



लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest

# PERFORMANCE REPORT 2017-18



OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA



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# **PERFORMANCE REPORT 2017-18**

**OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA**



## **From the desk of Comptroller and Auditor General of India**

It is my pleasure to present the Performance Report of the Indian Audit and Accounts Department for the year 2017-18. The Department is the Supreme Audit Institution of India and functions in accordance with the authority and mandate given to the Comptroller and Auditor General of India under the Constitution and laws made by the legislature. Apart from its audit functions, the department also performs accounting and entitlement functions for the majority of states in India. This Performance Report for the year 2017-18 is one in a series of reports prepared by the department annually, to convey to our stakeholders an overview of the significant activities of the department.

The focus of our audit coverage from the point of view of performance assessment during 2017-18 has been on people-centric programmes and schemes such as National Rural Health Missions, Right of Children to Free and Compulsory Education, Food Safety and Standards Act, Electrification Projects in Indian Railways, Flood Control and Flood Forecasting, Agriculture Crop Insurance and Farmers' Welfare, Rejuvenation of River Ganga, Payment of Taxes by Private Hospitals and Nursing Homes, etc. In addition, we have also been raising the issues of regularity and propriety in public spending with a view to enforce accountability. This is duly reflected in the 98 Audit Reports that we prepared during the year, of which 32 were for tabling in Parliament and 66 in State Legislatures.

The impact the Indian Audit and Accounts Department makes through its work can be judged by the fact that our reports made 1,235 recommendations, of which 418 have already been accepted. Our reports pointed out recoveries of Rs.1,92,193.63 crores, of which recoveries of Rs.6,243.02 crore had been made by the governments till the finalization of the reports. In addition, we examined more than 8,000 accounts of Public Sector Undertakings, Autonomous Bodies, Externally Aided Projects and others. The department also maintained GPF accounts of around 33.05 lakh government servants and authorized about 4.05 lakh pension payments during the year, rendering an important public service.

The achievements of the Department are a tribute to the dedicated work of more than 44,000 employees currently in position. We have

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invested significantly in their professional development, according high priority to capacity building in our training institutes. Our training institutes conducted around 649 courses and trained nearly 12,000 persons during the year. In addition, nearly 2,400 courses, conducted in-house, trained more than 37,000 employees. We have also commenced a “BR Ambedkar Lecture Series” in February 2018 named in honour of the chief architect of the Constitution, and the importance he placed on the institution of the Comptroller and Auditor General. The purpose of the lecture series is to give our officers the opportunity to listen to ideas and issues of importance and relevance in the domain of governance, administration, executive functioning having an impact on society.

SAI India has been proactively participating in international cooperation and collaboration. Our training institutions have run specialized training programmes for international participants. In addition, we have been proactively participating in the activities of INTOSAI and ASOSAI. It is a measure of the Department’s international stature that the CAG of India is on the Board of Auditors of the United Nations and now chairs the Board. This brings to a high point the Department’s rich experience of auditing other international bodies like the United Nations Children’s Fund, United Nations Office for Project Services, United Nations Joint Staff Pension Fund, United Nations Compensation Commission, etc. We also continue to make good progress in improving our audit practices and methodologies to ensure that these are consistent with international best practices.

I am confident that this performance report will be found useful by our stakeholders, including legislators, executives, academia, and members of the public, in getting a better view of the functioning and activities of the Department.

**(Rajiv Mehrishi)**  
**Comptroller & Auditor General of India**

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## Performance Highlights

### I. About the Performance Report

This report summarizes important activities and achievements of the Indian Audit and Accounts Department (IAAD), the Supreme Audit Institution of India (SAI India) during the Financial Year 2017-18, including the impact of our audit, major audit findings and the effectiveness in use of our resources.

### II. About the CAG of India and the IAAD

- The Comptroller and Auditor General (CAG) of India is a Constitutional authority.
- The CAG's (Duties, Powers and Conditions of Service) Act, 1971 is the primary legislation delineating the audit jurisdiction, which extends to the Union and State Governments, the public sector undertakings and other bodies or authorities substantially financed from public exchequer or other bodies/authorities whose audit is entrusted to the CAG in public interest. Several other Acts of Parliament provide for audit of certain statutory authorities by the CAG.
- The Act also provides for compilation and presentation of accounts of the State Governments by the CAG.
- The CAG of India discharges his duties through the Indian Audit & Accounts Department. The Headquarters office of the CAG at New Delhi is supported by 138 field offices (134 offices spread across India and 4 offices located abroad).

### III. Key Results in Audit

- We audited 56,692 units covering 98.30 *percent* of planned audits at Union and 89.11 *percent* at States level.
- We issued 48,106 Inspection Reports to various audited entities.
- We prepared 98 Audit Reports that included 116 performance audit topics, of which 32 were for tabling in the Parliament and 66 in the State Legislatures. Of these, 27 Reports were tabled in the



Parliament and 46 Reports in the State Legislatures during the year.

- We made 1,235 recommendations to our audited entities at Union and State level. Of these, 418 recommendations were accepted.
- We finalized Reports on 116 performance audit topics during the year. We made 852 recommendations, of which, 304 recommendations were accepted by the audited entities.
- We examined 8,260 accounts of Union and State Governments, PSUs, Autonomous Bodies, Externally Aided Projects and others.
- The audited entities accepted about 43.60 percent of the total recoveries pointed out (₹1,92,193.63 crore) by us and recovered ₹6,243.02 crore, which was significantly higher than the total expenditure of IAAD during 2017-18, which was ₹4,305.80 crore.
- We made corrections in the accounts of 163 companies and corporations as a result of supplementary audit. The implication of these changes was: (a) Amendment to Notes to the Accounts: ₹22,159.51 crore (b) Classification mistakes: ₹18,299.42 crore (c) Changes in profit and loss: ₹13,702.26 crore and (d) Changes in assets and liabilities: ₹14174.84 crore.
- We pointed out several instances of deviation from rules, regulations, deficiencies in planning and implementation of schemes, lack of coordination among various agencies, etc.
- We were yet to receive 12,448 Action Taken Notes on Audit Reports at Union and State level as on March 31, 2018.

#### IV. Key Results in Accounts and Entitlements

- We finalized 4,04,844 pension authorization and pension revision cases during 2017-18.
- We carried out 2,268 inspections of treasuries/sub-treasuries during the year. As a result of these inspections, we made 838 recommendations.
- We issued 98.70 percent account slips to General Provident Fund account holders on time during the year.



## V. Professional Standards and Quality Management

- Three Indian Government Accounting Standards (IGASs) had been notified by Government of India by March 2018. Four IGASs and five IGFRSs (Indian Government Financial Reporting Standards) were under consideration of the Government of India.
- The Technical Board for Professional Practices, constituted in March 2014, is engaged with issues in the areas of audit and accounting policy and their implementation.
- 41 field offices of IAAD were inspected as a measure of internal control mechanism. Based upon these inspections, 400 recommendations were included in the Inspection Reports during 2017-18.

## VI. Resource Management

- We spent ₹4305.80 crore in 2017-18.
- Optimal staffing in the field offices continued to be the main focus of our HR strategy.

## VII. Capacity Building in IAAD

- International Centre for Information Systems and Audit (iCISA) conducted six International training programmes and trained 216 international participants, and sixteen National Training Programmes in which 356 participants were trained.
- International Centre for Environmental Audit & Sustainable development (iCED) conducted two International Training programme for 36 participants from twenty countries, and one Bilateral Training programme for 16 participants from SAI Afghanistan. In addition iCED also conducted 21 in-service training programmes for 543 officers in the field of Environment Audit.
- As a measure to build departmental competencies in Data Analytics, 650 officers were trained at the Regional Training Institutes (RTIs)/Regional Training Centres (RTCs), on Data Analytics.
- The in-house training centres in 134 Offices conducted 2,366 courses and trained 37,201 officers.



## VIII. Our Interaction with Key Stakeholders

- The Audit Advisory Boards constituted at Union and State levels held their half yearly meetings.

## IX. International Participation and Contributions

- The 26<sup>th</sup> meeting of the INTOSAI Working Group on IT Audit (WGITA) was hosted by Board of Audit and Inspection (BAI), Korea in Seoul on 22 and 23 May, 2017. The meeting was presided over by the CAG of India and Chair of WGITA.
- CAG attended a meeting on “Auditing preparedness for the implementation of the Sustainable Development Goals (SDGs)” in New York, from 20 to 21 July 2017. It was jointly organised by the United Nations Department of Social and Economic Affairs (UNDESA) and the INTOSAI Development Initiative (IDI), following the ministerial segment of the High Level Political Forum on Sustainable Development (HLPF).
- CAG of India attended the Commemoration event of 40 years of Lima Declaration in Peru. Being Chair of the Knowledge Sharing and Knowledge Services Committee (Goal-3) of INTOSAI, CAG delivered speech also.
- The CAG is a member of the UN Board of Auditors for the period July 2014 to June 2020.
- SAI-India is the lead auditor for audit of several UN organisations viz. UN Secretariat [Volume I], UNICEF (United Nations Children's Fund), UNOPS (*United Nations Office for Project Services*), UNJSPF (United Nations Joint Staff Pension Fund), UNCC (*United Nations Compensation Commission*), Escrow Account, ITC (*International Trade Centre*), CMP (*Capital Master Plan*), UMOJA (*ERP system of UN*), and *Information and Communication Technology Strategy*.
- The CAG is external auditor of the World Intellectual Property Organisation (WIPO) for a period of six years from 2012.
- The CAG is a member of Governing Boards of INTOSAI and ASOSAI.
- The CAG chairs the INTOSAI Working Group on IT audit and INTOSAI Committee on Knowledge Sharing & Knowledge Services and its Steering Committee.



