedings has been added to the LMS portal. All employees of SAI India have access to the courses available on the LMS platform. Further, K&CB wing is working with RCBKIs/RCBKC's to ensure availability of more courses on LMS platform.

By March 2024, 25,667 employees had enrolled for active courses of which 17,850 employees completed their courses successfully.



- (viii) **Induction Training for Direct Recruit AAOs:** The existing pattern of 9 months induction training for direct recruit AAOs has been revised (May 2023) as under:

Phase 1: Three-months classroom training including SAS Preparatory at RCBKIs/RCBKC's.

Phase 2: Three-months of On the Job training in field offices.

Phase 3: Six-weeks Orientation Training for AAOs/Supervisors

On completion of training and passing of SAS examination, the top 10 AAOs are given a week's exposure course at NAAA, Shimla. Besides, the top most AAO is awarded the CAG's medal, the second is awarded the DAI's medal and the third is awarded the DG NAAA certificate. The revised pattern of Induction Training for Direct Recruit AAOs was implemented from Induction Training of Direct Recruit AAOs CGLE 2019 Batch.

- (ix) **Six-week Orientation Training for AAOs/Supervisors:** During 2023-24, 433 AAOs/Supervisors were trained in Six-week Orientation training programmes conducted by RCBKIs/RCBKC's.
- (x) **Training Programme on "Training for Trainers":** An All India training programme on "Training for Trainers" was organised at Administrative Staff College of India, Hyderabad in two phases. Phase I was held from 4-16 December 2023 and Phase II from 26-28 March 2024. The training programme was attended by 11 IA&AS officers, 18 Core Faculty members from RCBKIs/RCBKC's and one Sr. AO and one AAO from K&CB Wing.

CHAPTER-3

Internal Controls and Quality Assessment

3.1 Quality Management through Inspections

Inspection and Peer Review (IPR) Wing is vested with the responsibility of conducting test checks of all the functional offices (132 offices including two Regional Knowledge and Capacity Building Centres, excluding five offices located abroad) of SAI India across the board. The Wing performs oversight functions with a view to provide assurance on compliance with the professional pronouncements and administrative instructions; gap analysis facilitating course corrections for optimal utilisation of human capital and efficiency optimisation. Inspection provides a platform for sharing of good practices noticed in individual offices.

In order to fulfill its mandate, the wing carries out on-site inspections of field offices including branch offices. Offices are selected on a point system based on risk parameters designed for this purpose.

Following mechanisms are in place to ensure effectiveness of inspection and responsiveness of functional wings in headquarters and field offices: -

- (a) To make the process of inspection open and participative, the wing has endeavored to improve and sustain synergy with all stakeholders through regular dialogue with the heads of the respective functional wings;
- (b) The inspection teams conduct desk studies of available material like earlier peer review reports/Inspection reports, detailed information called from the offices planned for inspection and periodical returns/inputs obtained from functional wings on a regular basis. Teams go through briefing and debriefing sessions at the highest level before commencement and after completion of field assignments;
- (c) Reports are prepared in standard formats and are concise and carry recommendations to engage stakeholders in a constructive manner;
- (d) Check lists on inspection of field offices and on specific issues and functional verticals prepared in consultation with respective groups are used by the inspection teams;
- (e) All the Inspection Reports (IRs) are issued in digital form and uploaded under Knowledge Management System (KMS) portal in the CAG's website. The IRs for the years 2014-15 to 2022-23 are available in the KMS portal.
- (f) Compliance to the observations is called for from field offices under two categories viz., (i) Category-A- where compliance is to be done by the office itself in a time-bound manner, and (ii) Category-B- where compliance is dependent on action taken by external agencies like State Governments, PSUs etc. Individual offices have been advised to fix a time frame within which all the observations raised in the IRs are to be complied with.

3.2 Activities during the year 2023-24

- Inspection Teams were supervised by a Group Officer for effective execution of Inspection work continuing the practice from the previous year 2022-23.
- During the year, 20 (A&E- five, State Audit Offices-seven, Central Audit Office-two, Defence Audit Office-one, Railway Audit Offices-three and Training Institute-two) field offices were planned for inspection. The details of inspection conducted, observations raised, settled and outstanding as on 31 March 2024 is tabulated below:

No. of Inspections planned	No. of Inspections carried	No. of IRs/ observations issued during 2023-24		No. of observations settled during 2023-24	No. of paras/ IRs outstanding at the end of March 2024	
		IRs	Paras		No. of paras	No. of IRs
20	20	21	2,669	2,443	2,852	48

3.3 Internal Peer Reviews

IPR Wing organises Peer Review of offices in SAI India as part of Quality Assurance mechanism. These are governed by the 'Peer Review Guidelines for Audit Offices 2022'. The scope of these guidelines is confined to review of audit offices.

During the year, 14 field offices (A&E-three and Audit Offices-six, Central Audit Office-one, Defence Audit Office-one, Commercial Audit Office-one and Railway Audit Offices-two) were planned for Peer Review. The Peer Review of all the Offices has been completed.

CHAPTER-4

Our IT initiatives

SAI India is continuously upgrading its disparate legacy Information Technology (IT) applications to centralised IT solutions. The centralised solutions are easier to manage, and state of the art security setup can be deployed in a centralised application in a cost-effective manner. The push to digital solutions is accentuated by the objective of standardising our work processes, reducing time to process and improve the quality of services rendered and to leverage digital data generated by other governmental IT applications for audit assignments.

The applications in SAI India have been designed to ensure high availability and improved quality/continuity of services. The new centralised solutions include a state-of-the-art security architecture to handle advanced cyber threats. To ensure safety, the security audit of network, infrastructure and application by an independent, external, government empanelled agency is mandatorily performed.

The use of IT in SAI India can be broadly grouped under the following categories:

- Formulation and implementation of an Information System (IS) policy for the SAI India;
- Designing and rolling out new IT applications;
- Supporting existing IT applications, especially in relation to Accounting & Entitlement functions;
- Management and maintenance of supporting IT infrastructure;
- Serve as a resource centre for Data Analytics to assist in the planning and execution of Audit assignments; and
- Audit of IT Systems of Governments and other auditee entities.

4.1 Recent Initiatives and Developments

In line with Government of India's IT 'Digital India' programme, SAI India is in the process of complete digitisation of its business processes and records. The audit processes have been completely digitised with the development, implementation, and roll-out of the One IAAD One System (OIOS) Application, an end-to-end Audit Process and Knowledge Management System – a core audit function of SAI India, from 1 April 2023. Field offices were onboarded and trained on the e-Office (NIC's file management and transfer system) application. The process of implementing a comprehensive HR package for our personnel (e-HRMS) has also started.

Additionally, SAI India has a Centre for Data Management and Analytics (CDMA) at the Headquarters office. CDMA serves as a nodal point for obtaining centralised access to other governmental applications and the data generated by them and assists SAI India's field offices in data analysis and data restoration. CDMA has started to take up centralised desk review for selected audit assignments.

SAI India also has a separate IT audit function, which is responsible for risk assessment and prioritisation of auditee IT systems for IT audits and guidance of individual IT audit assignments from planning and design through mid-term reviews to reporting.

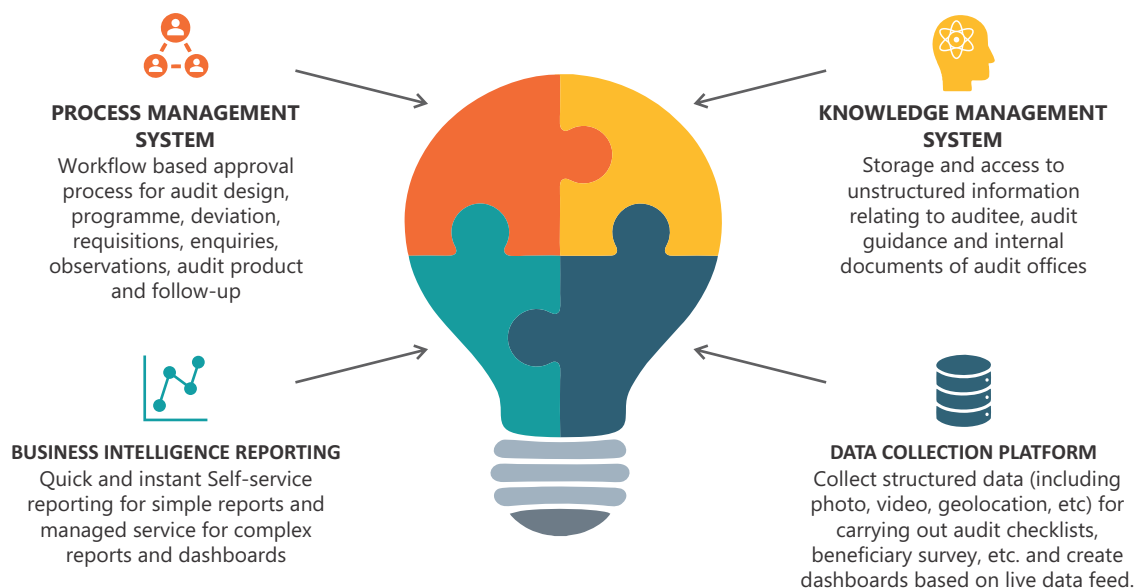
4.1.1 One IAAD One System

4.1.1.1 Design, development and roll-out of OIOS

SAI India is a large organisation - employing around 42,000 people, out of which around 29,000 employees are involved in its core audit function. Hitherto, departmental information was being stored in a heterogeneous and distributed manner, ranging from paper-based files, electronic files stored on personal desktop, to localised in-house IT systems in some cases, lacking an effective mechanism for systematic sharing of data within the department.

In 2019, SAI India initiated the development, implementation, and roll-out of a comprehensive IT system for audit process automation and knowledge management, called One IAAD One System (OIOS). The OIOS project aims at creating an IT based platform which will create a single source of truth regarding audit activities of SAI India. It is a workflow-based IT application where all the activities are carried out end-to-end in real-time within the application itself. The solution consists of four main components:

- (A) Business process management system through which activities relating to audit planning, audit design, audit execution, audit reporting, and follow-up can be performed. This covers all types of audits (financial, compliance and performance audits).
- (B) Knowledge management system in which the unstructured information relating to auditees (such as policy notes, GOs, reports, act, rules, circulars, instructions, guidelines, etc.) and audit process (mandate, regulation, standing orders, guidelines, guidance notes, practice notes etc.) are maintained.
- (C) Reporting module in which MIS reports and dashboards can be created and managed.
- (D) Data collection platform in which structured data (including photo, video, geolocation, etc.) can be collected for various purposes.



OIOS application includes a mobile scanner application which assists in capturing geotagged images, videos and documents and to attach them as key documentary evidence. In order to facilitate audit execution in geographical locations, where there is little or no internet connectivity, an offline module is also part of the OIOS application.

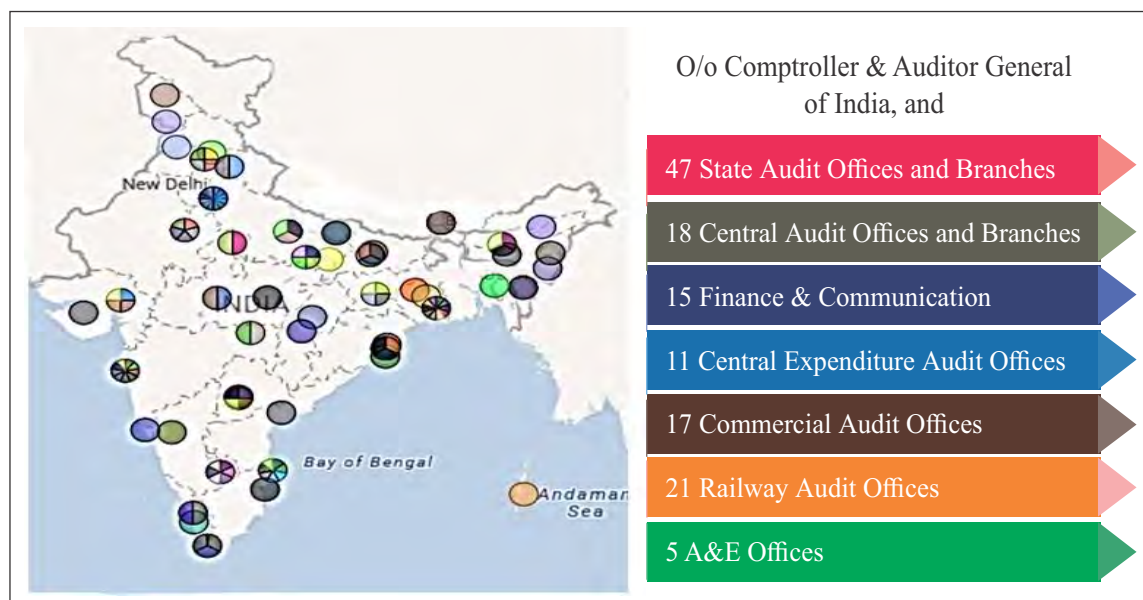
The process of design and development of OIOS application is based on the Agile Scrum Methodology for iterative development. This involves intensive engagement between the Product Owner (SAI India) team and the System Integrator's team.

Change Management in an organisation like SAI India (with around 150 audit offices including branch offices and 29 A&E offices) is a challenge. From the perspective of digitising the SAI India's processes, OIOS is replacing the currently followed manual processes. These processes vary from office to office – some are due to office-specific requirements, and some are only customary. Keeping these aspects in mind, an elaborate framework for onboarding an office on OIOS has been put in place.

4.1.1.2 Status of OIOS Application Development and roll-out

The application development for the first version of OIOS is completed. Primary functional modules (Audit Planning, Audit execution by field Audit parties, Review and finalisation of Audit Products- Inspection Reports, Audit Report material, Communication, Audit follow up and Audit planning) have been developed. The Mobile Scanner app and the Offline app have also been launched.

The roll-out of the application in SAI India offices began in November 2020, and it is cent percent operationalised in 130 audit offices (81 main and 49 branch audit offices) with effect from 1 April 2023. As on 31 March 2024, five State A&E offices have been on-boarded in OIOS (for treasury inspection) increasing the count to 135 field offices (86 main and 49 branch offices).



The overall implementation indicators as of 31 March 2024 are depicted below:



Key data indicators of OIOS implementation

The process of rolling out and implementation in each field audit office or branch office consists of the following broad activities – initial engagement; base camp (involving master data capture and associated activities); training and capacity building; and phased implementation.

In order to facilitate the engagement process at office-level, 22 dedicated posts for OIOS Functional Helpdesk were established at different Regional Capacity Building & Knowledge Institutes/ Centres of SAI India. Each helpdesk person caters to a cluster of offices. They work as the first level of contact - in case the user faces any issues.

4.1.2 Implementation of secured IAAD VLAN

Main offices of SAI India have been provided with internet connectivity through a virtual network named as IAAD-Net, forming part of NIC-NET. This network is managed by the National Informatics Centre. IAAD Net is designed for interconnecting various SAI India field offices so that access to SAI India-specific IT applications can be restricted as appropriately and access to the internet can be secured by utilising the Centralised Threat Management Solution of NIC.

Given that more of the office functioning is moving to web-based applications, it is important to have secured access to IAAD-Net. Hence, a project for revamping the existing LAN infrastructure and setting up a secured IAAD VLAN and Wi-Fi access is ongoing. The purpose is to ensure:

- Overhauling of physical LAN infrastructure – scaling up with respect to increase in endpoint devices, replacing old LAN cables/ routers etc.
- Providing office-wide seamless Wi-Fi access
- Centralised enforcement of security policies through Network Access Control (NAC)
- Centralised maintenance of IAAD network/ endpoint devices for Patch Management etc., through a dedicated Command and Control Center
- Secured access controls for IAAD Virtual LAN (NIC user log-in ID based access)

4.1.2.1 Status of implementation of IAAD VLAN Project

The Project is being implemented with the assistance of NIC. The project starts with the preparation of Design documents (office-wise) for requirement assessment. The work at the office-site includes - Passive Work – physical laying of the fibre cables and Installation of Active components (Switches, routers). This is followed by centralised deployment of network policies and configurations, which constitutes Network Live.