- In July session of UN Board of Auditors, CAG along with the Auditor General of Tanzania and President of the German Federal Court of Auditors approved and signed 28 UN Audit reports for the financial year 2016.
- CAG met the Secretary General (SG) Mr. Antonio Guterres in New York on 25 July 2017 and briefed the SG about the work done by the Board of Auditors.

## **X. New Initiatives**

- A matrix bringing out the linkage between the Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs) has been circulated to all the officers of the headquarters office. As a pilot study, five Accounts & Entitlement offices (Mizoram, Maharashtra-I, Kerala, Odisha and Rajasthan) have been assigned for linking of different SDGs with the finance accounts.
- Starting with the accounts for the year 2016-17, Government Accounts Wing has initiated to apprise the Head of the Finance Departments of each state through the respective PAG/AG of the state, broad overview of Finance Accounts and Appropriation Accounts and also fiscal indicators during the last five years.
- During 2017-18, a centralized Web-based Grievance Redressal Mechanism has been introduced under the Entitlement tab in the CAG's website for registering online grievances. Further, facility for subscribers/pensioners has also made available for registering complaints through online/e-mails to the concerned A&E office directly and also directly to the Sr. Administrative Officer of the Complaints Wing of the Headquarters' office, in case subscribers/pensioners is not convinced from the reply of AG office.
- The Guidelines for Data Analytics (September 2017) is a major initiative in institutionalising the practice and use of data analytics in the Department. These guidelines prescribe the methodology of employing data analytics in the auditing function of Indian Audit and Accounts Department (IAAD). The data analytic principles and methods will also be applicable to the domains of accounting and administration.
- Till 31st March 2018, 51 Structured Training Modules (STMs) had been updated, after peer review by IAAS officers with domain



knowledge in the particular area, and sent to RTIs/RTCs for dissemination.

- We commenced a lecture series, in February 2018 named “BR Ambedkar Lecture Series”, in honour of the chief architect of the Constitution, and the importance he placed on the institution of the CAG. The purpose of the lecture series is to give our officers the opportunity to listen to ideas and issues of importance and relevance in the domain of governance, administration, executive functioning having an impact on the society. During 2017-18 we had two lectures by eminent speakers from the private and public sectors.



## Chapter 1

### About this Performance Report

The Constitution of India has entrusted the Comptroller and Auditor General of India with the responsibility of audit of accounts of the Union and States and other entities. The Comptroller and Auditor General of India is the Supreme Audit Institution (SAI) of India and is expected to promote financial accountability and transparency in the affairs of the audited entities.

This report aims to meet the accountability requirements by reporting on the extent to which SAI India has discharged its duties with regard to its audit mandate and required reporting. It also brings out regularity and efficiency in the use of SAI resources, as also the impact of our audit

This report seeks to create awareness and understanding about the CAG and the Indian Audit and Accounts Department's role and functions, as also to inform our clients and stakeholders, both internal and external, about our key results and achievements.



## Chapter 2

### About the Comptroller & Auditor General of India and the Indian Audit and Accounts Department

#### I Who are we?

The Comptroller & Auditor General of India (CAG) and the Indian Audit and Accounts Department (IAAD) functioning under him constitute a unified audit mechanism in the federal set up under the Constitution of India. In the Constitutional scheme 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 whose aim is to ascertain compliance with the accepted standards of prudential 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 authorize 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 the quantity as well as the quality of their expenditure.

Articles 148 to 151 of the Constitution prescribe a unique role for the CAG in assisting Parliament to enforce the legislative accountability of Government Departments. The CAG audits both the Central and State Governments and any other authority or body as may be prescribed by or under any law made by Parliament. The CAG also compiles the accounts of the State Governments as per provisions of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

The role of the CAG assumes greater significance in view of our federal multiparty democracy, wherein the Union and State Governments are responsible for the implementation of a large number of schemes involving substantial public resources. There has been a paradigm shift in public financial management in the country in recent past, with an enhanced focus on public private partnerships for the delivery of public services and increasing levels of public expenditure being incurred through Special Purpose Vehicles (SPVs), such as Trusts, Societies and NGOs. Civil society is also a major stakeholder in the audit process. Further, there has also been a conscious move towards leveraging



technology in e-governance initiatives such as Direct Benefits Transfer, Jandhan Aadhaar Mobile trinity, digital payments, United Payment Interface, etc.

## II Our Vision, Mission and Core Values

***Our Vision** represents what we aspire to become: We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognized for independent, credible, balanced and timely reporting on public finance and governance.*

***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 assurance to our stakeholders, the Legislature, the Executive and the Public, that public funds are being used efficiently and for the intended purposes.*

***Our Core Values** are the guiding beacons for all that we do and give us the benchmarks for assessing our performance: **Independence, Objectivity, Integrity, Reliability, Professional Excellence, Transparency and Positive Approach.***

## III Independence of SAI

ISSAI 1 envisages that the establishment of Supreme Audit Institutions and the necessary degree of their independence shall be laid down in the Constitution, while details may be set out in legislation.

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 CAG's duties and powers. Article 151 prescribes that audit reports relating to 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 term.

The Constitution further provides that the conditions of service of persons serving in the Indian Audit and Accounts Department and the administrative powers of the CAG shall be such as may be prescribed by rules made by the President, after consultation with the Comptroller and Auditor General.

#### **IV Our Accounts Mandate<sup>1</sup>**

Article 149 and 151 of the Constitution and the CAG's (DPC) Act, 1971, promulgated in exercise of powers conferred by the Constitution, 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 having Legislative Assemblies. He may also give information and render assistance, related to preparation of the accounts. We compile accounts of the State Governments from the subsidiary accounts submitted by treasuries and other officers of the State Governments. We raise an alarm if monies are being drawn in excess of authorization. We actively monitor expenditure patterns and issue advice on excesses, surrenders and lapses of funds.

#### **V Our Audit Mandate**

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 and expenditure from the Consolidated Fund of the Union and 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 where the government's equity investment is not less than 51 *per cent*;

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<sup>1</sup> Section 10, 11, & 12 of CAG's DPC Act 1971



- 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 from 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:

- Providing technical guidance and support to the Local Fund Audit wings of the State Governments, who are the primary auditors of the urban and rural local bodies.
- Conducting a review of the performance of the Union Government in meeting its obligations under the Fiscal Responsibility and Budget Management Act, 2003, as amended in 2012.
- Certifying the net proceeds of Central taxes/duties, which are shareable with the States.

## VI What we do not Audit

The mandate of the CAG does not extend to the audit of public sector banks; Government corporations whose statutes do not provide for audit by the CAG, *e.g.*, Life Insurance Corporation, and companies where the Government shareholding is less than 51 *percent*. However, the CAG has the authority to audit the accounts of even a private company, not normally within the audit mandate of 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 judgement dated April 17, 2014 pertaining to the companies providing telecom services. Further, audit of any body or authority, including a Company which is not a Government Company, may be entrusted to the CAG, under Section 20 of the CAG's DPC Act 1971, in public interest.

## VII Our Powers

In carrying out the above mentioned duties, the CAG has powers<sup>2</sup> to:

- inspect any office or organization subject to his audit;

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<sup>2</sup>Sections 18,21,22,23, & 24 of CAG's DPC Act 1971



- 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.

### **Powers of Delegation**

CAG can delegate his powers, under the provisions of the DPC Act 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 Governor on his behalf.

### **Powers to make regulations**

CAG can make regulations for carrying into effect the provisions of the DPC Act, insofar 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.

The 'Regulations on Audit and Accounts' were issued in 2007 under Section 23 of the CAG's DPC Act. The Regulations define in detail the scope, manner and extent of auditing, as also the accounting mandate of SAI India.

### **Powers to make rules**

The Central Government is authorized, 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.

## **VIII We conduct different types of Audit:**

CAG's discretion extends to the scope, extent, methodology and approach to be adopted in conducting any audit. We conduct Financial Attest Audit, Compliance Audit and Performance Audit in the audited entities, in accordance with standards and guidelines framed in accordance with international standards.

### **VIII A Compliance Audit**

Compliance Audit examines the transactions relating to expenditure, receipts, assets and liabilities of Government for compliance with:

- the provisions of the Constitution of India and the applicable laws; and
  - the rules, regulations, orders and instructions issued by the competent authority, either in pursuance of the provisions of the Constitution of
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India and the laws, or by virtue of the powers formally delegated to it by a superior authority.

Compliance audit also includes an examination of the rules, regulations, orders and instructions for their legality, adequacy, transparency, propriety, prudence and effectiveness, that is, whether they are:

- *intra vires* the provisions of the Constitution of India and the laws (legality);
- sufficiently comprehensive and ensure effective control over Government receipts, expenditure, assets and liabilities, with sufficient safeguards against loss due to waste, misuse, mismanagement, errors, frauds and other irregularities (adequacy);
- clear and free from ambiguity and promote observance of probity in decision making (transparency);
- judicious and wise (propriety and prudence); and
- effective and achieve the intended objectives and aims (effectiveness).

#### **VIII B Financial Audit**

Financial audit is primarily concerned with the expression of an audit opinion on a set of financial statements. It includes:

- examination and evaluation of financial records and expression of opinion on financial Statements;
- audit of financial systems and transactions, including an evaluation of compliance with applicable statutes and regulations which affect the accuracy and completeness of accounting records; and
- audit of internal control and internal audit functions that assist in safeguarding assets and resources and assure the accuracy and completeness of accounting records.

#### **VIII C Performance audit**

Performance audit is an independent assessment or examination of the extent to which an organization, programme or scheme operates economically, efficiently and effectively. Performance audit assesses:

- **Economy** – minimizing the cost of resources used for an activity, having regard to appropriate quality. Economy occurs where equal-quality resources are acquired at least cost.
- **Efficiency** – the relationship between the outputs (goods, services or other results) and the resources used to produce them (input). Efficiency exists where the use of resources (financial, human, physical and information) is such that output is maximized for any given set of

resource inputs, or input is minimized for any given quantity and quality of output.

- **Effectiveness** – the extent to which objectives are achieved and the relationship between the intended impact and the actual impact of an activity. Effectiveness addresses the issue of whether the scheme, programme or organization has achieved its objectives.

## IX Our Audit Process

The audit process at the SAI 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 Indian Audit and Accounts Department on all significant areas for a longer time horizon.

### High level strategic goals set out in the Strategic Plan 2020

- Goal 1: Integrated audit efforts
- Goal 2: Promoting professionalism in public sector auditing
- Goal 3: Improving communication with stakeholders and ensuring higher visibility
- Goal 4: Enhancing audit effectiveness
- Goal 5: Improving delivery of accounting and entitlement functions
- Goal 6: Improving human resource management

**Annual Audit Plans** are developed by each field office on the basis of the strategic plan. This plan details the individual audits planned to be carried out during the annual audit cycle. The annual plan exercise also 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. It is further defined by available resources, both human and financial, for carrying out the audits.

We also develop detailed audit programmes describing the team 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, a report is issued to the audited entity, popularly known as an Inspection Report. Audit findings of high value, or the ones that may have a significant impact, are further processed for inclusion in the Audit Reports published at the Union and State levels.

The audited entities are expected to take action on the basis of the shortcomings pointed out and the recommendations made in the Audit Reports and send action taken notes on the audit observations printed in the audit report. The audit reports issued by the CAG, at the Union and State levels, are discussed by the respective Public Accounts Committees (PAC) and Committees on Public Undertakings (COPU). Compliance with audit observations and recommendations is also examined and reported upon during subsequent audits.

The Audit Committees, constituted by several audited entities, are a mechanism for follow up of audit findings. The Audit Committees, consisting of officials from the audited entity and the IAAD, monitor the follow-up process, so as to bridge our perception gaps and to increase levels of communication, besides discussing and settling outstanding audit observations, mainly pertaining to the Inspection Reports.

The Annual Audit Plans of individual offices are reviewed and consolidated into a Department level Annual Audit Plan, so as to reflect audit priorities after balancing resources and expectations across various sections and themes. Monitoring of the Audit plan is done on a quarterly basis.

### **Highlights of the Annual Audit Plan 2017-18**

Taking note of the experience gained from the implementation of the previous plans, the Annual Audit Plan 2017-18 accorded first priority to the Financial Attest Audit related assignments, including certification of accounts, and certification audit of centrally sponsored schemes and externally aided projects. The topics selected for examination conformed to the focus areas identified in the Strategic Audit Plan 2012-17, *i.e.*, fiscal management, human development, infrastructure, rural and urban development, and national security. Equity, IT



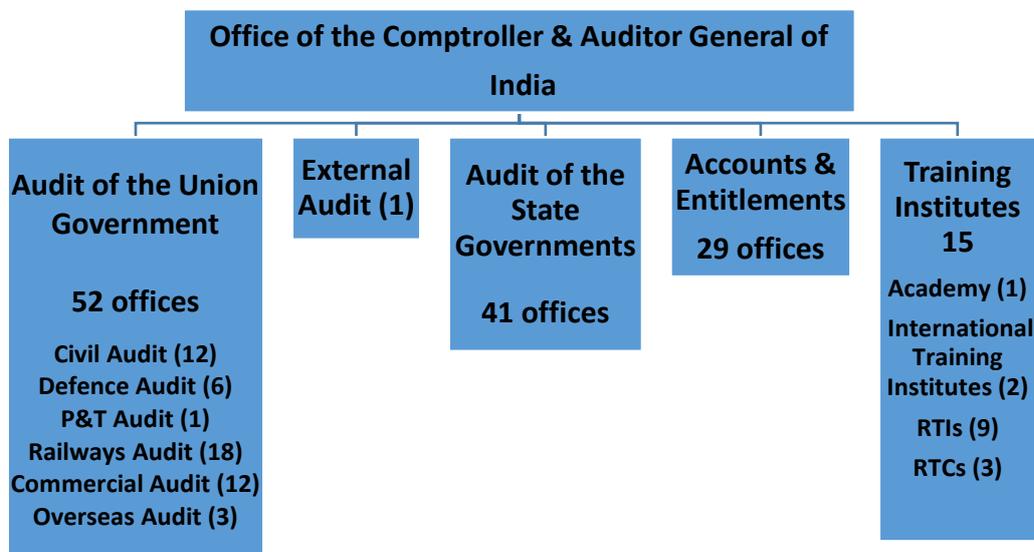
Audit and environmental concerns continue to be the concerns of the IAAD and are suitably incorporated in the audit plans. In addition, the topics for audit were selected under the following three categories:

- (a) Follow-up audits of accepted recommendations made in Performance Audit Reports, conducted 3 to 5 years ago;
- (b) Audit of areas involving 'Gender Justice' issues and mainstreaming of gender budgeting/ auditing concerns in normal audits, based on gender-dimensions of ongoing programmes/schemes;
- (c) Audit of citizen-centric governance mechanism and delivery systems for public services to citizens.

The Annual Audit Plan 2017-18 also decided to reorient the audit focus, from a product orientation to process orientation, i.e., the audit product would be decided after completion of the audit, depending on its outcome. The Annual Audit Plan 2017-18 planned to conduct financial attest audit of 413 PSUs, 380 autonomous bodies and 58 externally aided projects at the Union level, and 1077 PSUs, 1048 autonomous bodies and 174 externally aided projects at the State level. In addition, the Plan envisaged auditing of 17,575 out of 57,568 auditable units at the Union level and 44,957 out of 7,18,664 auditable units at the State level.

### XI Our Organization

The CAG discharges his duties through the Indian Audit and Accounts Department. The Department consists of approximately 45,000 employees. The CAG's office located in New Delhi is the headquarters of IAAD. During 2017-18, it was supported by 138 field offices (134 offices spread across India and 4 offices located abroad). A list of the offices is at **Annex II**.





## The Office of the CAG

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 the Indian Audit and Accounts Department. 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 Entitlements, Civil Audit, Commercial Audit, Defence Audit, Railway Audit, Revenue Audit, State Governments Audit, Professional Practices, Strategic Management, Administration of Personnel, Training, Communication, Inspection of field offices, Data Analytics, etc. These divisions are headed by the Deputy/ 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. The Organization chart of the CAG office is given at **Annex I**.

## XII Field Offices in IAAD

The functional wings in the CAG office are supported by the field offices located in different parts of the country. These offices are responsible for carrying out the audit and accounts mandate of the CAG. The types of field offices in the Department are described below:

- **Offices of the Directors General/ Principal Directors of Audit (37)** are responsible for audit of the activities of the Union Government, including Civil Ministries and Departments, Defence, Indian Railways and Posts & Telecommunications.
- **Offices of the Principal Directors of Commercial Audit and ex-officio Members Audit Board (MAB) (12)** are responsible for the audit of Central Public Sector Undertakings (PSUs). They certify the annual accounts of the Statutory Corporations and conduct Supplementary Audit of Government Companies. They also conduct compliance and performance audits in PSUs.
- **Overseas Audit Offices (3)**, headed by Principal Directors in Washington, London and Kuala Lumpur, audit embassies and other Government establishments in each region.
- **External Audit Offices (1)**: Director of External Audit, New York (set up in June 2014) to oversee audit of United Nations being conducted by SAI India, as a member of the UN Board of External auditors.
- **Offices of the Principal Accountants General/Accountants General (Audit) (41)** in every State, are responsible for the audit of all receipts and



expenditure of the State Governments, audit of Government companies, corporations and autonomous bodies in the States, as well as local bodies in the States.