From an implementation perspective, the project has been grouped into four Phases (1, 2A, 2B and 3) in terms of the number of offices to be covered. Further, in order to finalise the Centralised configuration (which would be replicated across offices), five offices were chosen for pilot.

The process of onboarding of most of the sites out of 150 offices to the new network (Phase 1-32 offices, Phase 2A-27 offices and Phase 2B and Phase 3-91 Offices) has been completed except seven sites which are not ready.

4.1.3 Human Resource Management System (e-HRMS)

The rollout of eHRMS 1.0 for the CAG headquarters (HQ) office was initiated on a pilot basis on 6 January 2022. Following this, the onboarding of iCISA, iCED, NAAA Shimla and all RCBKIs/RCBKC (excluding RCBKC Delhi, which falls under DGCR Delhi) was completed.

Subsequently, Department of Personnel and Training (DoPT) communicated regarding the upgradation of e-HRMS 1.0 to e-HRMS 2.0, which is currently being designed and developed by the National e-Governance Division (NeGD).

For the roll out of e-HRMS 2.0, migration of data for users in the CAG office, iCISA, iCED, NAAA Shimla, and all RCBKIs/RCBKC (excluding RCBKC Delhi) from e-HRMS 1.0 to e-HRMS 2.0 was completed on 30 September 2023 and Leave and Reimbursement modules of e-HRMS 2.0 were rolled out in these offices from 1 October 2023.

Subsequently, a phased implementation of the e-HRMS 2.0 has been carried out in offices under SAI India.

Pilot Phase: An initial implementation was carried out in 36 Pilot Offices, including SAI India Headquarters, Training Institutions/Offices and branch offices, with a total 5,304 employees being onboarded on the e-HRMS 2.0 portal. These offices have rolled-out the Leave and Reimbursement Modules on the portal and are actively utilising the services on the portal.

Phase-I: Under Phase I of the implementation, 80 offices (including branch offices) under SAI India have been onboarded, covering 17,433 employees. These offices have also rolled-out the Leave and Reimbursement Modules on the portal and are actively utilising these services on the portal.

Phase-II: In the final Phase (Phase-II) of e-HRMS 2.0 implementation, a total of 82 offices/branch offices (encompassing approximately 15,200 employees in position) have been selected, of which the majority have completed the onboarding process and have started rolling out the leave and reimbursement modules in the offices as on 31 March 2024.

Currently, around 42,280 employees in 197 offices are (main and branch offices) onboarded on e-HRMS 2.0.

4.1.4 Implementation of e-Office

e-Office is a digital workflow-based application, which allows end-to-end movement/ storage of electronic files. It is a web-based application developed by NIC and can be accessed from anywhere on internet. The implementation of e-Office is focused on processing of administrative activities.

Currently, 135 offices are using e-office to various degrees and 35,000+ users have been created and around 3,39,672 files have been processed through e-office.

4.1.5 Functional area of work of email accounts

SAI India's online IT applications (*viz.*, e-office, e-HRMS, OIOS etc.) require that each user should have valid and active name based email account. This is pre-requisite/must for making login and use of that particular application. Though our department started creation of name-based email account very early through NIC, the task of all email creation/modification/updating was finally transferred to our department in the year 2018. At that point of time, there were 42,369 email accounts on the email portal and thereafter during last six-years, 29,052 email accounts have been created. As on 31 March 2024, there were 71,421 active email IDs in the email portal of SAI India.

4.2 Management and maintenance of supporting IT infrastructure

Allotment of funds for procurement of IT hardware, IT-AMC, consumables and softwares for use by field offices of SAI India is managed centrally. With the roll-out of OIOS and other IT applications, and in view of COVID pandemic, which has put emphasis on facilitating work from home, impetus was given on facilitating dedicated endpoint devices (laptops/desktops) for officials of SAI India. This is being done largely through centralised procurement of laptops and desktops. Further, for enabling audit parties to work on OIOS during field audit in areas with poor internet connectivity, mobile Wi-Fi devices have also been provided. Centralised procurement of 3,719 Laptops and 2,500 Desktops was completed in the year 2023-24.

4.2.1 Supporting existing IT applications

IS Wing provides necessary support, as needed, in implementation and maintenance of various departmental IT applications. There are nine existing applications running at the CAG's headquarters for various wings such as Staff Wing, Budget, Commercial Wing, GASAB Wing and Director (P) Wing. IS Wing has been currently looking after the maintenance and updating of multiple applications.

Accounts and Entitlement offices use Oracle based applications for VLC, GPF, Pension and Gazetted Entitlement processing as detailed in the table below:

Name of the application	Number of States
Accounts (VLC)	28
GPF	20
Pension	19
Gazetted Entitlement	9

IS Wing is providing technical support to the offices for modification and maintenance of the applications. The hardware/software support is also provided whenever necessary.

4.3 Centre for Data Management and Analytics and Audit of IT Systems

The Centre for Data Management and Analytics (CDMA) is the nodal body for steering data analytic activities in SAI India. CDMA provides guidance to the field offices on data analytics and pioneers research and development for SAI India in the field of emerging technologies.

CDMA vision to support the field offices of SAI India through its model of Data as a Service and Data Analytics as a Service is being realised through various Data Analysis projects and support activities.

4.3.1 Data Analytics Projects during 2023-24

Under Data Analytics projects, flagship government schemes are taken up and data analytic reports are prepared. Latest Machine Learning and Artificial Intelligence techniques in Data Science are applied to bring out insights and risk areas, which would be hard to accomplish in traditional approach. High risk entities are identified using common parameters which are then selected for field audit. Cloud computing and query optimisation of the queries for faster execution of the Big Data queries has been adopted through various NIC Cloud servers.

The following Data Analytics projects were undertaken during 2023-24:

- (i) Pradhan Mantri Kisan Samman Nidhi Yojana
 - (a) Data Analytics Report submitted in April 2023
 - (b) Risk assessment for each and every transaction completed in June 2023
- (ii) Building and Other Construction Workers' Welfare Cess (Labour Department, Government of National Capital Territory of Delhi, (GNCTD))
 - (a) Data Analytics Report using Image Analytics forwarded to field office (PAG/Audit Delhi) in October 2023
- (iii) E-Procurements by GNCTD through Government e-Procurement of National Informatics Centre (GePNIC)
 - (a) Data Analytics Report forwarded in January 2024

4.3.2 Technical support

CDMA collects All India data of VAHAN, SARATHI and E-Challan from the Ministry of Road Transport and Highways every six months. This data is restored on CDMA's cloud server and shared with field offices in .CSV format on request basis. Further, CDMA elaborates the data flow and data structure of aforementioned database to the field offices and helps them in identifying the relevant tables as well as in executing the queries on the data during the audit.

During 2023-24, CDMA has given online training to O/o PAG (Audit-II), Maharashtra, Nagpur and O/o PAG (Audit) Mizoram on VAHAN, SARATHI and E-Challan datasets. The Database for 11 State offices were extracted, converted in (.dot).CSV files and shared.

Moreover, CDMA also conducts the vetting of the audit reports in relation to these datasets wherein, data analytic queries are optimised and improvements are suggested.

CDMA also provided technical support to field offices of SAI India in data analytic and other related works. A list of such activities performed during the year 2023-24 is given below:

Technical support	Office
Vetting of Audit Reports	<ol style="list-style-type: none"> 1. eProcurement done by GePNIC 2. Compliance audit report for DGFT Scheme for Mumbai office 3. Draft Performance Audit Report on Mining for O/o Pr. AG (Audit-II), Uttar Pradesh 4. Data Analysis report on Advance Authorisation on request of Customs Wing (HQrs) 5. Vetting of Draft Para on "Avoidable expenditure on re-carpeting of roads" prepared by O/o DGA (Central), Chandigarh 6. Technical support regarding use of QGIS tool for analysing .kmz file data for O/o AG (Audit), Andhra Pradesh 7. Technical approval regarding Drone Survey for identifying illegally extracted minerals for O/o Pr. AG (Audit), Jharkhand
Data Restoration	<ol style="list-style-type: none"> 1. Haryana Space Application Centre (HARSAC) and E-kharid data for O/o AG (Audit), Haryana 2. Human Resource Management System (HRMS) data of O/o AG (Audit), Tripura 3. Centralized Treasury System(CTS) module of Integrated Financial Management System (IFMS) database for O/o Pr. AG (Audit-I), West Bengal 4. VLC data for iCISA 5. Merchandise Export from India Scheme (MEIS) and Services Export from India Scheme (SEIS) data for and sampling for Customs Wing (HQs)
Providing Data and Data Analysis as a Service	<ol style="list-style-type: none"> 1. Details of Electric vehicles extracted from Vahan database for O/o PDA, Industry & Corporate Affairs, New Delhi 2. Vehicle details were fetched with respect to RC_surrender, RC_suspend and RC_cancel for O/o Pr. Accountant General (Audit-II), Rajasthan 3. Vahan and eChallan databases for Multiple RTOs specifically focusing on permit, tax, fitness, insurance, and PUC details for the given list of vehicles for O/o AG (Audit-II), Uttar Pradesh. 4. Analysis of Vahan Data for O/o Pr. Accountant General (Audit-II), Rajasthan 5. Extraction of registration dates and details of dealers in respect of given list of vehicles for O/o AG (Audit), Punjab regarding SSCA on 'Levy and collection of Motor Vehicles Tax'. 6. Dump creation of Vahan, Sarathi and E-Challan for Tamil Nadu and Puducherry.

4.3.3 Capacity Building

CDMA has also been organising capacity building programmes on various tools and technologies through both in-house and outsourced training programmes. The following training courses were undertaken by CDMA in 2023-24:

- (i) Network Analysis through R programming (22 December 2023) in-House training for officials of PAG (Audit) Uttarakhand – on their request -18 Participants
- (ii) Big Data Analytics –3-5 January 2024- Organised through Future Skills Prime and iCISA -23 Participants
- (iii) Application of Data Analysis and AI using R programming language – 26- 28 March 2024 - organised in RCBKC Bengaluru- 21 participants
- (iv) Application of Data Analysis and AI using python programming language – 26-28 March 2024 - organised in RCBKI Hyderabad- 18 participants

CDMA officials are also involved in the training of employees of SAI India and provide training on general understanding of data analytics and associated tools such as basics of IDEA, Knime, Tableau, Power BI, R programming language etc.

In addition to the above, CDMA also evaluates the technical specifications of the hardware/software requirements of field offices and accordingly makes recommendations to the IS Wing for procurement thereof.

4.3.4 Other Activities/Initiatives

- (i) External Collaboration
 - (a) MoU with IIT Delhi was signed on 20 March 2024 for collaboration in the field of Artificial Intelligence (AI). The broad areas of the collaboration include use of AI in Audit and audit of AI systems, capacity building and knowledge sharing.
 - (b) MoU with Indian Institute of Remote Sensing, Dehradun and IIT-Bombay are also in advanced stages.
- (ii) The CDMA team has worked on developing AI based Tools, which can be used for faster and more efficient advanced analytics. Some of the tools developed in-house are given below:
 - (a) Image analytics tool
 - (b) Name matching tool
 - (c) Date parsing tool
 - (d) CSV file splitter
 - (e) Tool for Sampling
 - (f) Identifying invalid Aadhaar, PAN
 - (g) Duplicate detection

4.3.6 IT Audit and related activities

Audit of IT systems

- (i) As per established process for audit of IT systems, CTO Wing provides support in design, execution and drafting of IT Audit assignments to the field audit offices.
- (ii) Common topics like audit of IFMS system and e-Procurement system were taken up by multiple audit offices. Audit of central system like Core Insurance Solution in United India Insurance Company Limited, has been carried out during the period.

4.3.7 Websites/web portals

IS Wing has developed and launched a main site and a bouquet of sub-sites (133 Nos.) for each field office of the SAI India in the year 2020. The content material related to Headquarters office webpages is being uploaded regularly by IS Wing in addition to the publishing of the Union Audit Reports.

4.4 IT initiatives for Accounts & Entitlement functions

4.4.1 End-to-end digitisation

End-to-end digitisation of Entitlement functions (Pension, GPF and GE) with the State Governments is required to be achieved in view of the recommendations of AsG's Conclave 2023 (April 2023) to have prompt and paperless delivery of services from both the sides (AG Offices and State Governments).

Status of end-to-end digitisation of Pension, GPF and GE function is as under:

Pension Function: Out of 20 offices having the Pension function, nine offices (Haryana, Kerala, Maharashtra-I, Maharashtra-II, Odisha, Punjab, Tamil Nadu, Tripura and West Bengal) are having complete digital platforms at AGOs level and at State Government level as well, except for the transmission of e-service books/electronic-dak system. The remaining offices are in different stages of implementation and are liaising with State Governments for developing and integrating pension module for end-to-end services.

GPF Function: Out of 22 offices having GPF function, nine offices (Andhra Pradesh, Chhattisgarh, Haryana, Kerala, Nagaland, Odisha, Tamil Nadu, Telangana and Tripura) are having complete digital platforms at AGOs level and at State Government level as well, except online e-GPF application in few offices. Assam office has partially implemented (for Non-refundable advance only). Four offices (Karnataka, Madhya Pradesh-II, Meghalaya and West Bengal) are in advance stages and remaining offices are in different stages of implementation.

GE Function: Out of nine offices having GE function, five offices (Assam, Karnataka, Kerala, Meghalaya and Tamil Nadu) are having digital platforms at AGO level and at State Government level as well. Out of these offices, in Assam, Kerala and Meghalaya, electronic-Dak system and GEMS application & HRMS interface are under process. Remaining four offices (Bihar, Jharkhand, Manipur and Nagaland) are in different stages of implementing components of end-to-end digitisation at AGO and State Government level.

4.4.2 Project on Digitisation of records of Entitlement functions

Old records relating to entitlement functions (pensions and GPF) are very difficult to keep and retrieve at the time of revision/updating. As such, an end-to-end Document Management System was conceived, which will not only reduce the time taken to finalise cases but will also facilitate a very robust back-up and recovery of information for decision making. It will also release office space, be cost effective and environment friendly. Further, it will also help in business continuity planning and will facilitate work from anywhere.

The Project was conceived for digitisation of approximately 10 crore pages in nine field offices. The work was awarded in February 2021. The work of digitisation of records is in progress at all the sites except in Manipur office. Approximately 3.25 crore pages have been digitised so far (31 March 2024). Also, the Single Data Management System (DMS) is being developed by one of the vendors and its security audit is underway. On completion, the same will be hosted on the cloud server. NIC had been contacted with the requirements to host the digitised data on the NIC cloud.

In other Offices having Entitlement functions, digitisation of records is being done in-house or through support of the State Governments. In four offices (Odisha, Haryana, Nagaland and Telangana), entire records of Pension and GPF have been digitised. In five offices (Andhra Pradesh, Gujarat, Mumbai, Nagaland and Tamil Nadu), entire records of GPF have been digitised. In the remaining offices, the work of digitisation is in process.

4.4.3 Promoting Citizen Centric Service Delivery through Digi Locker

The Government of India has launched the National “Single Sign On (SSO)” Portal named *Meri Pehchaan*, which brings together three SSO service providers under the Ministry of Electronics and Information Technology (MeiTY). The Ministry of Finance, Government of India, requested all offices to integrate their platforms and applications with any of the SSO service providers i.e., *Jan Parichay* from NIC, *e-Pramaan* from C-DAC and *Digilocker* from NeGD.

As per the request of NeGD division of the Ministry of Electronics and Information Technology, Government Accounts Wing has requested all Principal Accountants General/Accountants General (A&E) to facilitate e-PPO, e-GPO, e-CPO, General Provident Fund and Family Pension through Digilocker.

A Nodal officer has been nominated from each A&E office to facilitate on-boarding on Digilocker.