- **Offices of Accounts and Entitlements (A&E), headed by Principal Accountants General/ Accountants General (A&E) (29)**, are engaged in maintaining the accounts of the State Governments and authorizing GPF and pension payments of their employees.
- **Training Institutes (15)**: Three international/national level Institutions, nine Regional Training Institutes and three Regional Training Centres are engaged in the capacity building of the officers and staff in the IAAD.

<b>Audit Offices (for Union Govt. and Overseas Audit offices)</b>	
Civil	12
Defence	6
P&T	1
Railway	18
Commercial	12
Overseas Audit offices	3
<b>Total</b>	<b>52</b>
<b>External Audit offices</b>	<b>1</b>
<b>Audit Offices for Audit of State Accounts</b>	<b>41</b>
<b>State Accounts and Entitlement Offices</b>	<b>29</b>
<b>International/National level Institutions/Regional Training Institutes/ Regional Training Centres</b>	<b>15</b>
<b>Grand Total</b>	<b>138</b>

A list of the offices is at **Annex II** of this report.

### XIII A Organizational Set Up for Audit of the Union Government

The organizational set up for audit of Union Government at the HQ level is summarized below:

	<b>Sectors</b>
<b>Deputy Comptroller &amp; Auditor General (DAI) - Commercial</b>	Economic and Infrastructure Ministries
<b>DAI (Report Central &amp; Local Bodies)</b>	Social & General Services Ministries and Local Bodies
<b>DAI (Government Accounts)</b>	Government Accounts
<b>DAI (Central Revenue Audit)</b>	Central Revenues/Receipts
<b>DAI (Defence, Communication &amp; Railways)</b>	Defence, Communication & Information Technology and Railways



- Field Audit offices auditing Ministries, *i.e.*, offices of Director General of Audit (Central Expenditure), Principal Director of Audit (Economic Services Ministries), Principal Director of Audit (Scientific Departments), Director General of Audit, Post & Telecommunications, Principal Directors of Audit (Railways), Directors General and Principal Directors of Audit, Defence and Principal Directors of Commercial Audit, have also been given sectoral profiles.
- Audit of receipts and expenditure of Central Government units are separately dealt by nine offices (New Delhi, Mumbai, Kolkata, Ahmedabad, Bengaluru, Chandigarh, Chennai, Hyderabad and Lucknow) and nine branch offices (Port Blair, Guwahati, Gwalior, Kochi, Bhubaneswar, Allahabad, Patna, Ranchi and Jaipur).

### XIII B Organizational Set Up for Audit of State Governments

- All audit activities in the States, *i.e.*, Civil Audit, Commercial Audit, Receipt Audit, Audit of State Autonomous Bodies and Local Bodies, are coordinated and supervised by the ADAIs, according to following distribution of work:

ADAI Northern Region	ADAI Central Region	ADAI Eastern Region	ADAI Western Region	ADAI Southern Region	ADAI North Eastern Region
Delhi	Bihar	Andhra Pradesh	Goa	Karnataka	Arunachal Pradesh
Haryana	Chhattisgarh	Telangana	Gujarat	Kerala	Assam
Himachal Pradesh	Jharkhand	Odisha	Maharashtra	Tamil Nadu	Manipur
Jammu & Kashmir	Madhya Pradesh	West Bengal	Rajasthan	Puducherry	Meghalaya
Punjab	Uttar Pradesh				Mizoram
Uttarakhand					Nagaland
					Sikkim
					Tripura



- There are two State Audit offices in each of the 9 States<sup>3</sup>, i.e., Principal Accountant General (Social and General Sector) and Principal Accountant General (Economic and Revenue Sector), with effect from 2 April 2012. In case of Maharashtra, the distribution of jurisdiction among Principal Accountant Generals is on a geographical basis. In case of other States, where there is only one Accountant General's office, distribution of jurisdiction among the Group officers has been done on a sectoral basis.
- The offices of Local Bodies Audit have been merged with the respective offices of Principal Accountant General (General and Social Sector Audit), with effect from 2 April 2012.
- Audit of State agencies implementing Centrally Sponsored Schemes continues to be carried out by the State Accountants General.

#### XIV Audit Advisory Board

- There is an Audit Advisory Board, chaired by the CAG, to advise him 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 includes eminent professionals from diverse fields. It is a reflection of our openness to external advice and has been identified as a good practice by the International Peer Review Team. The members of the Board function in an honorary capacity. The Audit Advisory Board is reconstituted every two years. The members of Eighth Audit Advisory Board, constituted in August 2015, for the biennium 2015-17, were as under:

<b>Shri Shashi Kant Sharma</b> Comptroller and Auditor General of India	<b>Ex-officio Chairman</b>
<b>Shri K V Chowdary</b> Central Vigilance Commissioner	<b>Member</b>
<b>CA Nilesh Shivji Vikamsey</b> President, The Institute of Chartered Accountants of India	<b>Member</b>
<b>Dr. Alwyn Didar Singh</b> Secretary General, Federation of Indian Chambers of Commerce & Industry	<b>Member</b>
<b>Shri Pradeep Kumar</b> Former CVC & Retired IAS Officer	<b>Member</b>

<sup>3</sup>Gujarat, Karnataka, Kerala, Madhya Pradesh, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal



<b>Shri Shiv Shankar Menon</b> Former NSA & Retired IFS Officer	<b>Member</b>
<b>Shri Narendra Singh</b> Retired Deputy C&AG	<b>Member</b>
<b>Dr. Aruna Roy</b> Social Activist	<b>Member</b>
<b>Dr. Parthasarathi Shome</b> Economist	<b>Member</b>
<b>Dr. Vandana Shiva</b> Environmentalist	<b>Member</b>
<b>Shri Aamir Khan</b> Actor & Social Campaigner	<b>Member</b>
<b>Dr. Naresh Trehan</b> Medical Expert	<b>Member</b>
<b>Shri Satyajit Bhatkal</b> Visual Media Director	<b>Member</b>
<b>All Deputy C&amp;AGs</b>	<b>Ex-officio Members</b>
<b>All Additional Deputy C&amp;AGs</b>	<b>Ex-officio Members</b>

- In the meeting of the Board held on 27 April 2017, issues such as auditing the Goods and Services Tax, Social Audit and Audit Management System of the department were deliberated upon.
- Audit Advisory Boards have also been constituted in the States under the Chairmanship of the Principal Accountants General/Accountants General. Other Accountants General in the State are members of the Board. Nominated members are drawn from amongst eminent academicians, professionals and retired Civil Servants.

## Chapter 3

### Key Results and Achievements in Auditing

Key functional areas of the department include audit of the Central and State Governments, Public Sector Undertakings, Autonomous Bodies and Local Bodies.

The key outputs of these audits are Inspection Reports, Audit Reports and Audit Certificates. Ensuring the quality and timeliness of these audit products is a key result area of the IAAD. In this Chapter, we report on the audits performed by us and the highlights of our audit products during 2017-18.

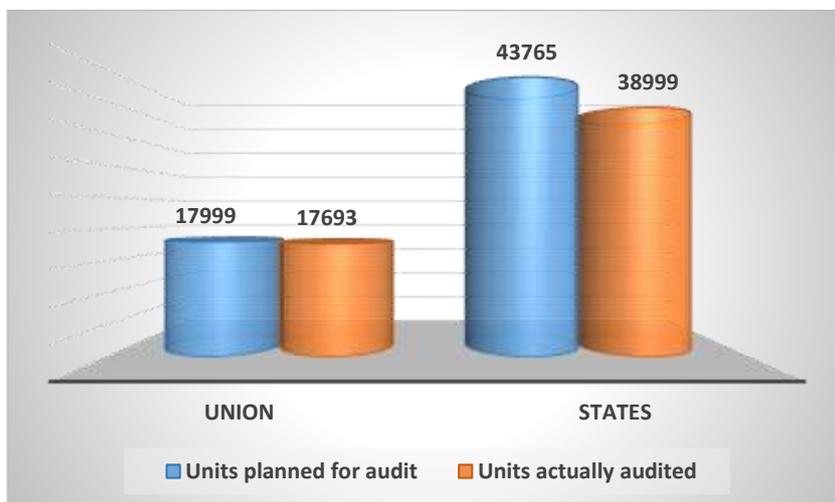
#### I Compliance, Performance, Financial Attest Audit and Audit Reports

The IA & AD conducts performance, financial and compliance audits. The details of audits conducted during 2017-18 are given in the following paragraphs:

##### IA Compliance Audits:

###### (i) Audit Coverage

A total of 56,692 units were audited during 2017-18. The graph below shows that 98.30 percent of the planned audits at the Union level and 89.11 percent of the audits planned at the State level were completed.



###### (ii) Inspection Reports

Inspection reports are the primary products of audit, issued on completion of audit of every audited entity. Of the 56,692 units audited during the year, inspection reports in case of 48,106 units (84.86 %) were issued in 2017-18. At



the Union level, 89.76 percent of the inspection reports were issued on time i.e. within 30 days, while at the State level, the on-time performance was 75.77 percent.