Status of the implementation in States is as follows:

- (i) Digilocker facility for Pension/GPF has been implemented in Andhra Pradesh, Haryana, Meghalaya, Odisha, Punjab, Telangana, Uttarakhand and West Bengal.
- (ii) All the remaining Offices/States are also in different stages of implementing/integrating Digilocker.

CHAPTER-5

**Audit Diwas
2023**

5.1 Significance

The institution of the Comptroller and Auditor General of India traces its roots to the Auditor General of the British Crown in India, established under the Government of India Act 1858. On 16 November 1860, Sir Edward Drummond took charge as the first Auditor General. After India became independent in 1947, the Comptroller and Auditor General of India was established as a constitutional authority with the adoption of the Constitution of India in 1950. The role of the Comptroller and Auditor General of India has evolved through legislations and practices in British India and in independent India.

To mark the historic origin of SAI India and the contribution it has made to the good governance, transparency and accountability over the last 160 years, it was decided in 2021 to celebrate 16 November every year as '*Audit Diwas*'. The Third *Audit Diwas* was celebrated on 16 November 2023. As a part of the third *Audit Diwas* celebrations, a three day event was organised from 15-17 November 2023, comprising a panel discussion on 'Responsible Artificial Intelligence' and a workshop on 'Strengthening Audit Reporting' on 15 November 2023; Inauguration of Third *Audit Diwas* 2023 on 16 November 2023 followed by the 31st Accountants General (AsG) Conference on 16-17 November 2023.

The following activities marked the celebration of '*Audit Diwas*' 2023.

5.1.1 Hon'ble President's address on the occasion

The Hon'ble President of India, Ms. Droupadi Murmu, graced the Third *Audit Diwas* celebrations at the office of the Comptroller and Auditor General of India by inaugurating it. Addressing the gathering, she highlighted the significant contributions made by Government's audit community under the leadership of Comptroller and Auditor General of India towards strengthening integrity, governance and system building.



Hon'ble President addressing the officers of SAI India

The Hon'ble President praised that CAG has taken several forward looking steps, including the establishment of the Centre for Data Management and Analytics, in which digital technology and other modern methods are being used in line with the future.

The Hon'ble President said that the entire team of CAG is expected to contribute as a controller and an examiner, who is both a companion and a guide in the country's developmental journey. She stated that CAG team will have an important role in making India the third largest economy in the world.

The Hon'ble President observed that removing obstacles in achieving the national goals of accelerated growth and development while ensuring financial propriety and legality is the touchstone of effective contribution by every institution and individual responsible for good governance, including the C&AG. Emphasising on the role of auditors, she said that the auditors should be considered as facilitators of good governance, not critics. She added that they should be considered guides whose scrutiny teaches us to follow the right path.

The Hon'ble President remarked that the emphasis on the issues of Blue Economy and Responsible Artificial Intelligence during India's presidency of Supreme Audit Institutions 20 (SAI 20) is a good effort to prepare a roadmap for the future.

5.1.2 CAG's address on the occasion

The Comptroller & Auditor General of India, in his address, stressed that CAG's commitment to the nation and welfare of its citizens remains steadfast in its objective, stated that the institution is the cornerstone of public financial accountability. Reflecting on the institution's achievement, CAG said that the audit report catalyses good governance and assists Parliament and State legislatures in ensuring accountability, transparency and efficient functioning of the executive. CAG said that access to financial data has significantly improved with the integration of SAI accounting offices with State Governments' financial systems and we will continue to strengthen the linkages between Accounts and Audit by developing data analytics capacities for financial analysis adding that the move will help to produce more informed audits and result in greater public financial management outcomes. On sustainable development, CAG said that our commitment to sustainability is evidenced by the successful preparation of Asset Accounts on Mineral and Energy Resources of States/UTs under the guidance of the Government Accounting Standards Advisory Board (GASAB) and the offices of SAI India. CAG also stated that Water Resources is the next priority area and GASAB has already developed tentative tables of Water Accounts and circulated them to all States and UTs and other stakeholders.

5.1.3 CAG's awards for Innovation and Excellence in Public Auditing and Accounting, 2023

The Comptroller and Auditor General of India instituted the scheme for 'CAG's Awards for Innovation and Excellence in Public Auditing and Accounting' in the year 2021 to recognise and reward the extraordinary and innovative work done by the officers and staff of the SAI India in the areas of public auditing, accounting, entitlement and support functions.

Commitment to innovation and excellence are the key drivers in taking any organisation forward. The CAG's Awards seek to recognise team excellence as well as all round qualitative performance from an organisational perspective. CAG's Awards for the year 2023 were given in two categories:

Category I – CAG's Awards for innovation and excellence in public auditing and accounting

The awards were given to teams involved in conceiving and executing an innovative, extraordinary and impactful initiative. The scope of the awards includes innovation and excellence to promote new and creative ideas in the functioning of the organisation in auditing processes, Audit Reports & other audit products, accounting processes & financial reporting, entitlement processes and service delivery, administrative efficiency, capacity building & training etc.

This year, 45 eligible applications were received from various field offices of SAI India and wings in the office of the CAG of India. Five teams were declared as the winners of the Awards, which were conferred by the CAG on '*Audit Diwas*' – 16 November 2023.

The award winning projects (in alphabetical order) are as follows.

Sl. No.	Awarded Project	Office	Team
1.	Digital Library & New IT Initiatives	Principal Accountant General (Accounts & Entitlement), West Bengal	1. Shri Debatosh Pramanik, Sr. Accounts Officer 2. Shri Sushanta Kumar Bera, Asst. Accounts officer 3. Shri Pabitra Kumar Jana, Asst. Accounts officer
2.	End to end Digitization of Financial management and Paperless Accounting	Office of the Principal Accountant General (Accounts & Entitlement), Odisha	1. Shri Sreeraj Ashok, IA&AS 2. Shri Masroor Ahmad, IA&AS 3. Shri Prabir Kumar Samal, Sr. Accounts Officer (Retd.) 4. Ms. Bharati Mohapatra, Asst. Accounts Officer 5. Shri Gurudas Chakraborty, Clerk (Retd.)
3.	Performance Audit on Functioning of Kalyana Karnataka Region Development Board	Office of the Principal Accountant General (Audit)-I, Karnataka	1. Ms. Shanthi Priya S, IA&AS 2. Ms. Monali Phadtare, IA&AS 3. Ms. Elizabeth Varghese, Sr. Audit Officer 4. Shri Ippili Hemanth Kumar, Asst. Audit Officer 5. Shri Jella Manikanta Vasu, Asst. Audit Officer 6. Shri Shanthamurthy S, Supervisor

Sl. No.	Awarded Project	Office	Team
4.	Performance Audit on Systems and Controls in Assessment and collection of Mining Receipts	Office of the Accountant General (Audit), Bihar	1. Shri Ramawatar Sharma, IA&AS 2. Shri Adarsh Agarwal, IA&AS 3. Shri Ashish Kumar, Sr. Audit Officer 4. Shri Tarun Kumar Sinha, Asst. Audit Officer 5. Shri Vishal Kumar, Asst. Audit Officer 6. Shri Moinul Haque, Sr. Auditor
5.	VLC Dashboard and Data-repository Project (VDDP)	Office of the Principal Accountant General (Accounts & Entitlement), Assam	1. Shri K.S. Gopinath Narayan, IA&AS 2. Shri Sreeraj Ashok, IA&AS 3. Shri Vigneshwaran K, IA&AS 4. Shri Siril Paul Bob Yazala, Sr. Accounts Officer (Consultant) 5. Shri Debashish Deb Purkayastha, Sr. Accounts Officer (Consultant) 6. Shri Mahesh Kumawat, Asst. Accounts officer

Category II- CAG's Awards for Office of the Year

This Award seeks to recognise offices working in the spheres of Accounting, Auditing and Training based on performance during the year 2022-23 as well as improvement over the previous year (2021-22). The selection of 'Office of the Year' was done through a process of objective assessment on certain prescribed parameters in administrative and functional areas of work. Each office performed a self-assessment for the laid down parameters and awarded scores. The self-assessments have undergone a rigorous process of verification, first by the functional wings and thereafter, independently by the Inspection and Peer Review wing of the CAG office. CAG's Awards were given under four categories of field offices viz., Union Audit, State Audit, Accounts & Entitlement, and Capacity Building & Knowledge Institutes/Centres.

The '**Office of the Year**' in these categories were:

Union Audit Offices: Office of the Principal Director of Audit (Central), Hyderabad

State Audit Offices: Office of the Principal Accountant General (Audit), Sikkim

Accounts and Entitlement offices: Office of the Principal Accountant General (A&E), Haryana

Capacity Building & Knowledge Institutes/Centres: Regional Capacity Building and Knowledge Institute, Mumbai

5.1.4 National Online Essay Writing Competition

The second National Online Essay Writing Competition for University students was organised as part of the *Audit Diwas* celebrations. The essay competition aims to make the youth of the country aware of the institution of CAG of India and appreciate the contribution of the CAG in promoting public accountability and good governance. The competition presented an opportunity for young minds to harness their creativity and express ways in which the institution of the CAG can contribute to good governance.

The competition was organised in both English and Hindi. The topic for the essay was-

'Celebrating the resilience of the Indian Democracy and the role of the CAG of India'

There was an encouraging response from students all over the country. A total of 691 eligible essays were evaluated in two stages by panels of experts drawn from the CAG's organisation. Six winners were declared; three each in English and Hindi categories. The winners are:

English

Prize Category	Name of the Recipient	Profile of the Recipient
First Prize	Ms. Prishnika Mazumdar	A student at Indraprastha College for Women, University of Delhi
Second Prize	Shri Pradeep Kumar Mohapatra	A student at Khallikote Unitary University, Odisha
Third Prize	Ms. Riya Singh	A student at Hindu College, University of Delhi

Hindi

Prize Category	Name of the Recipient	Profile of the Recipient
First Prize	Shri Nikhil Kumar Maheshwari	A student at Centre for Basic Sciences, Pt. Ravishankar Shukla University, Raipur
Second Prize	Shri Atyant Kumar	A student at Allahabad Central University
Third Prize	Ms. Anwita Parashar	A student at Nalsar University of Law, Hyderabad

The winners were presented with cash prizes of ₹30,000 (First prize), ₹20,000 (Second prize), ₹15,000 (Third prize) respectively by the CAG of India, on 16 November 2023 on *Audit Diwas*.

5.1.5 Release of 'Compendium of New Initiatives and Good Practices in the CAG's organisation'

The third edition of '**The Catalysts....in pursuit of Good Governance**' - a Compendium of new initiatives and good practices in the CAG's organisation, was released by the CAG on '*Audit Diwas*' – 16 November 2023. This year, the theme of the Compendium was - use of Information Technology Tools for audit planning, evidence gathering & reporting and service delivery. It showcases innovations in audit methodologies, business process improvements, capacity building initiatives and activities in stakeholder engagement.

It is envisaged as a knowledge management tool, aimed at informing our stakeholders of our significant achievements and demonstrating our excellent professional standards.

5.1.6 Launch of 'Course for Certified Panchayat/Municipal Accountants'

CAG of India entered into a MoU with the Institute of Chartered Accountants of India (ICAI) to develop a set of online courses for different categories of Local Governments. Keeping in mind the differing complexities of accounting in different tiers of Local Bodies, four different courses, two each on Rural & Urban sides, have been designed. Each of these courses runs for three months, having a screening test after the first one month and a mains test at the end of the third month for those who clear the screening test. Candidates who clear both the tests would then be awarded a certificate declaring their proficiency, which they may use to seek employment as accountants, as and when required by Local Bodies nearby. This is expected to be a significant contribution towards skill development and over time, create a pool of certified accountants in the local areas, whose services the Local Self Governments could use, as per their requirements.

CAG of India launched the 'Course for Certified Panchayat/Municipal Accountants' on 16 November 2023 on *Audit Diwas*. A brochure on Strengthening of accounting at grassroots-certificate course for Accountants of Panchayats and Municipal Bodies was also released.



Launch of 'Course for Certified Panchayat/Municipal Accountants' by CAG

5.1.7 Panel Discussion on 'Responsible Artificial Intelligence'

As a Part of the *Audit Diwas* celebrations, a Panel Discussion on 'Responsible Artificial Intelligence' was organised on 15 November 2023.

5.1.8 Workshop on 'Strengthening Audit Reporting'

A workshop on 'Strengthening Audit Reporting' was organised as a part of *Audit Diwas* celebrations on 15 November 2023 post lunch.

CHAPTER-6

31st Accountants General Conference

6.1 Significance

The Supreme Audit Institution (SAI) of India, constantly strives to discharge its professional duties, both as an auditor and an accountant, in line with international best practices. The environment in which audited entities, and consequently audit, functions is very dynamic - both in terms of structure and methods of implementation of public policy as well as in the practice of audit and accounting. To keep pace with this dynamic environment, it is important that the SAI India keeps reinventing and rejuvenating itself. A regular internal and external consultative process facilitates this effort to adapt and upgrade professional practices, structures and methods of functioning. With this in mind, the SAI India regularly organises seminars, conferences and workshops.

The Accountants General Conference is a forum for the senior functionaries of SAI India to deliberate on key strategic issues related to governance and public accountability. It provides a platform where the top level management of SAI India comes together to discuss and recommend the trajectory in which the department needs to move in order to accomplish its mandated duties in the best possible manner. The primary objective of the Accountants General conference is to provide an enabling forum for stimulating, vibrant, widespread participation, which yields actionable recommendations to take the Institution forward. The 31st Accountants General Conference was held on 16 November (afternoon) and 17 November 2023 in CAG office, New Delhi along with *Audit Diwas* celebration on 16 November 2023 (forenoon) and preceded by a Panel Discussion on 'Responsible Artificial Intelligence' and a Workshop on 'Strengthening Audit Reporting' on 15 November 2023.



Officers of SAI India participating in 31st Accountants General Conference held on 16-17 November 2023

6.1.1 Theme of the 31st Accountants General Conference

The overarching theme of the 31st Accountants General Conference was 'Driving Change 2030: Empowering Actions to Shape Our Future'. Accordingly, discussions and deliberations on the following two sub-themes were held during the Conference under the overarching theme:

- (i) Familiarisation with the Strategic Plan of SAI India for the period 2023-30, and
- (ii) Digital Growth in SAI India and the Way forward.

The focus was on a pragmatic leap forward from the arena of strategising to executing the strategic plan and capitalising on the digital growth of SAI India.

CHAPTER-7

**Other activities,
no less important**

7.1 Efforts to promote Rajbhasha

7.1.1 Publication

During 2023-24, three issues (142nd, 143rd and 144th) of the quarterly E-Patrika of *Rajbhasha* section (Headquarters office), “*Lekha Pariksha Prakash*”, were published. In order to promote the Official Language, special attention was given to the quality of the content related to Official Language as well as compositions of the magazine as per the norms fixed by *Rajbhasha Vibhag*, Ministry of Home Affairs, Government of India.

7.1.2 Implementation of Official Language

- (a) In each quarter, a meeting of the Official Language implementation committee is required to be conducted under the chairmanship of the Deputy Comptroller & Auditor General, to review the usage of *Rajbhasha* in the Headquarters office, in accordance with the Annual programme of *Rajbhasha Vibhag*, Ministry of Home Affairs, Government of India.

In compliance with the above, 183rd, 184th, 185th & 186th Quarterly meetings were conducted in June 2023, September 2023, December 2023 and March 2024 respectively to review the usage of *Rajbhasha* in the Headquarters office.

- (b) In order to promote usage of *Rajbhasha*, Headquarters office organised the 'Hindi Pakhwada' from 14-29 September 2023. During this period, various competitions like Noting and Drafting, Hindi Typing, Essay Writing in Hindi etc., were organised. It was organised successfully in other field offices of SAI India as well. This helped in creating awareness and enthusiasm among the employees towards implementation of the Official Language.



Officers and staff in the Office of CAG during the Hindi Pakhwada Week



Prize distribution ceremony of Hindi Pakhwada by CAG of India

- (c) In the year 2023-24, the inspection of the following offices by the Third Sub-Committee of Parliament of Official Language was conducted successfully.
 - Principal Accountant General (A & E), Raipur, Chhattisgarh on 23 May 2023
 - Principal Accountant General (A & E), Rajasthan, Jaipur on 4 October 2023
 - Principal Accountant General (A & E), Gujarat, Rajkot on 9 January 2024
- (d) In order to review the compliance of the Official Language Acts/rules etc., the annual meeting of Central Official Language Implementation Committee is conducted by the Department of Official Language (Ministry of Home Affairs). 45th Annual Meeting of the Committee was organised on 16 October 2023 by the Department of Official Language (Ministry of Home Affairs). Director General (*Rajbhasha*) represented the office of the Comptroller and Auditor General of India in this meeting.
- (e) Quarterly Progress Report of our office was submitted by *Rajbhasha* Section to the Department of Official Language online in each quarter within target date.

7.1.3 Inspection of Field offices and Sections of Headquarters

As per the target prescribed by the Department of Official Language (Ministry of Home Affairs) in the Annual Programme, minimum 25 *per cent* of the field offices of SAI India and Sections in Headquarters office are required to be inspected every year by *Rajbhasha* Section.

In 2023-24, 53 field offices and 15 sections of Headquarters office were planned for inspection and were successfully inspected.

7.1.4 Translation work in the Rajbhasha Section

As required under section 3(3) of the Official Language Act, the following documents were translated into Hindi before dissemination:

- (a) Audit Reports (Commercial, Railway, Direct and Indirect Taxes) to be laid before the House of the Parliament.
- (b) Performance Report, press communiques, general orders, rules, contracts, agreements and tender notices.
- (c) Important documents and drafts were also translated at the short notice on the occasion of *Audit Diwas* Celebration (2023).

7.1.5 Promotion of Rajbhasha through e-Office

In order to keep the documents stored in digital format and to introduce a paperless system, the usage of e-Office commenced in *Rajbhasha* Section from August 2019. Various files/documents have been created through this system. Employees can now access all information in real time, with quickness and ease. In this system, all the official correspondences are being made in Hindi.

7.1.6 Appraisal by Department of Official Language, Ministry of Home Affairs



Rajbhasha Kirti Puraskar

The Office of the Comptroller and Auditor General of India was conferred with the highest award - the first prize in the category of Supreme Official Language *Kirti Puraskar* for outstanding implementation of the Official Language Policy for the year 2022-23 by the Department of Official Languages, Ministry of Home Affairs. On 14 September 2023, on the occasion of *Hindi Diwas*, this award was presented by the Hon'ble Minister of State for Home Affairs to Director General (*Rajbhasha*) representing the Office of CAG. It was a great achievement in the field of progress of *Rajbhasha* in this office.



Office of the Comptroller and Auditor General of India conferred with the Rajbhasha Kirti Puraskar by Shri Ajay Kumar Mishra, Hon'ble Minister of State for Home Affairs

7.2 Town Hall meetings

In an endeavour to establish a two-way communication channel between Staff Wing at Headquarters and the stakeholders at field offices, Town Hall meetings in different locations across India were initiated.

During the year 2023-24, a Town Hall meeting at Patna was held.

Issues/grievances/suggestions of the stakeholders received during the meeting were duly examined. This initiative helped headquarters to establish a direct channel of communication with the staff in the field.

7.3 Infrastructure development

To augment office space, as well as residential units for the use of personnel of SAI India at various stations all over India, several building projects have been taken up, as detailed below:

7.3.1 The following projects are under construction:

- (1) Aizawl- Construction of a residential complex.
- (2) Bengaluru- Construction of an office building at H. Siddaiah Road.
- (3) Gandhinagar- Construction of an office building.
- (4) Kolkata- Construction of a residential complex at Ultadanga.
- (5) Mumbai- Construction of a residential complex at Bhandup.
- (6) Ranchi- Construction of a sport complex.
- (7) Ranchi- Construction of an office building for MAB.
- (8) Shimla- Repair, Rehabilitation and strengthening of Chadwick House.
- (9) Shimla- Restoration work of Gorton Castle building.

7.3.2 The following projects are at planning stage:

- (1) Goa- Construction of an annexe building.
- (2) Imphal- Construction of additional quarters.
- (3) Puri- Restoration of Dhen Kanak House.
- (4) Thiruvananthapuram- Construction of residential quarters.

7.4 Participation and Achievement in Sports

CAG's sports teams have been actively participating in sports activities (both in India and Overseas) mainly in Cricket, Hockey, Football, Badminton and Table Tennis and have proudly won many accolades.

In **Cricket**, the team lifted the Winner's Cup in Jagran Cricket League held at Jhansi, Madhya Pradesh in October 2023.

In **Hockey**, the team lifted the Winner's Cup in Mohd. Shahid Memorial Tournament held at Varanasi in December 2023. The team was runners up in Surjit Gold Cup Hockey Tournament in October 2023.

The **Football** team lifted the Chief Minister's Cup in All India Football Tournament held at Bareilly, Uttar Pradesh in December 2023.

In **Table Tennis**, CAG's Veteran Men's Teams (40+ and 50+ age category) won two Gold medals, two Silver medals and a Bronze medal in Veterans National Championship held at Hyderabad in August 2023. In Veterans World Championship held at Muscat, Oman in September 2023, the players won a Gold, a Silver and a Bronze medal.

In **Badminton**, a Gold medal was won in Individual events in Veterans World Championship held at Jeonju, Korea in September 2023. The team was also runner up in Central Zone Badminton Championship held at Delhi in August 2023.

7.5 Celebration of 75th Republic Day- '*Azadi ka Amrit Mahotsav*'

To commemorate 75 years of independence and the glorious history of India, its people, culture and achievements, the Government of India started the initiative of *Azadi Ka Amrit Mahotsav* wherein a 75-weeks countdown towards the 75th Independence Day i.e., 15 August 2023 commenced. Taking forward this endeavour, Ministry of Defence issued instructions this year to celebrate 75th Republic day as '*Azadi ka Amrit Mahotsav*' while highlighting the historical facts of Indian democratic traditions and practices which, in turn, focusses that India is called the 'Mother of Democracy' since it is the oldest and most followed democratic country in the world.

In compliance with the instructions and to mark this occasion, various events were organised in the office of CAG from 11-25 January 2024. Besides rekindling the feeling of patriotism, this event witnessed huge enthusiasm and active participation from all the employees in the office of CAG.

The event commenced with the inauguration ceremony on 11 January 2024 and was inaugurated by Deputy Comptroller and Auditor General (HR, IR & Coordination). Various competitions were held during the event. The theme of the competition was based on 75th Republic Day celebrations 2024, History of Indian Independence, Indian Democracy, Indian constitution etc. The chronology of the events held on the occasion is as follows:

- An Essay Writing competition was organised on 11 January 2024.
- A Speech Competition was organised on 16 January 2024
- A Quiz Competition was organised on 18 January 2024 followed by a Poster making Competition on 19 January 2024.
- A Rangoli Art Competition was organised on 24 January 2024.



Azadi ka Amrit Mahotsav inaugurated by DAI (HR, IR & Coordination) on 11 January 2024

The Comptroller and Auditor General of India graced the valedictory ceremony on 25 January 2024 and addressed the gathering on the occasion. The event concluded with the prize distribution ceremony on the same day. Certificates and Prizes were awarded to the winners of the competition by the CAG of India. DAI (HR, IR & Coordination) also encouraged the participants of these competitions by awarding them with the participation certificates.



Performance during the inaugural ceremony



Poster Making Competition



DAI (HR, IR & Coordination) welcoming the CAG of India during the closing ceremony of 'Azadi ka Amrit Mahotsav'



Valedictory address by the CAG of India



Headquarters of SAI India

Section

4

Interaction with stakeholders

- **Chapter 1**
Our interaction with Legislative Committees
- **Chapter 2**
Audit Advisory Board
- **Chapter 3**
Climbing the learning curve



महोदय महोदय
(Dedicated to India in Public Interest)

CHAPTER-1

Our interaction with Legislative Committees



महोदय महोदय
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Our primary stakeholders include the Parliament, State Legislatures and the citizens of the country. The Parliament and State Legislatures have Public Accounts Committees (PAC) and Committees on Public Undertakings (COPU), which examine the audit reports submitted by SAI India. Other key stakeholders include government departments and ministries, as well as organisations and individuals with specific interest in the subjects of the audits conducted by SAI India.

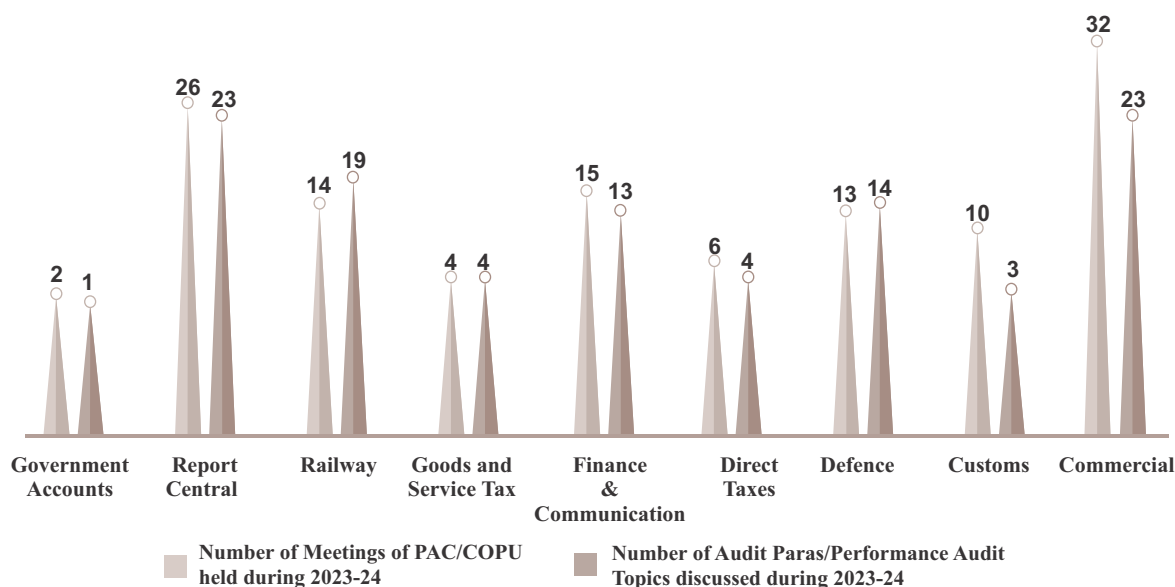
Communication with our stakeholders is a continuing and dynamic process. Our interaction with clients and stakeholders helps us in understanding their expectations from SAI India and gives meaning to the assurance and accountability that we deliver through our work.

1.1 Interaction with Public Accounts Committee and Committee on Public Undertakings

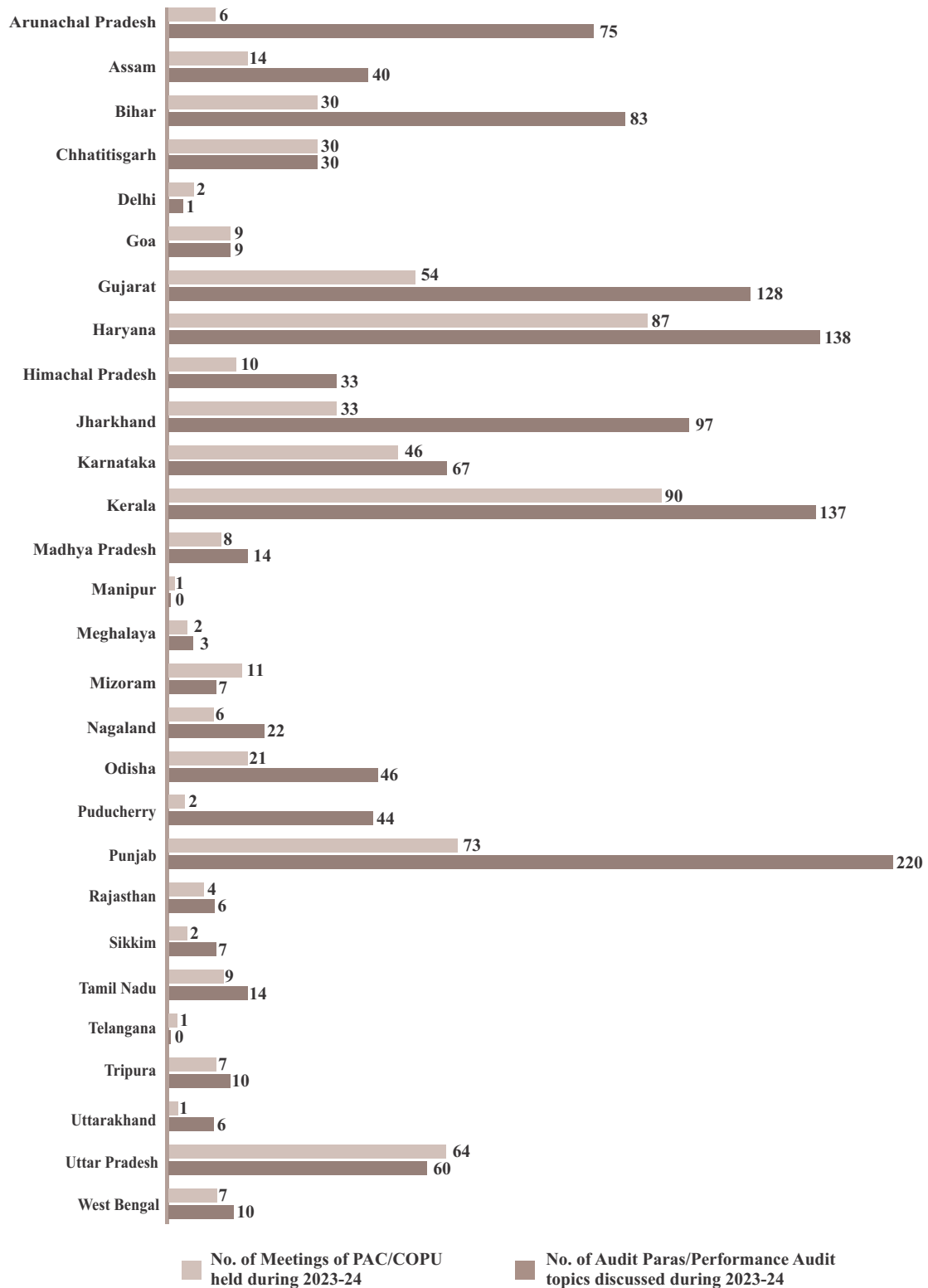
The Public Accounts Committees (PAC) and Committees on Public Undertakings (COPU), at the Union and State levels are our main partners in ensuring public financial accountability. The CAG's Audit Reports that are tabled in the Parliament/Legislature stand referred to the PAC/COPU. The CAG assists in the working of the Committees, by preparing a Memorandum of Important Points for discussion on Audit Reports. The CAG and his representatives assist the PAC/COPU in their examination of witnesses during their meetings.

The Executive is required to report on the action taken on the recommendations of the Committees. The Committees then publish an Action Taken Report. In case of audit observations not discussed in the meetings, the Executive is required to furnish Action Taken Notes thereon. Both the Action Taken Reports and the Action Taken Notes are duly vetted by Audit before they are furnished to the Committees.

During 2023-24, the Central PAC/COPU held 122 meetings wherein 104 Audit Paras/Performance Audit topics were discussed. The Wing-wise position of meetings and Audit Paras/Performance Audit topics discussed in the PAC/COPU is shown below:



The PAC/COPU in the States met on 630 occasions during 2023-24 and discussed 1,309 Audit Paras/Performance Audit topics, as indicated below:



1.2 Orientation Programme for the Honourable Members of the Public Accounts Committee in Tamil Nadu

The Committee on Public Accounts (PAC) was constituted by the Sixteenth Legislative Assembly of Tamil Nadu on 21 April 2023, followed by an Orientation Programme for the Members of the PAC conducted by the Office of the Principal Accountant General (Audit-I) on 23 May 2023. The meeting was presided by the Hon'ble Chairman, Committee on Public Accounts, Shri K. Selvaperunthagai, MLA. The Hon'ble Members of PAC and the Secretary of Tamil Nadu Legislative Assembly participated in the Programme.