	Inspection Reports issued	Inspection Reports issued within 30 days	Percentage of IRs issued within 30 days
<b>Union</b>	<b>16,356</b>	<b>14,681</b>	<b>89.76%</b>
<b>States</b>	<b>31,750</b>	<b>24,056</b>	<b>75.77%</b>
<b>Total</b>	<b>48,106</b>	<b>38,737</b>	<b>80.52%</b>

**(iii) Observations made in compliance audit:**

Significant audit observations made in compliance audit are included in the Compliance Audit Reports. During 2017-18, 2,167 paragraphs (1,213 in the Union reports and 954 in the State reports) were included in these reports. At the Union level, 900 of the 1,213 paras were accepted and 29 paras were partially accepted by the audited entities.

At the State level, of the 954 paras, 383 were accepted and 161 were partially accepted by the audited entities.

**IB Performance Audits**

Audit Reports on 116 performance audit topics were approved during 2017-18, as summarized below.

	Performance Audit Topics
<b>Union Level</b>	<b>20</b>
<b>State Level</b>	<b>96</b>
<b>Total</b>	<b>116</b>

**IC Financial Attest Audit**

Besides the audit of annual accounts of the Union and State Governments, Autonomous Bodies and Public Sector Undertakings, the IAAD also certifies the expenditure incurred on externally aided projects, as part of aid agreements.

We examined 8,260 accounts of Union and State Governments, PSUs, Autonomous Bodies, externally aided projects and others. 6,820 certificates of audit were issued within the prescribed time frame.



	Accounts examined	On time Audit Certification
<b>Union/State Government</b>	379	371
<b>PSUs</b>	1,507	1,182
<b>Autonomous Bodies</b>	1,127	763
<b>Externally Aided Projects</b>	271	194
<b>Others</b>	4,976	4,310
<b>Total</b>	<b>8,260</b>	<b>6,820 (82.57 percent)</b>

The delays in certification of accounts were on account of receipt of incomplete accounts; delays due to non-receipt of records for verification of accounts and non-settlement of observations; delays in receipt of replies to audit observations; discussion with management on critical issues; late receipt of proforma accounts; bunching of accounts; implementation of SAP-ERP; reporting of fraud and the need for more detailed scrutiny.

## **ID 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.

We prepared 98 Audit Reports (which included results of Reports on 116 Performance Audit Topics) during 2017-18, 32 for tabling in the Parliament and 66 in the State Legislatures. Of these, 4 Reports for Parliament and 17 Reports for the State Legislatures were tabled after March 31, 2018. Further, 9 Union Audit Reports and 52 State Audit Reports of previous years were also presented to Parliament/Legislatures during 2017-18.

We made 1,235 recommendations to our audited entities at the Union and State levels. Of these, 418 recommendations were accepted.



	No. of Reports prepared during the year	Recommendations made	Recommendations accepted
Union Government	32 <sup>@</sup>	293	95
State & Union Territory Governments	66 <sup>@@</sup>	942	323
<b>Total</b>	<b>98</b>	<b>1,235</b>	<b>418</b>

@ Of these, 27 were presented to Parliament during 2017-18

@@ Of these, 46 Reports were presented to the State Legislatures during 2017-18

## II Our Audit Impact

### IIA 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, are indicated below:

	Recoveries at the instance of Audit (₹ in crore)		
	Pointed out	Accepted	Effectuated
Union Government	76,994.06	15,243.97	3,443.52
State Governments	1,15,199.57	68,560.66	2,799.50
<b>Total</b>	<b>1,92,193.63</b>	<b>83,804.63</b>	<b>6,243.02</b>

The audited entities accepted about 43.60 *percent* of the recoveries pointed out by audit. The Government recovered ₹6,243.02 crore, which is only about 3.25 *percent* of the amount pointed out for recovery and 7.45 *percent* of the amount accepted. The amount recovered is significantly higher than the total expenditure of IAAD during 2017-18, which was ₹4,305.80 crore.

**During the last 5 years, the audited entities have accepted recovery of ₹2,43,181 crore out of ₹7,07,312 crore of recoveries pointed out by us and effected recoveries of ₹24,469 crore.**

### IIB Performance Audit

Reports on 116 performance audit topics were finalized during 2017-18. We made 847 recommendations, of which 282 recommendations were accepted by the audited entities, as summarized below.



	Performance Audit Topics	Recommendations made	Recommendations accepted
Union Level	20	253	66
State Level	96	599	238
Total	116	852	304

### IIC Financial Impact of the Audit of Annual Accounts of PSUs

In case of annual accounts of Government companies and corporations, we conduct supplementary audit, under section 143 (6) of the Companies Act, 2013. Corrections were made in the accounts of 163 companies and corporations, as a result of supplementary audit. The implication of these changes was: (a) Amendment to Notes to the Accounts: ₹22159.51 crore (b) Classification mistakes: ₹18299.42 crore (c) Changes in profit and loss: ₹13702.26 crore and (d) Changes in assets and liabilities: ₹14174.84 crore.

### III Major Audit Findings

During the year, 36 Reports (including 9 Reports of previous years) were tabled in the Parliament and 98 Reports (including 52 Reports of previous years) in the State Legislatures. Copies of these Reports are available on our website [www.cag.gov.in](http://www.cag.gov.in). Some of the important Reports that were tabled in the Parliament and the State Legislatures are given below:

#### III A CAG Reports tabled in the Parliament

- Performance audit on Agriculture Crop Insurance Schemes and Farmers Welfare (Report No. 7 of 2017)
- Performance Audit on Schemes for Flood Control and Flood Forecasting - Report No.10 of 2017
- Performance Audit on Rejuvenation of River Ganga (Namami Gange) – Report No.39 of 2017
- Performance Audit on Catering Services in Indian Railways – Report No.13 of 2017
- Performance Audit on Electrification Projects in Indian Railways - Report No.22 of 2017
- Performance Audit on Induction of Bio Toilets in Passenger Coaches in Indian Railways - Report No.36 of 2017
- Compliance Audit Report on Maintenance of track on heavy traffic sections of Indian Railways (Report No. 45 of 2017)
- Commercial – Compliance Audit Report on Food Corporation of India – (Report No.18 of 2017)



- Performance Audit on implementation of Food Safety & Standards Act, 2006 - Report No.37 of 2017
- Communications & IT- Compliance Audit Report on sharing of Revenue by Private Telecom Service Providers - Report No. 11 of 2017
- Performance Audit of Reproductive and Child Health under National Rural Health Mission - Report No.25 of 2017
- Compliance Audit of implementation of Right of Children to free and Compulsory Education– Report No.23 of 2017
- Compliance Audit Report on Loans to independent Power Producers by Rural Electrification Corporation (REC) Limited and Power Finance Corporation (PFC) Limited (Report No. 34 of 2017)
- Performance Audit Report on Payment of tax by certain companies under special provisions of Section 115JB – Report No.30 of 2017
- Commercial – Performance Audit Report on Competitiveness of BHEL in emerging Markets (Report No. 29 of 2017)
- Direct Taxes – Performance Audit Report on Private Hospitals, Nursing Homes/Medical clinics, Medical Colleges/Research Institutes, Diagnostic Centres, Pathological labs and other Medical Supplying Agencies/stores (Report No. 27 of 2017)
- Indirect Taxes (Customs) - Report No. 41 of 2017 - Compliance Audit
- Indirect Taxes (Central Excise) - Report No. 42 of 2017- Compliance Audit
- Indirect Taxes (Service Tax) - Report No.43 of 2017 - Compliance Audit
- Defence Services – Compliance Audit Report on Army and Ordnance Factories (Report No. 15 of 2017)

### III B CAG Reports tabled in State Legislatures

- Delhi (Report No. 3 of 2018) Social, General & Economic Sector (Non PSUs)
- Himachal Pradesh (Report No. 5 of 2017) Revenue Sector
- Haryana (Report No.4 of 2017) State Finances
- Punjab (Report No. 4 of 2017) Revenue Sector
- Kerala (Report No. 5 of 2017) General & Social Sector
- Karnataka (Report No. 6 of 2017)
- Karnataka (Report No. 7 of 2017) Revenue Sector
- Tamil Nadu (Report No. 3 of 2017) General and Social Sector - Compliance Audit, Performance Audit - Modernisation of Judicial Infrastructure for the period 2011-12 to 2015-16 and Information Technology Audit of e-District Project
- Rajasthan (Report No. 7 of 2017) State Finances
- Maharashtra (Report No. 1 of 2018) Economic Sector – Compliance and Performance Audit



- Odisha (Report No. 2 of 2017) – Economic Sector – Compliance and Performance Audit
- Telangana (Report No. 5 of 2018) – Revenue Sector – Compliance and Performance Audit
- Assam (Report No. 4 of 2017) – Performance Audit on impact of National Rural Health Mission on Reproductive and Child Health in Assam
- Sikkim (Report No. 1 of 2017) Performance Audit Report on Sikkim State Lotteries
- Madhya Pradesh (Report No. 5 of 2017) Performance Audit on “Implementation of the Right of Children to Free and Compulsory Education Act, 2009 in Madhya Pradesh”
- Uttar Pradesh (Report No. 3 of 2017) Performance Audit on “Modernization of Police Force”
- Gujarat (Report No. 3 of 2017) – Revenue Sector

#### **IV Changes in Policies, Laws and Rules and Procedures at the instance of audit**

Some of the changes made in the policy, law, rules and procedures made by the Government on the basis of our observations are as follows:

##### **IV A Union Audit**

###### **Commercial – Comments on annual accounts for 2016-17**

- Agriculture Insurance Company of India Limited Changed its Accounting Policy regarding Segregation of Shareholders’ funds and Policyholders’ funds to make it in line with IRDAI’s regulations

###### **Commercial - Para No. 3.3 of Audit Report No. 21 of 2015 (Vol-II)**

- Indian Oil Corporation Limited changed its tender document for selection of process licensor by including therein a uniform clause for Taxes & Duties and now the amounts in the bid are invited net of any taxes and duties.