The Programme included a presentation by Principal Accountant General (Audit-I), Tamil Nadu on CAG's role, Audit Process, Functions & Powers of the Committee. Further, the pendency in receipt of Explanatory Notes/Action Taken Notes and discussion of Audit Reports were brought to the notice of the Committee and various suggestions were put forward for the consideration of the Committee.



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CHAPTER-2

Audit Advisory Board



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2.1 CAG's Audit Advisory Board

The Audit Advisory Board (AAB) of the CAG of India is constituted with the objective of enhancing the effectiveness of audits, including audit reports, by providing a forum for interaction with experts of eminence from varied fields. The Board's mandate includes advising the CAG in matters relating to audit, including coverage, scope and prioritisation of audits together with suggestions on audit approaches and techniques within the framework of the CAG's constitutional and statutory mandate.

The members of the AAB function in an honorary capacity. The Board consists of eminent persons in diverse fields and Deputy Comptroller and Auditors General from the Department. The first AAB was constituted in 1999. Since then, the Board has been reconstituted ten times (2001, 2003, 2006, 2009, 2011, 2013, 2015, 2018, 2021 and 2023). The constitution of the 11th AAB was notified in April 2023 for a term of two years. Details of the external members of the 11th AAB are provided in Chapter 3 of Section 1 of this report.

The first meeting of the 11th AAB was held in April 2024. Key agenda items included a discussion on Audit Plan 2024-25 and Horizontal Audit of the Blue Economy.



First meeting of the Eleventh Audit Advisory Board



Members of the Eleventh Audit Advisory Board of the CAG during its first meeting

2.2 State Audit Advisory Boards

State Audit Advisory Boards (SAABs) are similarly constituted in respective States. The SAABs serve to enhance the effectiveness of audits by fostering discussions with experienced professionals from diverse fields. During 2023-24, meetings of the SAABs were convened in the States of Bihar, Gujarat, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Punjab, Rajasthan and Uttar Pradesh. Additionally, the first meeting of Union Territory Audit Advisory Board (UTAAB) was held in Puducherry.



State Audit Advisory Board meeting in Jharkhand



First meeting of the Union Territory Audit Advisory Board (UTAAB), Puducherry



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CHAPTER-3

Climbing the learning curve



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3.1 Interaction with Audited Entities

Our audited entities are amongst the key stakeholders in the audit process. Interaction with them occur continuously - before, during and after audits. Engagement with the senior management levels of auditee organisations is encouraged to develop a cooperative approach and identify risk areas. Our audit programmes are communicated well in advance to the audited entities. All audit teams conduct entry and exit conferences, at the beginning and closure of the audits. At every stage of audit, the audited entities are provided opportunities to respond to audit queries and findings. Field offices also participate in Audit Committee meetings organised by Ministries/Departments to discuss and take action on the audit observations included in Inspection Reports and those in the CAG's Audit Reports. Officials from audited entities are invited to Seminars/ Workshops and Training Courses organised in the Department.

We held several interactions with audited entities during the year. Some of these are following:

3.1.1 Interaction with the Ministries of the Union Government

An interactive session with the Joint/Additional Secretaries and other representatives of various Ministries/Departments of Union Government was held on 25 May 2023. The meeting, chaired by Deputy CAG (Report Central), addressed the following issues :

- Delay in submission of Accounts of Autonomous Bodies
- Delay in submission of Action Taken Notes on CAG's Reports
- Environment and water resources sectors for ensuring sustainable utilisation of natural resources
- Audit in digitised environment
- Issue relating to outstanding paras/Inspection Reports

3.1.2 Interaction with Unique Identification Authority of India

A seminar on 'Functioning of the Unique Identification Authority of India (UIDAI)' was held in February 2024 in online and offline mode for staff of Office of the Director General of Audit, Finance and Communication, New Delhi.

3.1.3 Workshop on Subject Specific Compliance Audit on Skill Development Initiatives in MeitY

A Mid Term Review Workshop chaired by Deputy CAG (Finance & Communication) on Subject Specific Compliance Audit (SSCA) of Skill Development Initiatives in MeitY (Ministry of Electronics and Information Technology) was held in February 2024 in Chennai.



Representatives from CDAC, MeitY, NASSCOM with the officers of SAI India during the workshop on Subject Specific Compliance Audit on Skill Development Initiatives in MeitY

Apart from Officers from F&C Wing including its field offices, representatives from MeitY, NASSCOM, CDAC, NIELIT and other related institutions were invited to share their insights on topics in sync with the various areas covered in the SSCA. Discussions were held on Government initiatives (HRD Schemes & Projects) of MeitY on various emerging and futuristic technologies in the field of Electronics and Information Technology, the challenges, rapid technological advancements, the skill gap, effects of Globalisation & outsourcing with special focus on developing learning environment, opportunities for online learning platforms, industry collaboration for fostering a more diverse and innovative workforce. The discussions and insights gained in the workshop helped to understand challenges in implementation process, the co-ordinated effort of government, stakeholders, industries, and educational institutes to fulfil the larger vision towards skill development initiatives and the probable areas for audit scope.

3.1.4 State specific interactions

Andhra Pradesh

- (i) A Workshop on 'Issues in finalisation of Financial Audit Reports of State PSUs of Government of Andhra Pradesh' with Statutory Auditors of State PSUs was held in November 2023. As a result of deliberations in the workshop, there was improvement in the quality of Auditor's Reports and Financial statements and timely response of Statutory Auditors in addition to an improvement in interaction and response of Statutory Auditors with the Audit Office. Also, increase in submission of Accounts post meeting with Auditors was observed.

- (ii) A meeting on the Status of Accounts in Arrears of State PSUs and their compliance with the requirement of tabling Annual Report before State Legislature each year with the staff of Nodal Authority, Finance Department, Government of Andhra Pradesh was held in November 2023. After the deliberations, the State Government has developed a website for monitoring status of accounts of State PSUs. The Finance Department issued instructions to Heads of PSUs to submit the accounts to CAG for Supplementary Audit and get the Accounts tabled before State Legislature. Also, the PSUs started submitting the accounts in arrears even up to 2014-15.



Inauguration of the workshop on 'Issues in finalisation of Financial Audit Reports of State PSUs of Government of Andhra Pradesh'

Tamil Nadu

An Audit Sensitisation Programme for the Heads of Audit Units under the Energy Department *viz.*, Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), Tamil Nadu Transmission Corporation Limited (TANTRANSCO), Tamil Nadu Electricity Regulatory Commission (TNERC), Chief Electrical Inspector to Government (CEIG) & Tamil Nadu Energy Development Agency (TEDA) was held in November 2023.

West Bengal

Many workshops were conducted in West Bengal on different topics *viz.*, functioning of various departments such as Agriculture Department, Animal Resource Development Department, Food and Supplies Department, Department of Fisheries etc. Apart from these, details of meetings/ programmes organised in West Bengal are as under:

- (i) O/o PAG (Audit-II), West Bengal conducted a tripartite meeting in March 2024 comprising management of State PSUs, Statutory Auditors and PAG (Audit) office staff in view of a substantial number of accounts from the PSUs/ABs in arrears. As a result of deliberations in the meeting, the management and statutory auditors



Participants during the Tripartite meeting in West Bengal

were able to resolve various communication gaps and assurances from the parties regarding early preparation, approval and submission of accounts and cooperation in audit. Also, few accounts, which were in arrears, were submitted by the PSUs.

- (ii) An Audit Sensitisation Programme with Heads of offices of all the Divisions of the Forest Department was conducted wherein officials from the districts were informed about the persistent non-compliance of the Forest Department guidelines, orders and rules with reference to specific audit observations from previous Inspection Reports. The officials of Forest Department accepted the recommendations of Audit and assured for action and compliances.
- (iii) Agenda Setting meeting on TGS: A meeting on Technical Guidance and Support - Agenda Setting for the year 2024-25 was held on 17 January 2024 in the O/o AG (Audit) Jharkhand, Ranchi to finalise the work plans of activities to be executed under TGS to Primary Audit Institution/ DLFA in consultation with the stakeholders of LBs audit in the State for the forthcoming year 2024-25.

3.2 Interaction with academic and professional institutions

We interact with a number of academic and professional institutions. Senior Officers of the Department are nominated on Central Councils of Institutes, such as the Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost Accountants of India (ICMAI). By virtue of being Council members of ICAI, the Officers are also nominated on various Committees/Boards of the Institute, such as the Accounting Standards Board, Auditing and Assurance Standards Board, Internal Audit Standards Board, Professional Development Committee, Ethical Standards Board, Committee on Information Technology, Peer Review Board etc., ensuring constant interaction with these professional bodies. Our training institutions also remain in touch with various academic institutions, for faculty support in training our staff and officers.

3.3 Interaction with Media

We have a documented communication policy that guides our interactions with external stakeholders. The Communication Policy wing at the Headquarters Office headed by the Media Advisor is responsible for effective communication with print/electronic media and public. The Media Advisor officiates as the spokesperson at Headquarters. The Principal Accountant General or the senior most Accountant General level Officer where there is no Principal Accountant General in the State is responsible for effective communication with the media in the States/UTs.

We undertake a range of actions to communicate audit messages to our clients after audit reports are presented to Parliament and the State Legislatures. Press briefs are issued highlighting the contents of the Audit Reports after their presentation in the Parliament/State Legislature. The reports are made available on our website.

Such interaction is intended to disseminate information about the Department, the Audit Reports and to issue clarifications, if any, needed by our stakeholders.

3.4 Workshops , Lectures and other events

Accountability in governance rests upon the foundation of robust public financial reporting. SAI India aims to promote accountability and transparency in governance, through high quality auditing and accounting, thereby providing independent assurance to stakeholders i.e., the Legislature, the Executive and the Public that public funds are being used efficiently and for the intended purposes.

In order to fulfil this mission, the SAI India constantly strives to discharge its professional duties in accordance with international best practices, implying, *inter alia*, that auditors are seen as partners in upgrading governance, with its audit reports serving as an aid to governance. There is a perceptible increase in the demand for transparency and accountability in public sector service delivery. The environment in which the audited entities and, consequently, audit functions is dynamic, both in terms of structure and methods of implementation of public policy, as well as in the practice of audit and accounting. As such, in order to keep pace with this dynamic environment, it is important for the SAI India to keep reinventing and rejuvenating itself. Regular internal and external consultations with stakeholders facilitate this effort to adapt/upgrade professional practices and our structures and methods of functioning, as also to remain sensitised to the environment in which our audited entities operate. To facilitate such consultations, the SAI India regularly organises a number of workshops, lectures and other events where domain experts and senior public servants participate and share their knowledge with other personnel.

Following Workshops/Lectures involving external experts were conducted during the year:

- (i) An International Conference on “Strengthening of Grass Roots Democracy and Accountability” was organised from 28 February 2024 to 1 March 2024. Representatives from 10 countries namely Georgia, Malaysia, Maldives, Malta, Morocco, Nepal, Oman, Poland, South Africa and Uganda attended the Conference. The Conference served as a pivotal platform for fostering collaboration, exchanging best practices and enhancing accountability in Local Governance across the globe. On last day of Conference, a panel discussion was held on “Strengthening the role of SAIs in improving Local Governance” under chairmanship of Deputy CAG (Railways & LGA). The Auditor General (officiating) of SAI Nepal, Assistant Auditor General, SAI Malta, Shri S.M. Vijayanand, Member of Audit Advisory Board, India and Additional Deputy CAG (LGA) were the members of the panel.
- (ii) An All India Conference “GRAM: Strengthening of accounting at grass roots” chaired by the CAG of India was organised on 1 September 2023. The Conference was held to have a wide stakeholder consultation for the online courses being launched by the CAG in collaboration with the Institute of Chartered Accountants of India for Accountants of Panchayats and Municipal Bodies. The Secretary (Ministry of Panchayati Raj), Secretary (Ministry of Rural Development), Principal Secretary/ Secretary (Finance), Principal Secretary/Secretary (PRD), Principal Secretary/Secretary (UDD) of some of the States, PAsG/AsG doing audit of Local Government from all States, DLFAs/ LFAs of all States (through VC), representatives from ICAI, and officers from O/o the CAG of India attended the Conference.

- (iii) A workshop on "Provision of Public Interest Disclosures & Protection of Informers (PIDPI)" was organised at iCISA in July 2023. Experts from the Chief Vigilance Commission (CVC) offered invaluable insights to the officials of iCISA on ethical reporting practices and the imperative safeguarding of performer rights.
- (iv) iCED organised National Workshop on "Climate Change with reference to Marine Ecosystem, Biodiversity Loss and Marine Pollution" from 3- 4 July 2023. A total of 30 participants from 10 field offices, including 10 Group Officers, participated in the workshop. During this two days' workshop, various themes related to "Climate Change, Marine Ecosystem, Biodiversity Loss and Marine Pollution were covered by seven experts from reputed institutes such as National Maritime Foundation (NMF), New Delhi, National Centre for Sustainable Coastal Management (NCSCM), Chennai, Tamil Nadu, World Bank Group, India, Annamalai University, Tamil Nadu and The Energy and Resources Institute (TERI).



Participants during valediction ceremony of the National Workshop on 'Climate Change with reference of Marine Ecosystem, Biodiversity Loss and Marine Pollution'

- (v) To develop in-house capacity for orientation of officials of iCED, a series of lectures were organised at iCED on Blue Economy and Climate Change related topics. During 2023-24, eight such sessions were organised in two spells. Experts for these sessions were invited from reputed institutes such as IISC, Centre for Ecological Sciences, Bangalore, National Institute of Himalayan Environment and Sustainable Development, Madras School of Economics and The Energy and Resources Institute (TERI).
- (vi) A seminar on "Enhancing Impact of Audit on Good Governance" was conducted by O/o PAG (Audit-I), Rajasthan, Jaipur in November 2023 wherein Lokayukta, Rajasthan Hon'ble Justice Shri Pratap Krishna Lohra presided as the Chief Guest and Additional DG (ACB), Rajasthan Shri Hemant Priyadarshi, DIG (CBI), Rajasthan, Shri Ashok Kumar, Pr. Commissioner GST, Shri C. K. Jain and eminent Journalists were among the other distinguished stakeholders present in the function.

- (vii) Three Workshops were held by O/o PAG Audit, Telangana for updating the technical skills of the officers and staff deployed for audit in offices of Tahsildars, RDOs & District Collectors in Land Revenue Department, Stamps & Registration Department and Transport Department.
- (viii) A panel discussion was organised by O/o PAG (Audit) Haryana on the issues related to the local bodies in Haryana. The topics focused on the constraints being faced by local bodies and delivery of services to the citizens.
- (ix) A Workshop on 'Interaction with Stakeholders: Strengthening of governance in Local Government' was organised by O/o AG (Audit) Jharkhand wherein elected representatives of State Government and Local Government including Shri Alamgir Alam, Hon'ble Minister, Panchayati Raj Department, Government of Jharkhand participated.



Workshop on 'Interaction with Stakeholders: Strengthening of governance in Local Government'

- (x) Panel discussions involving external experts were held by O/o AG(Audit) Madhya Pradesh on topics such as “The role of independent oversight in Strengthening Government Accountability” and “Our role and responsibility in *Swachh Bharat Mission*”.
- (xi) A workshop on Corporate Governance was organised in December 2023 by O/o PAG(Audit-II) Maharashtra.
- (xii) A seminar on Cyber Security Awareness was organised by O/o PAG(Audit) Meghalaya in October 2023 which was conducted by National Informatics Centre, Meghalaya State Centre.
- (xiii) A panel discussion was held by O/o PAG(Audit) Meghalaya on the topic “Strengthening the Functioning and Oversight of Local Governance Institutions in Meghalaya.”

- (xiv) A training programme on Mining Policy in Karnataka was held by O/o PAG(Audit-II) Karnataka to introduce the officers to the prevailing acts and regulations regarding the Mining Policy of Karnataka.
- (xv) A panel discussion on 'Challenges in implementation of projects by Local Self Government Institutions' was held by O/o PAG(Audit-I) Kerala in November 2023.
- (xvi) A lecture on “*Jal Jeevan Mission* – Goals and activities in Tamil Nadu Water Supply and Drainage Board” was organised by O/o PAG(Audit-I) Tamil Nadu in October 2023.
- (xvii) Lectures were delivered by external experts for officers/staff of O/o PAG(Audit-II) Tamil Nadu and Puducherry on Indian Accounting Standards and audit of TANGEDCO under SAP environment.



समर्पितं सर्वजन
(Dedicated to Public Interest)



National Academy of Audit and Accounts, Shimla

Section

5

International Relations

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CHAPTER-1

Our engagement with United Nations Organisations



1.1 Audit of International Organisations

CAG of India has a long- standing association with the United Nations (UN) and its specialised agencies, as their external auditors from time to time. Apart from being the External Auditor for the main UN Headquarters at New York, SAI India has audited United Nations Children's Fund (UNICEF), United Nations Office for Project Services (UNOPS), International Trade Centre (ITC), United Nations Compensation Commission (UNCC), UN High Commissioner for Refugees, UN Environment Program, UN HABITAT, UN Economic Commissions, UN Peace Keeping Missions and International Civil Service Commission. During 2023-2024, SAI India performed the audit of the following UN organisations:

1.1.1 World Health Organization (WHO)



WHO is a specialised agency of the UN that is concerned with international public health. The headquarters of WHO is in Geneva, Switzerland.

CAG was appointed the External Auditor of WHO and its five Non-Consolidated hosted entities for the period 2020-2023 starting from the financial period ending December 2020.

The five non-consolidated entities of WHO are



Eight audit teams conducted Financial, Performance, IT and Compliance audits of WHO Headquarters, its Regional/Country offices, Global Service Centre and its non-consolidated entities. These audits engagements were performed onsite during October 2023 -March 2024. The Performance Audits included Health Emergency Preparedness and Response Mechanism in WHO; WHO Supply Chain with focus on Long Term Agreements, Shipping and Transport Management System and Data Management of WHO.

1.1.2 Food and Agriculture Organization (FAO)



FAO is a specialised agency of UN that leads international efforts to defeat hunger. The headquarters of FAO is in Rome, Italy.

CAG is the External Auditor of FAO for the period 2020-2025, starting from the financial period ending December 2020. Six audit teams conducted Financial, Performance and Compliance audits of FAO Headquarters and its Regional/Country offices. These audit engagements were performed during September 2023-March 2024. The audits included Performance Audit of Procurements, Food and Nutrition Division and Emergency Response Preparedness and Mechanism. The audit report for the year 2023 is under finalisation.

1.1.3 Organisation for Prohibition of Chemical Weapons (OPCW)



OPCW has headquarters at Hague, Netherlands and is the implementing body for the Chemical Weapons Convention, which came into force w.e.f. 29 April 1997. The OPCW oversees the global endeavor to permanently and verifiably eliminate chemical weapons.

CAG of India is the External Auditor of OPCW for the period 2021-2023, starting from the financial period ending December 2021. The external audit of OPCW for the financial period ending December 2022 was performed during April 2023. The audit included Performance audit of OPCW's International Cooperation, Technical Assistance and Support to National Authorities and Enhancement of Capacity Development for National Implementation. In addition, an Information System Audit of Unit4 ERP was also carried out.

1.1.4 International Atomic Energy Agency (IAEA)



IAEA is the world's centre for cooperation in the nuclear field, having headquarters in Vienna. It was set up as the world's "Atoms for Peace" organisation within UN family. The Agency works with its Member States and multiple partners worldwide to promote the safe, secure and peaceful use of nuclear technologies.

CAG of India is the External Auditor of the IAEA for a six-years' term from 2022 to 2027, starting from the financial period ending December 2022. The external audit of IAEA was performed during October 2023-March 2024. The audits included Performance Audit of sub-programmes on Nuclear Knowledge Management and Nuclear Information and audit of Selected Laboratories and Performance Audit of Agency Procurement- Vendor Management. Five teams conducted the above audit.

1.1.5 International Labour Organization (ILO)



In February 2023, CAG of India was appointed as the External Auditor of the International Labour Organisation (ILO) for the period 2024–2027, starting from the financial year ending December 2024.

This appointment reflects India's growing influence in global governance and its commitment to good governance practices. The CAG of India's selection also underscores India's significant role in promoting social justice, labour rights and international standards.

CAG of India's appointment as ILO's External Auditor enhances India's stature in the global auditing community, reaffirming its leadership in promoting transparent financial practices within international organisations.

1.2 Entrustment of External audit of UN organisations

SAI India was re-appointed as External Auditor of WHO and OPCW for the term 2024-2027 and 2024-2026 respectively. SAI India's reappointment is a recognition of its standing among the international community as well as its professionalism, high standards, global audit experience and strong national credentials.



DAI (HR, IR & Coord.) making a presentation for renewal of WHO term 2024-27

1.3 Meeting of Technical Group and UN Panel of External Auditors

The Panel of External Auditors held its 63rd regular session at UN Headquarters in New York during 20-21 November 2023. The CAG of India, along with Principal Director(International Relations), Director (International Relations) and Director (Personnel) attended the UN Panel meeting. The Technical Group (TG) meeting was attended by Principal Director (IR) and Director (IR).

Election for Vice Chair of UN Panel: During the UN Panel meeting, CAG of India was elected as the Vice Chair of the Panel for 2023-2024. Going by the precedent, consequent to taking over as the Vice- Chair, CAG of India would take over as the Chair of the Panel for 2024-2025.

Technical Group (TG) Meeting: During the TG meeting, presentations and deliberations were held on three major issues i.e., Financial & Management, Climate Change and Digital Issues. SAI India spearheaded the theme on Financial and Management issues and made two presentations on financial structure of UN organisations and agencies and Risks involved; and Organisational Structures in UN organisation- HQs/ Regional/ Country offices.

UN Panel Meeting: During the UN Panel meeting, CAG of India led the session on 'Financial and Management-Critical Issues'. CAG highlighted important financial and management issues relating to cash flow, debt and budget constraints that limit UN's ability to spend as planned, risks of delayed or irregular payments of Assessed contributions and the possible misalignment of Voluntary contributions with the UN's strategic goals, risks relating to donor reporting, private sector fund-raising, challenges in implementing new IPSAS 47 etc.



CAG of India along with other members of UN Panel of External Auditors with Mr. Antonio Guterres, Secretary General of United Nations during the 63rd Regular Session of the UN Panel of External Auditors

CAG of India also provided inputs on the 'Climate Change- Critical Issues' during the UN panel meeting. CAG of India highlighted the role of SAIs in auditing government responses to extreme climate events; Sustainable Reporting on Environmental Social Governance (ESG) goals; climate related risks and opportunities disclosure framework brought by the Task Force on Climate- related Financial Disclosures (TCFD). Important issues related to Finance and Management deliberated by CAG of India, were brought out in the letter written to UN Secretary General, with the consensus of Panel members.



CAG of India with Mr. Pierre Moscovici, First President of Cour des comptes

CAG of India, along with other panel members, met the UN Secretary General and briefed him about the critical issues raised during the UN Panel meeting.

On the side-lines of the panel meeting on 20 November 2023, CAG of India also held a bilateral meeting with Mr. Pierre Moscovici, First President of *Cour des comptes* (Supreme Audit Institution of France) to discuss strengthening of bilateral relations between the two SAIs.

1.4 2nd Senior Audit Professional Training Program at Anderson School of Business, University of California, Los Angeles (UCLA)

The CAG of India is the External Auditor of many prestigious UN Organisations. The UN organisations are known for their highly structured and rigorous accounting and financial management functions. As auditors, it is essential for us to stay ahead of the curve and remain well-informed about financial management practices and emerging issues.

To enhance our technical expertise in auditing UN organisations, the 2nd specialised training program for Senior Audit Professionals was conducted in December 2023 at Anderson School of Management, University of California, Los Angeles (UCLA), one of the globally top-ranked universities.

The training programme covered Portfolio and risk Management, Reporting of Defined Benefit Plans, Pension Funds and Reorientation of Assets Allocation, Financial Statements, ratios and context of non-profits, Hedging and Derivatives and Environmental, Social, Governance (ESG) reporting.

The training programme was designed to improve the knowledge and abilities of senior and middle level IA&AS officers for conducting and leading the audit assignments for UN and other international agencies.



CHAPTER-2

Our engagement with the International Organization of Supreme Audit Institutions



2.1 Overview of INTOSAI

The International Organization of Supreme Audit Institutions (INTOSAI) operates as an umbrella organisation for the external government audit community. Founded in 1953, INTOSAI has 195 full members, five associate members and two affiliate members. It is an autonomous, independent and a non-political organisation with special consultative status with the Economic and Social Council (ECOSOC) of the UN. INTOSAI's motto is '*Mutual Experience, Benefits All*'.

INTOSAI has four main committees which are the vehicles for the achievement of its four strategic goals. These Committees are:

- (i) Professional Standards Committee
- (ii) Capacity Building Committee
- (iii) Knowledge Sharing and Knowledge Services Committee
- (iv) Policy, Finance and Administration Committee

Each Committee is chaired by one of the member SAIs.

2.2 INTOSAI Knowledge Sharing Committee (KSC)

Since the inception of INTOSAI Committee on Knowledge Sharing and Knowledge Services – (KSC), CAG of India is the Chair of KSC and its Steering Committee (KSC SC).

KSC is instrumental in developing guidance documents, handbooks, best practices and research papers in all aspects of public sector audit in addition to disseminating knowledge through seminars, workshops, training programmes and through its dedicated website –INTOSAI Community Portal. KSC has 12 Working Groups¹ specialising in various domains of public sector audit.

2.2.1 15th annual meeting of KSC Steering Committee held in Abu Dhabi UAE

The KSC of INTOSAI, under the leadership of CAG of India as the Chair of KSC, convened its 15th Steering Committee (KSC SC) meeting, bringing together delegates from approximately 10 Supreme Audit Institutions (SAIs), including SAI India.



CAG of India and other international delegates during the 15th INTOSAI KSC SC meeting

¹ <https://cag.gov.in/en/page-involvement-with-intosai>

CAG of India inaugurated the 15th Knowledge Sharing Committee Meeting in Abu Dhabi, underscoring INTOSAI's commitment to advancing global audit excellence. CAG emphasised the pivotal role of knowledge in effective public auditing, stating "Knowledge is the cornerstone of proficient public auditing, ensuring precise, consistent, credible and efficient audits". It fosters a culture of ongoing improvement by identifying potential risks. Highlighting the significance of KSC, CAG stated, "INTOSAI's ambitions resonate in the operational strategies of KSC, amplifying visibility, fostering inclusivity and nurturing the growth of SAIs through a robust knowledge-sharing ecosystem." CAG of India urged member SAIs to lead in auditing, employing innovative strategies viz., multilingual approaches, artificial intelligence and online collaboration tools.

Additionally, CAG of India held bilateral meetings with the SAIs of Egypt and UAE. Discussions with SAI Egypt focused on cooperation in multilateral forums to advance public sector audit. Talks with SAI UAE explored the potential for a Memorandum of Understanding (MoU) and mutual collaboration, particularly in Infrastructure and IT Audit with a focus on capacity building.



CAG of India during bilateral meetings with SAIs of Egypt and UAE

2.2.2 32nd Annual Meeting of the INTOSAI WGITA

CAG of India, as the Chair of the INTOSAI WGITA, inaugurated the 32nd annual WGITA meeting on 2 October 2023 in Abu Dhabi, United Arab Emirates (UAE).

The CAG, in his opening address, emphasised the increased use of IT systems and technology in service delivery with the purpose of enhancing transparency and empowering citizens to demand accountability from their governments. He highlighted that the INTOSAI WGITA has been at the forefront of developing standards, guidance and documents that facilitate effective audits in a digitised environment. Looking ahead, WGITA's 2023-2025 Work Plan includes projects centered on Artificial Intelligence Solutions, Audit Matrixes for the IT Audit Handbook and Information System Security Audits.



CAG of India and international delegates during the 32nd INTOSAI WGITA meeting

On the sidelines, CAG also had bilateral meetings with Auditor General of Malaysia and Auditor General of Argentina. The meetings focused on taking forward mutual cooperation in capacity building and Knowledge Sharing between the respective Supreme Audit Institutions.

2.2.3 WGITA Seminar on “Emerging issues in IT enabled governance”

In conjunction with the 32nd WGITA meeting, a Seminar on “Emerging issues in IT- enabled Governance” was held on 3 October 2023. The seminar explored the transformative impact of Information Technology in the public sector, emphasising the critical challenges related to cyber security, data protection and data privacy that governments worldwide face.

SAI India presented on the Government initiatives on e- Governance, challenges in IT Governance, Key issues of governance, management and implementation.

2.2.4 20th Annual meeting of INTOSAI Compliance Audit Sub-Committee (CAS)

The 20th Annual CAS meeting was held on 22-23 November 2023 in Budapest, Hungary. ADAI (Staff & GASAB) and a DAG attended the meeting to discuss the development of the INTOSAI Compliance Audit Standards, Guidelines and related operational matters and the progress of other activities of CAS. During the two-day meeting, audit experts reviewed the experiences on methods used to assure and enhance compliance audit quality and discussed how SAIs may contribute to reducing social inequalities through audits.

CAG of India, Chair of the Sub-Committee, in his video message for opening the event, highlighted the role of compliance audit in strengthening accountability and transparency. He expressed his pleasure that the Sub-Committee intends to develop a concept of compliance auditing of inclusiveness and equality, as it will enable the Sub-Committee to play a pioneering role in reducing social inequalities.

2.2.5 UNDESA-SAI Brazil joint meeting on ClimateScanner Global Call

In a meeting organised by the United Nations Department of Economic and Social Affairs (UNDESA) and the Federal Court of Accounts – Brazil (TCU) at the United Nations Headquarters, New York, stakeholders convened to discuss “ClimateScanner Global Call: Engaging Supreme Audit Institutions in assessing national climate action” from 25-26 March 2024.



CAG of India, during panel discussion at the conference on 'ClimateScanner Global Call: Engaging Supreme Audit Institutions in Assessing National Climate Action' at UN Headquarters, New York

CAG of India graced the event as a panelist for the discussion on Information on National Climate Action. During his intervention, CAG of India shared India's climate action journey with the National Action Plan on Climate Change (NAPCC), outlining achievements of eight national missions like decline in greenhouse gas emissions by India since 2005, achievement of 42 per cent of cumulative installed capacity from non-fossil fuel sources against its target of 50 per cent by 2030.

CAG emphasised that anthropogenic activities have an undisputed role in climate change. Thus, he underlined the necessity of an authoritative and comprehensive, integrated, ever evolving, updated data bank on critical environmental parameters, Climate change and principle-based taxonomy, especially green taxonomy and project/scheme-wise budgeting for climate actions for effective monitoring, control and reporting of climate action by a nation. CAG of India concluded by emphasising – *Efficiency is passe, today's imperative is Eco-efficiency.*

2.2.6 Other events of the INTOSAI

SAI India is a member of all the 12 Working Groups under KSC which are devoted to preparing guidance and best practices on audit of specialised areas. SAI India is also a member of other INTOSAI Goal committees, three INTOSAI Sub-Committees, two INTOSAI Task Forces and INTOSAI Donor Cooperation Steering Committee.