###### **Commercial - HM No.7, Phase I audit of accounts of NHPC Ltd. for 2017-18**

- NHPC Limited- The accounting policy in respect of depreciation charged on “Telephone and Telex Machines” has been modified by including the provision regarding depreciation on mobile phones and included in the Significant Accounting Policies.

###### **Commercial - HM No. 5 dated 26-04-2017 issued in NTPC (WR HQ-II), Raipur during phase II accounts audit for 2016-17.**

- NTPC Limited- The accounting policy in respect of Leasehold land and Buildings relating to the generation of electricity business has been modified and included in the Significant Accounting Policies.



**Commercial - HM No. 3, Phase I audit of accounts of Power Grid Corporation of India Limited for 2017-18.**

- Power Grid Corporation of India Limited- The accounting policy in respect of Revenue Recognition and Other Income has been modified and included in the Significant Accounting Policies.

**Commercial - HM No. 2, Phase I audit of accounts of Housing and Urban Development Corporation Limited for 2017-18.**

- Housing and Urban Development Corporation Limited- The accounting policy in respect of Borrowing Cost has been modified and included in the Significant Accounting Policies.

**Commercial - HM No. 7, Phase I audit of accounts of Power Finance Corporation Limited for 2017-18.**

- Power Finance Corporation Limited- The accounting policy in respect of Provisioning against standard assets, restructuring standard assets and NPAs has been modified and included in the Significant Accounting Policies.

**Commercial - HM No. 3, Phase I audit of accounts of PNB Gilts Limited for 2017-18.**

- PNB Gilts Limited- The accounting policy in respect of Revenue Recognition has been modified and included in the Significant Accounting Policies.

**Commercial - HM No. 4, Phase I audit of accounts of SJVN Limited for 2017-18.**

- SJVN Limited- The accounting policy in respect of Provision, Contingent Liabilities and Contingent Assets has been modified and included in the Significant Accounting Policies.

**Commercial - Comprehensive IT audit in SAIL/Chandrapur (Preliminary Audit Memo No.5 dated 12.08.17)**

- Lack of internal control in the accounting application resulted in duplicate processing of bills with resultant excess payment. Suitable inbuilt checks were installed in the finance application for avoiding such instances in future.

**Indirect Taxes (Customs) - Para 4.4 and 4.14 of Audit Report No.13 of 2015**

- The Central Board of Indirect taxes (CBIC) issued Notification No. 35/2017(NT) dated 11.04.2017 decentralising the minor amendment process in IGM and EGM and also issued notification 36/2017(NT) amending the levy of Fee (Customs Documents Regulation 1970. CBIC



also issued a circular No. (14/2017) notifying the procedures for carrying out minor amendments

**Indirect Taxes (Customs) - Para 4.5 of Audit Report No.13 of 2015**

- Notification issued by CBIC for charges to be levied for delayed filing of Bills of Entry @Rs. 5000 for initial three days of default and @Rs.10000 for each day thereafter in Notification No. 26/2017(NT) dated 31.03.2017. Amendment made in Section 46 of the Customs Act 1962.

**Indirect Taxes (Customs) - Para 4.7 of Audit Report No.13 of 2015**

- CBIC in notification 28/2017(NT) dated 31-3-2017 made amendment to deferred payment of import duty rules 2016 so that for goods corresponding to Bills of Entry returned between 1st and 15th of a month shall be paid by 16th of the month and those returned between 16th and 31st of the month shall be paid by 1st day of the following month.

**Defence (Ordnance Factory) - Para 8.6 of Audit Report No.35 of 2014**

- In view of Audit's observation, OFB revised their procurement policy in June 2017 based on the decision taken in the 27th Apex Level Monitoring and Review Meeting held on 30th & 31st March 2017 at OFB.

**Defence (Ordnance Factory) - Para 6.2 of Report No.30 of 2013**

- In view of Audit's observation, OFB reviewed their policy on sourcing of stores through IFD route vis-à-vis trade procurement in its 8th (2017) meeting held on 31.08.2017. Accordingly, the policy has been circulated vide OFB's circular No. 903/Policy/(IFD VS TRADE)/P&P dated 11.09.2017.

**Railways - Report No.22 of 2017**

- Based on audit recommendations, E-tendering has been started in Central Organisation for Railway Electrification (CORE) since March 2017. For works contracts, Railway Board vide Para Nos. 3.1 and 3.2 of letter No. 2017/Trans/01/Policy dated 8 February 2018, has decided to adopt the affidavit system of credential verification. The practice of verification of tenderers documents by the Railways will be dispensed with, making the process simpler and faster.



## IV B State Audit

### Chhattisgarh – Para 2.5.5.10 in the Audit Report on GSES 2016-17

- Chhattisgarh State Public Works Department issued order to process all the tenders valuing Rs.5 lakh and above through e-procurement (Online tendering)

### Odisha - Paragraph No.2.1 of Audit Report No.2 of 2015

- Based on audit comment on the issue of inadequate working of National Child Labour Project and rehabilitation and social integration of children, Government formulated Standard Operating Procedure (SOP) to provide a series of steps to be taken for restoration and rehabilitation of street children.

### West Bengal - AM No.RSAP-XIII/ADM and DL&LRO/BDN./LR/2011-16/52 dated 27.06.2017

- The Government of West Bengal amended the West Bengal Land Reforms Rules, 1965 and prescribed the manner of holding same retained land by retainer or transferee.

### Karnataka - SAR 2015-16 & SAR 2016-17

- Accounting policy in respect of interest on deposits related to board funds, has been changed to realization basis from accrual basis
- TDS which was being accounted as per form 16A is now being accounted on the basis of form 26AS

### Karnataka - Audit Report 2015-16, Report No. 5 of the year 2016, Performance Audit on “Adequacy of controls to prevent loss of Stamp Duty and Registration Fee”.

- Department of Stamps and Registration included a special instruction in the market value guidelines with effect from 01.04.2017, specifying method of valuation of converted properties within city/town municipal council.

### Rajasthan – Audit Report 2014-15

- The State Government amended the Rule 68(13) by inserting the word ‘IMFL and Beer’ in place of ‘liquor’. Hence, licence fee for wholesale vend by manufacturers of IMFL/Beer under Rule 68(13) and for wholesale vend of country liquor under Rule 68 (12)(a) is leviable separately.

**Rajasthan – Audit Report 2016-17**

- The State Government amended the clause 13 of notification number F.4(4)FD/Tax/2015-226 dated 09.03.2015, substituting ‘agriculture land having area upto 1000 sq. meter’ by ‘agriculture land having area upto 1000 sq. meter situated in urban areas or urbanisable limits or in periphery belt of urban areas as defined in section 90-A of the Rajasthan Land Revenue Act, 1956 (Act no. 15 of 1956)’. Hence, Stamp Duty on sale deeds of agriculture land having area upto 1000 sq. meter is now leviable on land value calculated at residential rates, only in the case where such land is situated in urban periphery.

**V 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 2007 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 PAC/COPU.

An action taken note states whether -

- Facts and figures in the audit report are acceptable;
- Circumstances in which the irregularity pointed out by us 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 avoid recurrence of lapse in future.

The table below shows the position of Action Taken Notes (ATNs) as on 31 March 2018:

	<b>ATNs awaited at the end of 31 March 2018</b>	<b>ATNs settled during the year 2017-18</b>
<b>Union level</b>	<b>543</b>	<b>1,564</b>
<b>State Level</b>	<b>11,905</b>	<b>1,040</b>
<b>Total</b>	<b>12,448</b>	<b>2,604</b>



## Chapter 4

### Key Results and Achievements – Accounts and Entitlements

#### Introduction:

Article 149 of the Constitution and Sections 10, 11 and 12 of the CAG's DPC Act, 1971, prescribe the duties and powers of the Comptroller and Auditor General of India, in relation to the accounts of the Union and States. The C&AG is responsible for compilation and preparation of accounts of State Governments (other than Goa), maintenance of GPF accounts in twenty States (twenty two offices including Maharashtra-I & II and Uttar Pradesh-I & II), authorization of pension payments of State Government employees in nineteen States (twenty offices including Maharashtra-I & II) and Gazetted Entitlement functions in nine states. The key focus areas of the Government Accounts Wing and the achievements during the year 2017-18 are given below.

#### I Performance related to Accounts function

**IA** State PASG/AsG (A&E) prepare the Annual Finance and Appropriation Accounts of the respective States, which, after certification by Audit, are signed by the C&AG, for being laid in the State Legislatures, as per prescribed timelines. Annual Accounts at a glance are also prepared by PASG/AsG (A&E) for forwarding to the State Governments.

#### Date of certification of Annual Accounts of the States for the year 2016-17:

Sl. No.	Name of the State	Date of certification
1	Andhra Pradesh	21-12-2017
2	Arunachal Pradesh	05-01-2018
3	Assam	05-01-2018
4	Bihar	13-03-2018
5	Chhattisgarh	21-03-2018
6	Gujarat	02-11-2017
7	Haryana	15-11-2017
8	Himachal Pradesh	21-11-2017
9	Jammu & Kashmir	23-01-2018
10	Jharkhand	01-03-2018
11	Karnataka	21-12-2017
12	Kerala	16-01-2018



Sl. No.	Name of the State	Date of certification
13	Maharashtra	05-01-2018
14	Manipur	13-10-2017
15	Meghalaya	31-10-2017
16	Mizoram	06-11-2017
17	Madhya Pradesh	23-03-2018
18	Nagaland	22-11-2017
19	Odisha	13-12-2017
20	Punjab	22-11-2017
21	Rajasthan	13-10-2017
22	Sikkim	21-11-2017
23	Tamil Nadu	18-12-2017
24	Telangana	21-12-2017
25	Tripura	25-10-2017
26	Uttar Pradesh	22-03-2018
27	Uttarakhand	14-12-2017
28	West Bengal	05-01-2018

**I B** Various MIS reports are provided to the State Governments regularly, including:

1. Monthly Civil accounts;
2. Report on Expenditure;
3. DDO wise expenditure figures, warning slips; and Grant-wise excess expenditure.

**I C Timeliness**

17 out of 28 Accounts offices rendered monthly accounts to the state governments on time throughout the year. 272 out of 364 monthly civil accounts due to be rendered during the year were rendered on time, while there were delays in the remaining 92 accounts. Delays occurred in rendering the accounts to the state governments due to late receipt of accounts from treasuries/divisions/other accounts rendering units of State Governments.

**I D Completeness**

The monthly civil accounts rendered were complete in all respects. No accounts were excluded.



### **I E Combined Finance and Revenue Accounts**

The Combined Finance and Revenue Accounts (CFRA), published annually, consolidates the financial position of the Union and States.

CFRAs for the years 2005-06 to 2015-16 are available on the CAG's website ([www.cag.gov.in](http://www.cag.gov.in)). Consolidation work for CFRA 2016-17 is under process.

### **I F Broad overview of Finance Accounts and Appropriation Accounts to the Head of the Finance Department:**

Starting with the accounts for the year 2016-17, Government Accounts Wing has initiated communicating demi-officially to the head of the Finance Department of each State, through the respective PAG/AG, a broad overview of Finance Accounts and Appropriation Accounts and also fiscal indicators during the last five years for the State.

### **I G Revision of MSO (A&E) Vol. I & II:**

Revision work of the MSO (A&E) Vol. I & II has been undertaken during 2017-18 with the constitution of three committees of PAsG/AsG from the A&E offices. The revision work is in progress and draft report on revision work is likely to be completed in 2018-19.

**I H Regional Workshops:** In 2017-18, regional workshops have been conducted at various Regional Training Centres. Based on the discussions during the workshop on GST, Fixed Asset Accounting and Reporting, Entitlement issues, IFMS etc., best practices followed in the offices have been circulated to all the A&E offices to strengthen the performance of Accounts and Entitlement.

### **II A Treasury Inspections**

PAsG/AsG (A&E), being the compiler and preparer of the State Government Accounts, examine the internal control mechanism in treasuries. The objective of 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.

Inspections of 2268 treasuries/sub-treasuries were carried out during the year 2017-18. As a result of these inspections, Inspection Reports were issued and 838 recommendations made.

### **II B Major Findings of Treasury Inspections during 2017-18:**

The treasury inspections revealed a number of deviations related to compliance with financial rules, pointing towards fault lines in the internal control systems



and impacting the financial management of the States. Some of the deviations which came to notice included:

- Incorrect accounting of expenditure from the Contingency Fund (Bihar).
- Railway pension claims of ₹ 8.46 lakh were outstanding under various Railway zones and overpayment of pension and irregular payment of DCRG amounting to ₹ 94 lakh in 76 cases were noticed (Maharashtra-I).
- 138 Personal Deposit Accounts have NIL balance and 415 PD/PLA having balance of ₹ 1092 lakh were not being operated for more than one accounting year (Maharashtra-I).
- Revenue receipt of ₹ 1067 lakh was credited to PLA of Medical Superintendent of Rural Hospitals and withdrawal of ₹ 714 lakh was made from PLA of Rural Hospitals to meet hospital expenditure of emergent and contingent nature (Maharashtra-I). There was incorrect remittance of Hospital receipt of ₹48.16 lakh in PLA of Medical Superintendent of neighbouring hospitals (Maharashtra-I).
- Non remittance of unspent balance of ₹82550 lakh lying in PLA of Inspector General of Registration at the end of 31<sup>st</sup> March, 2017 (Maharashtra-I).
- Payment of GPF amount of ₹ 74.18 lakh without verifying the specimen signature of the officer authorized to sign the authority (Maharashtra-II).

### III Performance with regard to Entitlement Functions

**III A Web-based Grievance Redressal Mechanism in CAG's website:** During 2017-18, a centralized Web-based Grievance Redressal Mechanism has been introduced under the Entitlement tab in the CAG's website for registering online grievances. Further, facility for subscribers/pensioners has also made available for registering complaints through online/e-mails to the concerned A&E office directly and also directly to the Sr. Administrative Officer of the Complaints Wing of the Headquarters' office.

#### III.B Information related to Entitlement functions

Information related to the status of pension, GPF and Gazetted Entitlement cases are available on the websites of respective AG offices. This enables the concerned stakeholders and other visitors to view information uploaded on respective State's websites.

#### III C Pension cases finalized

The function of pension authorization is being carried out by 20 Accounts and Entitlement offices. These offices finalized 4,04,844 original and pension revision cases during 2017-18. As per the citizen's charter, original pension cases are to be finalised within 2 months from the receipt of the case in the AG office. The average time taken for finalization of a case ranged from 15 to 30 days in Assam,



Bihar, Haryana, Himachal Pradesh, Jharkhand, Kerala, Maharashtra I and II, Meghalaya, Nagaland, Odisha, Tamil Nadu and West Bengal; 30 to 45 days in Andhra Pradesh, Jammu and Kashmir, Manipur, Punjab, Tripura and Telangana; and 45 to 60 days in Karnataka.

### III D Maintenance of General Provident Fund Accounts

22 A&E offices are responsible for the maintenance of General Provident Fund Accounts (GPF) of State Government employees. During the year 2017-18, we maintained 33,05,171 GPF accounts through 22 A&E offices. Accounts slips in respect of 32,62,036 GPF accounts (98.70 percent) were issued on time.

No. of GPF accounts maintained during 2017-18	No. of accounts slips issued in time
33,05,171	32,62,036

### IV Specific Measures taken to address client grievances/ innovations - initiatives

The IAAD is committed to fulfilling its responsibilities of providing quality services to clients within the prescribed timeframes and addressing client grievances promptly. To this end, it is leveraging technology for providing efficient services and engaging constructively with the stakeholders, seeking their cooperation in this endeavour. This section describes some of the initiatives taken by various Accounts and Entitlement offices in this regard.

#### Area of focus

##### IV A GPF:

- In Andhra Pradesh, with the roll out of CFMS, e-posting of GPF credits with a single source of data which started in April 2016 has reached 80 per cent. The work of updation of employee data base such as Mobile number, Date of birth, Employee ID & Nomination had also been taken up during 2017-18. Dormant Accounts were reviewed and 17,824 such accounts were cleared by transferring the zero and petty balances.
- In Telangana, to improve the e-posting efficiency, latest employee master data from the Directorate of Treasury & Accounts was obtained and the Employee ID was linked with GPF account thereby eliminating errors in e-posting.
- In Telangana, review of GPF minus balance cases was taken up on monthly basis. Generation of letters to DDOs in respect of minus balances was automated after the closure of the month's account. This helps in alerting the DDOs to take immediate action to recover the excess amount drawn by the subscriber.



- d) In Assam, the monthly disposal status of Final Payment cases is regularly being published in leading vernacular dailies and also in the website of AG Assam.
- e) Information related to GPF accounts/transactions are made available to the subscribers in official websites, in the States of Gujarat, Karnataka, Meghalaya, Nagaland, Odisha and West Bengal.
- f) SMS facility to subscribers has been introduced in the States of Maharashtra, Kerala, Nagaland, Odisha and West Bengal to provide information related to their GPF accounts/transactions.
- g) In Haryana, the office organized a programme which was broadcast on All India Radio to increase public interface and enhance the office. Material provided related to GPF commonly asked questions/answers along with general guidelines/GPF Rules.
- h) In Kerala, the electronic authorization in respect of closure of GPF accounts/Residual Balances/Non-Refundable advances conversation are being sent electronically through SPARK (Service and Payroll Administrative Repository for Kerala – a State Government application).
- i) In Tripura, a centralized e-GPF portal which is a cloud-hosted and multi-tenant application for dissemination of monthly and yearly credit/debit information of GPF Subscriber has been developed.