SAI India representatives took active part in the following events of the Working groups/ INTOSAI Bodies:

S.No.	Name of the Meeting	Meeting Date and Venue
1.	WGPD Annual Meeting	8-10 May 2023, Egypt
2.	CBC Annual Meeting & 16 th Meeting of IDC	19-23 June 2023, Kingston, Jamaica
3.	INTOSAI SDG HLPF (virtual)	13 July 2023
4.	Supervisory Committee on Emerging Issues (SCEI) Meeting 2023 (virtual)	19 July 2023
5.	5 th WGEI Annual Meeting	24-27 July 2023, Jakarta, Indonesia
6.	FAAS Annual Meeting	30 August-1 September 2023, Baku, Azerbaijan
7.	20 th Annual Meeting of INTOSAI PFAC	5 September 2023, Washington DC
8.	7 th INTOSAI WGBD	13-15 September 2023, Egypt
9.	23 rd PSC SC Meeting	27-28 September 2023, Luxemburg
10.	WGEPPP Forum 2023	9 October 2023, Bern, Switzerland
11.	16 th Meeting of WGFACML	10-12 October 2023, Thailand
12.	16 th Meeting of the EUROSAT IT Working Group	10-11 October 2023, Warsaw, Poland
13.	4 th Annual WGISTA Meeting	6-7 November 2023, Abu Dhabi, UAE
14.	10 th Annual Meeting of Working Group on Financial and Economic Stability	8-9 November 2023, Rome, Italy
15.	77 th INTOSAI GB meeting	20-21 November 2023, Vienna
16.	22 nd WGEA Assembly and Steering Committee Meeting	22-25 January 2024, Rovaniemi, Finland
17.	15 th Annual Meeting of INTOSAI PAS	5-6 March 2024, Tbilisi, Georgia
18.	1 st meeting of the INTOSAI CBC Task Force on Citizen Participation and Civil Society Engagement	13-15 March 2024, Lima, Peru



CHAPTER-3

Our engagement with the Asian Organization of Supreme Audit Institutions



3.1 Overview of ASOSAI

The Asian Organization of Supreme Audit Institutions (ASOSAI), established in 1978, is one of the seven regional organisations of INTOSAI. It became functional in 1979, with its first assembly in New Delhi. India is a charter member of the ASOSAI. Its present membership stands at 48.

The objectives of ASOSAI are:

- To promote understanding and cooperation among member institutions through exchange of ideas and experiences in the field of Public Audit.
- To provide facilities for training and continuing education for government auditors, with a view to improving quality and performance.
- To serve as a center of information and as a regional link with institutions in other parts of the world in the field of Public Audit.
- To promote closer collaboration and brotherhood among auditors in the service of the Governments of the respective member institutions and among regional groups.

3.2 ASOSAI Journal

As the Chairman of the Board of Editors of ASOSAI Journal of Government Audit, CAG has been granted *ex-officio* membership of the Governing Board (GB) of ASOSAI for the period 2021-2024. The ASOSAI Journal is published twice a year. The articles for the ASOSAI journal are contributed by member SAIs.

SAI India launched the revamped website of ASOSAI journal in August 2021 with a redesigned downloadable PDF to uplift the reading experience of its users with quality knowledge content, enhanced design, and interactive features. SAI India also launched the 'X' handle of ASOSAI Journal @Asosai Journal for its wider outreach and dissemination among the public accountability and audit fraternity.

Latest issue of the e-Journal of October 2023 on the theme of “Sustainable Agriculture and Food Security” was hosted on the website www.asosaijournal.org.

3.3 Participation of SAI India in ASOSAI activities

3.3.1 59th ASOSAI Governing Board Meeting

The 59th Governing Board meeting of the Asian Organization of Supreme Audit Institutions (ASOSAI) was held in Busan, Republic of Korea from 20-22 September 2023. The CAG of India attended the meeting.

The ASOSAI Governing Board Meeting is held once a year to report on the activities conducted by ASOSAI since the last meeting, and for ASOSAI to decide on activity plans for the following year onwards.

The feasibility study report on the establishment of a Working Group on IT Audit and Data Analytics within ASOSAI was presented by the CAG of India which was approved by the Governing Board Members.

The CAG hosted the 16th ASOSAI Assembly in September 2024 and assumed the Chair of ASOSAI from 2024 to 2027.



CAG of India along with the Heads of Delegation of the ASOSAI Governing Board at the 59th Governing Board Meeting in Busan, South Korea

3.3.2 13th ASOSAI Research Project

In view of the emphasis on audit of emerging areas, SAI India contributes significantly in all the Research Projects of ASOSAI. During the 57th Governing Board Meeting of ASOSAI held in September 2021, the topic "Remote Audit for SAI: Future and Challenges" was selected as the theme of the 13th ASOSAI Research Project. The draft report of the research project was under finalisation (as of February 2024) for submission to INTOSAI.

3.3.3 Other ASOSAI Events

3.3.3.1 Annual ASOSAI Seminar

An ASOSAI Knowledge Sharing Seminar on **"How to Meet the Public Expectation from SAI"** was held in Bali, Indonesia from 11 to 15 December 2023. 23 participants from 22 SAIs attended the Seminar with facilitation and technical guidance provided by Subject Matter Experts (SMEs) from SAI Indonesia and SAI Thailand. From SAI India, Director (SMU & PPG), participated in the seminar. Capacity Development Administrator of ASOSAI (SAI Japan) also participated in the Seminar.

3.3.3.2 ASOSAI Working Group on Crisis Management Audit (WGCMA)

This Working group, led by BAI Korea, is a platform to achieve enhanced capabilities in order to respond better to future crises by exchanging knowledge and experience in the field of crisis management audit. The 1st WGCMA Seminar was held virtually in April 2023 under the theme of **"Role of SAIs in Natural Disasters Risk Reduction"**. SAI India presented report on Performance audit on "Preparedness and Response to Floods in Kerala" conducted by SAI India in 2021.

3.3.3.3 ASOSAI Special Committee on establishing the Working Group on State Owned Enterprise (WGSOE)

The 59th ASOSAI Governing Board adopted the feasibility report presented by SAI Malaysia as the Chair of Special Committee on Establishing Working Group on State-Owned Enterprise (WGSOE) as a precursor to creation of a full-fledged working group. The Special Committee Members consist of SAI China, India, Japan, Pakistan, Russia and Turkey.

3.3.3.4 ASOSAI Working Group on Environmental Auditing

This working Group is led by SAI China. In September 2023, the 9th ASOSAI Seminar on Environmental Auditing and the 9th meeting of ASOSAI WGEA was held in Astana, Kazakhstan. Discussions were held on “Responding to Climate Change and Environmental Protection Audit” and “Drinking Water Safety Audit” and the Work Plan of ASOSAI WGEA for 2023-2024 was adopted. The Secretariat of ASOSAI WGEA presented the second ASOSAI Green Vision Award to SAI Indonesia. SAI India participated in the seminar. SAI India was a member of judging panel for second Green Vision award presented during the 9th ASOSAI Seminar.

3.3.3.5 ASOSAI Working Group on Sustainable Development Goals

This Working Group is led by the State Audit Bureau of Kuwait. SAI India participated in the 2nd meeting of the ASOSAI Working Group on SDGs (WGSDG) hosted by SAI Azerbaijan on 23-24 May 2023 in Baku. SAI India participated in the 4th Virtual meeting of ASOSAI's WGSDG on 4 March 2024.

3.3.3.6 ASOSAI Working Group on Regional and Municipal Audit

This Working Group is led by SAI Russia. During the 59th ASOSAI Governing Board Meeting held on 21-23 September 2023 in Busan, Korea, the SAI Russia made a proposal to establish ASOSAI Working Group on Regional and Municipal Audit. The initiative was approved by Governing Board members.

On 20 February 2024, the kick-off meeting of the Special Committee on establishing ASOSAI Working Group on Regional and Municipal Audit was held *via* videoconference under the leadership of the Accounts Chamber of the Russian Federation. The event was attended by senior officials and employees of the SAI India.

3.3.3.7 ASOSAI Working Group on Information Technology and Data Analytics (WGITA & DA)

The ASOSAI Governing Board decided to form a special committee to study the proposal and elected SAI India to be the chair of this committee with membership of 14 other SAIs.

A Special Committee chaired by SAI India, has recommended the establishment of the ASOSAI WGITA & DA to support SAIs in enhancing capabilities and skills in the use and audit of Information Technology through information exchange, research and bilateral and regional cooperation.

At the ASOSAI Governing Board 59th meeting held in September 2023, the Governing Board adopted the feasibility study report, furnished by the special committee, as a precursor to establishing a full-fledged working group.



CHAPTER-4

Bilateral/Multilateral interactions



4.1 Multilateral Engagement of SAI India

4.1.1 SAI India's SAI20 Presidency

The CAG of India assumed the Chair of the SAI20 Engagement Group of G20. In line with the guiding principle of India's G20 Presidency, SAI India selected “*Vasudhaiva Kutumbkam*” or “One Earth, One Family, and One Future”, as the priority theme of SAI20. The CAG of India hosted the SAI20 Summit from 12-14 June 2023 in Goa on two priority areas of **Blue Economy and Responsible Artificial Intelligence**. The SAI20 Summit saw the participation of around 85 national and international delegates from G20 member SAIs, Guest SAIs, international and national organisations and the G20 Secretariat.



SAIs of Indonesia (previous Chair), India (current Chair), and Brazil (next Chair), the SAI20 Troika

As a culmination of the SAI20 Summit, SAI20 Communique was adopted by the member SAIs. In the Communique, the SAI20 members, while accepting that the Blue Economy around the world faces multiple and increasing challenges, came up with various measures to address these challenges and threats. These include, amongst others, a need for inclusive capacity building and cooperation among SAIs to formulate widely applicable and actionable audit products, including international auditing guidelines and comprehensive toolkits for audit of the Blue Economy. The members resolved to enhance the

effectiveness of policies and programs promoting the Blue Economy.

The member SAIs acknowledged the potential of Artificial Intelligence (AI) to unlock economic value and help mitigate social challenges, as well as the ethical and privacy concerns in its adoption. Thus, recognising both the benefits and challenges of Artificial Intelligence (AI), the SAIs came up with a set of guidelines to measures suitable integration of AI in audit processes. These guidelines also emphasize investing in capacity building for AI, with the twin objectives of auditing AI systems as well as using AI in the audit process. Overall, the SAI20 communique reflects a joint commitment of SAI20 to the public, governments, parliaments and other stakeholders in G20 member States.

During the SAI20 Summit, SAI India invited experts from public and private sectors to share their insights on the themes for the seminar on Blue Economy and Responsible Artificial Intelligence.



CAG of India, along with the participants during SAI20 Summit in Goa on 12 June 2023



Mr. P. S. Sreedharan Pillai, Hon'ble Governor of Goa, CAG of India, Mr. Amitabh Kant, G20 Sherpa and DAI (HR, IR & Coord.) unveiling the Compendium

4.1.2 Handing Over of SAI20 Engagement Group (EG)

The CAG of India formally handed over the Chairmanship of the SAI20 EG to the President of the Federal Court of Accounts - Brazil, Minister Mr. Bruno Dantas in a separate event on 26 March 2024. The CAG, in his handing over speech, congratulated SAI Brazil for its choice of two extremely relevant themes of climate finance and fight against hunger and poverty during its chairmanship of SAI20 in 2024.



CAG of India, formally handing over the Chairmanship of SAI20 to Minister Mr. Bruno Dantas, the President of the Federal Court of Accounts-Brazil, at UN Headquarters, New York

The CAG highlighted that SAI India has persevered in building and sharing a knowledge base for the Blue Economy, as evidenced by the number of courses conducted at the Centre for Excellence in the Blue Economy at our International Centre for Environment Audit and Sustainable Development (iCED), a recognised Global Training Facility (GTF) for INTOSAI.

He also emphasised SAI India's recent initiatives to take forward auditing AI systems and employing AI as an auditing tool. One of the initiatives in this aspect highlighted by the CAG, was the recently signed Memorandum of Understanding (MOU) between SAI India and the Indian Institute of Technology (IIT), Delhi, to cooperate on four critical areas: AI application in auditing, auditing AI systems, capacity building and knowledge sharing.

More information on activities by SAI20 Engagement Group is available at the link <https://sai20.org/timeline-en/>.

4.1.3 Impact Conference

The CAG of India was invited as a keynote speaker in IMPACT 2023, the International Meeting of Performance Audit Critical Thinkers, in Canberra, Australia hosted by the Australian Council of Auditors-General (ACAG). The Conference aimed to explore the exponential rate at which technology was developing and its effect on the future of audit.



CAG of India delivering his keynote address during the IMPACT 2023, the International Meeting of Performance Audit Critical Thinkers, from 19-20 April 2023, in Canberra, Australia

In his address on "Audit impact – the Indian perspective", the CAG emphasised the use of technological tools such as machine learning algorithms, data analytics and visualisation, Geographic Information Systems, remote sensing technology and unmanned aerial vehicles which had expanded the repertoire of audit.

4.1.4 BRICS Seminar on “Audit of outcomes in higher education”

SAI Russia hosted the BRICS SAIs Virtual Seminar on “Audit of outcomes in higher education” on 11 December 2023. Two Deputy Accountants General represented SAI India during the Seminar. A paper elucidating SAI India's audit processes in the field of Higher Education covering various issues viz., employability, access, equity and quality of higher education was presented.

4.1.5 Shanghai Cooperation Organization (SCO) Webinar on “The Role of Digital Platforms in the Professional Development of Auditors”

SAI Russia hosted a webinar on "The Role of Digital Platforms in the Professional Development of Auditors" on 30 November 2023.

The webinar was viewed as an initial step to launch the joint SCO research project on the digital educational platforms use and best regional practices for the capacity development of auditors and governmental officials of SCO members, observers and partners. One Director General and one Director from SAI India participated in the webinar.

4.1.6 SCO Webinar on "Environmental Auditing"

SAI China hosted the SCO seminar on "Environmental Auditing" in hybrid mode from 5-7 December 2023. One Director General and one Principal Accountant General from SAI India participated in the seminar virtually and made a presentation on “Environment Auditing in SAI India” which touched upon the themes of environmental issues in India, the institutional framework for environmental protection, leveraging technology for effective audit, challenges in environment audits and the way ahead.

4.2 Bilateral Engagements of SAI India

4.2.1 Signing of MoU with SAI Türkiye

On the side-lines of the SAI20 Summit, which took place from 12-14 June 2023, CAG of India, in order to further extend its outreach in the global SAI community, signed an MoU with the SAI of Türkiye on 12 June 2023 to strengthen bilateral relations between both the SAIs and to foster the exchange of knowledge, sharing of best practices and work towards capacity building in the realm of audit methodologies and audit of public finances.



CAG of India with Mr. Ahmet Tezcan, Deputy President, Turkish Court of Auditors

4.2.2 Signing of MoU with SAI Korea

CAG of India signed an MoU with SAI Korea on 13 June 2023, on the sidelines of the SAI20 Summit, to further extend its outreach. This bilateral agreement was signed with the crucial objective to foster the exchange of knowledge, sharing of best practices and capacity building in the realm of audit methodologies and audit of public finances.



CAG of India with Mr. Choe Jaehae, Chairman, SAI, Korea

4.2.3 Signing of MoU with SAI Indonesia

The CAG of India and the Chairperson, Audit Board of the Republic of Indonesia, met on the side-lines of the SAI20 Summit and signed a significant MoU on 13 June 2023. This MoU aims to strengthen the existing bilateral relations between the two SAIs and for collaboration to foster the exchange of knowledge, sharing of best practices, and working towards capacity building in the realm of audit methodologies and audit of public finances.



CAG of India with Dr. Isma Yaton, Chairperson, Audit Board of the Republic of Indonesia (BPK)

4.2.4 Bilateral Meeting with SAI UAE

The CAG of India held a bilateral meeting with His Excellency, Humaid Obaid Khalifa Obaid Abushibs, President, Supreme Audit Institution, UAE on 23 May 2023 at the CAG office. The bilateral meeting focused on collaboration in the field of audit and in invigorating capacity development initiatives and the exchange of knowledge and information. The discussions aimed at learning from best practices and looked into the possibility of future collaboration between the Supreme Audit Institutions (SAIs) by signing an MoU. A 10-member delegation from SAI UAE also visited the CAG office to understand SAI India's Auditing methodology and training strategy and to share knowledge expertise in the field of IT Audit.



CAG of India with Excellency, Humaid Obaid Khalifa Obaid Abushibs, President, Supreme Audit Institution, UAE at CAG office

4.2.5 Meeting with SAI Philippines

The CAG of India visited Philippines and held bilateral meetings with Mr. Gamaliel Asis Cordoba, Chairperson of the Commission of Audit, Philippines, on September 15-16 2023. They discussed on a wide range of areas for cooperation, specifically in the fields of Citizens' Participation in Audit, Audit of Public Debt and the Use of Information Technology in the Auditing process.



CAG of India and Mr. Gamaliel Asis Cordoba, Chairperson, Commission of Audit, Philippines

4.2.6 Meeting with SAI Saudi Arabia and SAI Malaysia

On the sidelines of the 59th ASOSAI Governing Board meeting, the CAG of India held bilateral discussions with Dr. Hussam Abdulmohsen Alangari, President of the General Court of Audit (GCA), Kingdom of Saudi Arabia, and Ms. Datuk Wan Suraya Wan Mohd Radzi, Auditor General of Malaysia.



CAG of India with Dr. Hussam Abdulmohsen Alangari, President of the General Court of Audit (GCA), Kingdom of Saudi Arabia



CAG of India with Ms. Datuk Wan Suraya Wan Mohd Radzi, Auditor General of Malaysia

4.2.7 GSAI Technical support by SAI India

The Global SAI Accountability Initiative (GSAI) led by INTOSAI Donor Cooperation (IDC) aims to strengthen and maintain the capacity of SAIs and identifies SAIs in challenging environments and provides support to strengthen their capacities and performance.

GSAI support was officially launched in 2023 with SAI India as the main technical partner for SAI Belize. INTOSAI Development Initiative (IDI) has taken the role of leading and coordinating the implementation of the programme and managing the Donor Fund for the above support project for SAI Belize.

A five-member team from SAI India headed by DAI (Commercial), carried out a site visit to SAI Belize for undertaking the detailed needs assessment for SAI India technical support for the SAI Belize support project. The following areas for technical support were identified by SAI Belize:

- (1) Digitalisation and improved quality of audit processes
- (2) Digitalisation of SAI's management information system (HR Management, Records)
- (3) Stronger SAI Independence
- (4) Stakeholder engagement (Joint Public Accounts Committee-JPAC)



DAI (HR, IR & Coord.) signed the Cooperation Agreement between SAI Belize, SAI India and IDI under the ambit of the Global SAI Accountability Initiative, virtually on 19 December 2023

DAI (HR, IR & Coord.) appreciated the earnest endeavours of IDI in developing the framework of the Global SAI Accountability Initiative (GSAI). She also applauded the noble objective of GSAI which is to support the SAIs in challenging contexts in attaining INTOSAI strategic priorities by mobilising strategically based capacity development, customised to their unique needs and opportunities.

She also shared that it was a matter of pride for SAI India to partner in GSAI technical support to SAI Belize. She said that this step echoes SAI India's firm belief in INTOSAI's advocacy for SAI independence, achievement of the 2030 Agenda for Sustainable Development, development of SAI resilience, equality, inclusiveness and strategic partnerships.

4.2.8 Visit of SAI Malaysia delegation

A 17-member delegation from SAI Malaysia led by Ms. Nor Salwani Binti Muhammad, Deputy Auditor General, visited SAI India for a study visit from 27 November to 2 December 2023. The delegation made a courtesy call on the CAG of India and attended knowledge sharing sessions on Audit of State Owned Enterprise (SOE) and Follow-up Audit at the CAG Headquarter. The delegation also interacted with ADAI (Eastern Region) & CTO at iCISA and attended knowledge sharing sessions on Data management, analytics implementation and IT Audit. They also received a technical briefing on Data Centre setup. The visit concluded with a social visit to Agra.



CAG of India with Ms. Nor Salwani Binti Muhammad, Deputy Auditor General, SAI Malaysia, DAI (HR, IR & Coord.) and ADAI (IR & Coord.)

4.2.9 Indo- Kuwait Seminar

The Indo-Kuwait bilateral seminar on the theme of “Hospital Audit” was held from 31 October to 2 November 2023 in Kuwait. SAI India was represented by ADAI (NER-I), a PAG, Director (IR) and a DAG.

During the seminar, the participants delved into the details of the audit processes and findings related to the hospital audit. SAI India's presentation provided insights into auditing aspects related to India's healthcare system, emphasising the importance of efficiency, effectiveness and regulatory compliance in delivering quality medical services, the availability of quality drugs and equipment, emergency care and the management of medical waste. A case study on 'Hospital Management in Uttar Pradesh,' showcasing the approach adopted by CAG of India to examine all aspects and the challenges encountered during the audit process was also presented.

The participants held a meeting with the Acting President of the State Audit Bureau (SAB) Kuwait. During this meeting, the Acting President of SAB provided insights into Kuwait's auditing landscape, elaborating on the various types of audits conducted by SAB.



CHAPTER-5

International Training Programmes



SAI India assists other SAIs in their capacity building for enhancing audit skills of their staff members. The course content of SAI India programmes is drawn from real life audit scenarios and presented by executives with first-hand experience in the delivery of Government Schemes and Programmes. The details of such efforts during 2023-24 are given below.

5.1 National Academy of Audit and Accounts

SAI India and SAI Bhutan have signed a Memorandum of Understanding (MoU) in the field of public audit for capacity building of Officer Trainees of SAI Bhutan through Indian Audit & Accounts Service (IA&AS) courses conducted by SAI India. During 2023-24, six officers (two each with 2021, 2022 and 2023 batch of IA&AS Officer Trainees) from Royal Audit Authority, Bhutan have been/are being trained at the Academy.

Under the ambit of the MoU between SAI India and SAI Maldives (signed on 24 October 2021), two officers of SAI Maldives are currently undergoing On-the-Job Training (OJT) with 2022 batch of IA&AS Officer Trainees.

5.2 International Centre for Information Systems and Audit

The International Centre for Information Systems and Audit (iCISA) imparts training to the officials of the SAIs across the globe. The programmes offered at iCISA provide the officials with the tools and techniques required for effective auditing in line with the best professional practices. iCISA also serves as a prime resource centre for IT Auditing for SAI India.

During 2023-24, iCISA conducted one multilateral online international training programme under e-ITEC on 'Performance Audit' in which 28 participants from 11 countries were trained.

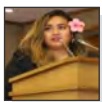
SAI India and SAI Maldives have signed an MoU in the field of public audit. The Article II of MoU contains a provision of capacity building of SAI Maldives staff through training programmes conducted by SAI India. Under the ambit of MoU, two residential ITEC international training programmes were conducted for the officials of SAI Maldives wherein 12 participants were trained.

A delegation comprising three officials from SAI Uganda visited iCISA for benchmarking of the Audit Management System (OIOS).

Additionally, iCISA conducted five residential International Training Programmes (ITPs) under the aegis of ITEC on 'Audit of State-Owned Enterprises', 'Receipt and Compliance Audit', 'Performance Audit', 'Audit of e-Governance' and 'Auditing of IT Environment' in which 168 participants from 53 countries were trained. To cater to auditing requirements in the ever evolving IT landscape, the advanced information systems concepts like emerging technologies and Data Analytics are an integral part of our course curriculum.

Also, the IDI Leveraging on Technological Advancement (LOTA) Pioneers Workshop was held at iCISA in which 38 members from 21 countries participated. IDI's LOTA pioneers initiative aims to facilitate the transformation of a pool of Supreme Audit Institution (SAI) auditors into change agents who bring technology to SAI's audit world. They do this by scanning their internal and external audit environments to strategise for leveraging on technology in audits and auditing the use of technology by governments.

iCISA's Global Footprints



Ms. Annie Frances Leitupo, SAI Samoa, 158th ITP on "Audit of State Owned Enterprises"



The training programs were very insightful and informative. It touched on areas of audit including, compliance, financial, performance, environmental and information systems to name a few. It was educational to also engage us in practical exercises in the lab on various audit analytical tools to which some were new to most of us.



At the beginning of the course, all of us had certain expectations, but at the end of the course, we all agree that the education, experience and most of all - highest level of hospitality we received here undoubtedly exceeded all expectations. Each and every one of us thinks that it was a once in a lifetime experience that we will never forget.



Ms. Eteri Katsadze, SAI Georgia 157th ITP on "Receipt and Compliance Audit"



The comprehensive nature of the program not only enriched our knowledge in receipt and compliance auditing but also provided us moments of immense joy through delicious food, invigorating local trips and trip to Bengaluru, and enjoyable sports activities.

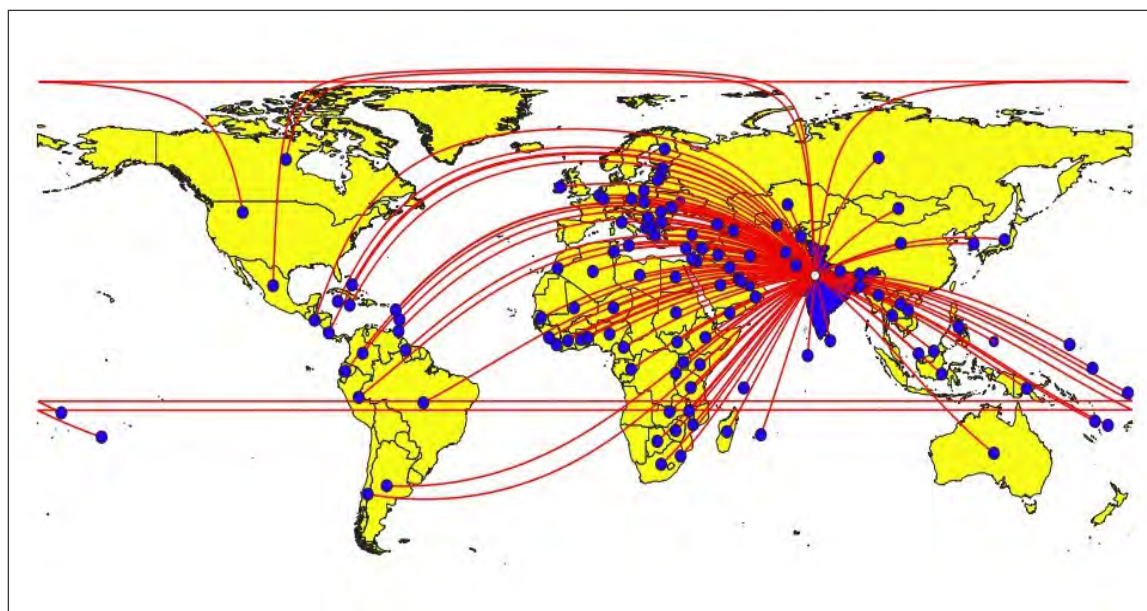


Mr. Heng Chantheng, SAI Cambodia 157th ITP on "Receipt and Compliance Audit"

5.3 International Centre for Environmental Audit & Sustainable Development

iCED's mandate extends to impart capacity building, knowledge and experience-sharing in the area of environment audit and sustainable development to a diverse community of SAIs around the globe. During 2023-24, iCED conducted three International Webinars, one International Workshop and one International Training Programme for 313 participants from 52 SAIs and 13 IA&AS Officers. These were highly appreciated by all participants. The Training programmes included sessions on Multi-dimensional Aspects of Auditing Blue Economy with special reference to SDG-14, Renewable Energy Development Strategies and Mechanism with special reference to Solar Energy and Introduction of Environment Auditing (INTOSAI WGEA) conducted by domain experts and distinguished academicians including 23 faculty from global SAIs viz., The European Court of Auditors, SAI Finland, SAI Brazil, SAI Egypt, SAI Oman, SAI China, SAI Australia, SAI Indonesia, SAI Morocco, SAI Mauritius, SAI Estonia and Government Accountability Office US etc.

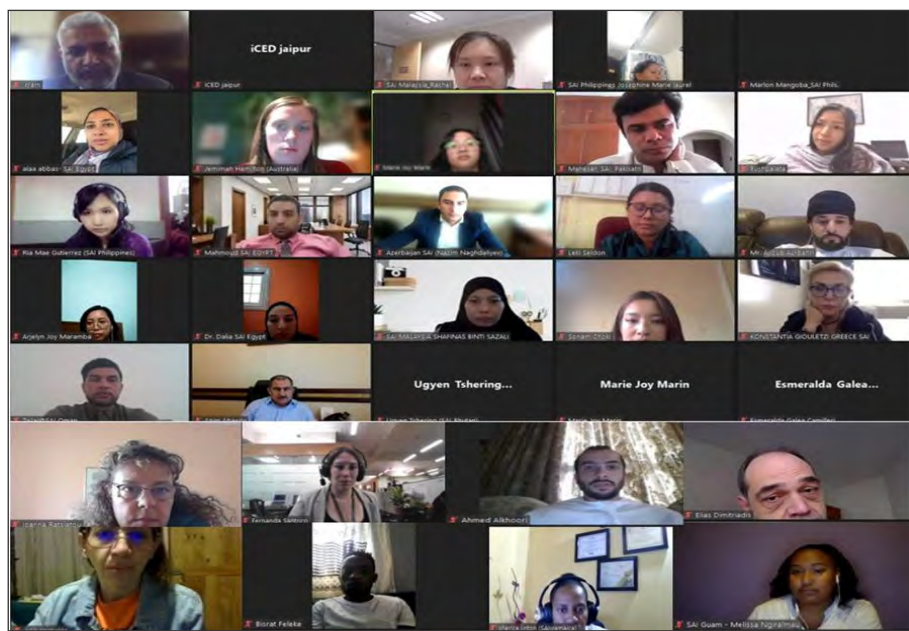
iCED's Global Outreach



313 Participants From 52 SAIS

Argentina	2	14	Kuwait
Australia	2	1	Madagascar
Azerbaijan	8	2	Malawi
Bahamas	18	9	Malaysia
Bangladesh	2	17	Maldives
Bhutan	9	2	Malta
Botswana	1	5	Mexico
Brunei	2	5	Morocco
Bulgaria	2	6	Nepal
Cayman Island	2	1	Nigeria
Chile	1	16	Oman
China	3	15	Pakistan
Costa Rica	3	1	Palau
Cyprus	4	6	Peru
Ecuador	4	11	Philippines
Egypt	20	1	Poland
Ethiopia	12	13	Russia
European Court of Auditors	1	3	South Africa
Fiji	2	3	South Sudan
Finland	1	5	Sri Lanka
Georgia	2	2	Thailand
Greece	9	5	Turkey
Guam	1	4	United Arab Emirates
Indonesia	11	7	Ukraine
Iraq	2	4	Vietnam
Jamaica	3	28	Zambia

No. of Participants



Participants during the 11th International Training Programme at iCED



ADAI and Director General, iCED addressing the participants during valediction

iCED- Striving for Excellence

Feedback from International Training Programme participants

The topics were very well presented with lot of insights and capacity development on the overview of Multidimensional Aspects of Blue Economy. Greatly appreciated and blessed to be part of this wealth of knowledge transmissions.

Mr Lote Rokoli Naicavu, SAI Fiji, July 2023

It was well managed seminar, very good. Keep it up.

Mr Loknath Ghimire, SAI Nepal, July 2023

It was a very good webinar, you gave us important examples and many tools that can be implemented.

Mr. Roberto Ezquivel, SAI Mexico July 2023

The existence of Global and National Indicator Frameworks is of great help in gauging and identifying focused audit areas.

Mr. Janno Louie Ceasar Luzon, SAI Philippines, September 2023

Overall, the course is design superbly by the organizers.

Ms. Feisal, SAI Indonesia, April 2023

The Seminar was awesome and the learning experience and material to be used in adding value to SAI Bahamas in the delivery of quality level audits

Ms. Brenda Neeley, SAI Bahamas, September 2023

When I supported the coordinated audit of protected areas in 2014 and 2021, SGD 14 and 15 were enforced as explained in the TCU presentation. However, what I received in this webinar, reinforces the work in performance auditing related to Sustainable Development

Ms. Jéssica Rodríguez Guillén, SAI Peru, September 2023

**Comptroller and
Auditor General of India**
<http://www.cag.gov.in>