#### **IV B Pension:**

- a) In Maharashtra, all the Heads of Offices of the State Government have been directed to submit pension cases on-line in addition to submission of physical pension cases. The submission of on-line pension cases is mandatory in respect of all state Government employees having SEVARTH ID. The office has already carried out modifications in SAI Application so as to enable us to accept the on-line data from the State Government.
- b) In Maharashtra –II, the complete e- data relating to pension authorisations are being uploaded on-line regularly on the 'IFMS' module. This facilitates the Treasury officers to compare the authority of the physical copy received by them with the e-data.
- c) SMS facility to pensioners has been introduced in the States of Maharashtra, Jharkhand, Kerala, Odisha, Punjab and West Bengal, to provide information on their pension cases.
- d) In Kerala, Meghalaya and Punjab, information on pension cases are made available to the pensioners, in official website.



- e) In Andhra Pradesh, a WhatsApp facility has been introduced to enable subscribers/pensioners to lodge grievances and also to intimate them of the action taken in regard to such grievances.
- f) In Andhra Pradesh, Haryana, Himachal Pradesh, Tamil Nadu and Manipur digitisation of records relating to pension cases has been undertaken, in order to ease retrieval and preservation of old pension case files and release space for alternate utilisation. In Andhra Pradesh and Telangana, pension files from the year 1997-98 onwards have been digitised and uploaded to the Data Management System, with access being provided to concerned staff members through intranet.
- g) In Bihar, two links have been made available in the home page of the composite website of the AG. First link named “Status of Pension Cases for the month of May, 2018” enables the pensioners of the Bihar State to access their status of pension cases with details viz. type of pension, name and designation, department etc. Similarly, second link named “Status of Entitlement issued in respect of Gazetted Officers” enables them to check the status of pay slips, leave encashment and leave report.
- h) In Himachal Pradesh, the office has initiated quarterly participation in Live Phone-in program of All India Radio (AIR) - ‘Lok Vani’. In this program, adequate advertisement is provided inviting citizens to phone in to the AIR Centre to discuss their issues and seek clarifications pertaining to Pension and GPF.
- i) In Odisha, for revision of pension for pre-2016 pensioners, the State Government has launched a web portal, viz., ARPANA from where the AG’s office downloads revision applications for further processing. After finalization of the cases, the data (scanned pdf copy for information of the pensioners/Pension Disbursing Authority) is uploaded in the same portal.

#### **IV C Gazetted Entitlements:**

- a) In Kerala, the system of dispatch of hard copy of pay slips has been dispensed with effect from 1<sup>st</sup> July 2017 onwards and the pay slips in PDF is available to the Gazetted Officers/DDOs/Treasury Officer from the office portal. Facility for the Gazetted officers to view/download service details (which includes the leave availed details also) from office website has been enabled with effect from 13<sup>th</sup> October 2017.
- b) In Meghalaya, cases under process are uploaded in the Accountant General’s website for convenience of the Gazetted Officers.



#### **IV D Proactive engagement with stakeholders:**

Across the board, A&E offices have made efforts to improve satisfaction levels, by streamlining entitlement functions, in order to expedite disposal of final payment cases of GPF, authorisation of pension and issue of pay slips etc. Moving towards electronic data transfer and authorisation has reduced the time taken for disposal of cases in some offices. The timeframes for disposal, as laid down in the citizen's charter, are being adhered to. Online complaint redressal mechanisms are functioning in almost all offices. As a result of these steps, an overall drop in complaints has been observed.

Offices have taken initiatives to hold adalats to interact with the stakeholders directly, so as to better understand their problems. For instance, In Jharkhand, in association with district administration, eight Pension Adalats have been conducted to discuss and settle pension cases on the spot on production of relevant documents.

All activities of field PAsG/AsG (A&E) offices described above are monitored at the headquarters office, through quarterly performance reports received from the field offices.

#### **V The Way Forward:**

##### **Integrated Financial Management System**

The Integrated Financial Management System (IFMS) is a business re-engineering process of the State Government whereby all independent applications like budgeting, sanctions, payments, Human Resource management, etc are brought under one platform. It envisages an on-line and real-time interface, through integration of the various IT systems of DDOs, Treasuries, Agency Banks, Government departments at the State level, as well as the Union, the RBI and the AG, to attain a single source of truth for every financial transaction. The AsG (A&E) are partnering the State Governments, as primary stakeholders, to facilitate implementation.

Various states are at different levels of implementation of IFMS. However, till date, no State has completely implemented IFMS with all its modules. The implementation of IFMS has many challenges for the State AGs. Firstly, with e-payments and Receipts, physical vouchers and challans will stop. These are used to validate the online data received from treasuries. Now there would be need for additional systems checks and enhanced IT driven Treasury Inspections.

As the system matures, the accounts and information received in AG offices will all become electronic. Major changes are expected only when e-vouchers are introduced with pre-requisite conditions of e-billing, e-sanction, e-schedule and digital signature.



A committee was constituted for formulating a standard set of User Requirements/Functional Requirements in the IFMS scenario. The recommendations of the committee have been conveyed to all the AGs to implement through change management in VLC and ensuring necessary incorporation in IFMS.

For the development of AG Module in IFMS, a committee was constituted to examine the suitable alternative for each state in consultation with the concerned AGs. The report of the committee has been circulated to all the AGs for compliance.

A committee has been constituted for checking of vouchers in IFMS environment, various checks to be applied in A&E offices. The specifications as recommended by the committee in respect of checking of vouchers have been circulated to all A&E offices.

A core team was formed under the guidance of RTC, Bengaluru to provide technical guidance to each AG (Audit) office on the modalities of conducting System Audit of IFMS. The guidelines as suggested by the team were circulated to all the AG (Audit) in the month of February 2018 for compliance.

Besides, as the IFMS progresses in each State, the State AG has to make corresponding changes in their systems in terms of hardware, software and undertake capacity building to be able to mainstream the changes.

## Chapter 5

### Professional Standards and Quality Management

The Auditing Standards of SAI India envisage that the SAI should have an appropriate quality assurance system in place. These provide guidance for all practitioners and serve as benchmarks for quality control and our quality assurance processes.

#### I Government Accounting Standards Advisory Board (GASAB)

The Comptroller and Auditor General of India, with support of Government of India constituted the Government Accounting Standards Advisory Board (GASAB) in August 2002. The mission of GASAB is to formulate and recommend accounting standards with a view to improve governmental accounting and financial reporting to enhance public accountability and quality of decision making. GASAB consists of 16 members with high level representation from Government (Central and State), Professional Accounting Institutes, Reserve Bank of India and Academia.

GASAB has the following responsibilities:

- To formulate and improve standards of governmental accounting and financial reporting in order to enhance accountability mechanisms;
- To formulate and propose standards that improve the usefulness of financial reports based on the needs of the financial report users;
- To keep standards current and reflect changes in the governmental environment;
- To provide guidance on implementation of standards;
- To consider significant areas of accounting and financial reporting that can be improved through the standard setting process; *and*
- To improve the common understanding of the nature and purpose of information contained in financial reports.

GASAB develops two kinds of standards (i) Standards based on cash based accounting system which are called Indian Government Accounting Standards (IGASs) and are mandatory for application by Union, States and the Union Territories with legislature from the date as notified by the Government; *and* (ii) Standards based on accrual based accounting system which are called Indian Government Financial Reporting Standards (IGFRSs) and are recommendatory. These standards, developed in consultation with stakeholders, are forwarded to Ministry of Finance for consideration and notification in accordance with provisions of the Constitution under Article 150 which specifies that the



accounts of the Union and of the States shall be kept in such form as the President may, on the advice of the Comptroller and Auditor-General of India, prescribe.

#### **IA Accounting Standards notified**

The following three IGASs have been notified till March 2018:

- IGAS-1: Guarantees given by Governments: Disclosure Requirements
- IGAS-2: Accounting and Classification of Grants-in-aid
- IGAS-3: Loans and Advances made by Governments

#### **IB Accounting Standards under consideration of Government**

The following IGASs and IGFRSs are under consideration of the Government of India as of March 2018:

- IGAS-7: Foreign Currency transactions and loss or gain by Exchange Rate variations
- IGAS-9: Government Investments in Equity
- IGAS-10: Public Debt and Other Liabilities of Governments: Disclosure Requirements
- IGAS on Cash Flow Statement
- IGFRS 1: Presentation of Financial Statements
- IGFRS 2: Property, Plant and Equipment
- IGFRS 3: Revenue from Government Exchange Transactions
- IGFRS 4: Inventories
- IGFRS 5: Contingent Liabilities (other than guarantees) and Contingent Assets: Disclosure Requirements.

During the year 2017-18, **The Guidance Note on Accounting for Fixed Assets** was approved by GASAB in its 31<sup>st</sup> meeting held on 22 September 2017 as an Exposure Draft and uploaded on the website of GASAB for 90 days for public exposure for wider consultation after detailed deliberations with all stakeholders in two Technical Advisors meetings held on 18 April 2017 and 19 July 2017.

A Strategic Development Plan of GASAB for 2017-20 was also placed before the Board for approval on 22 September 2017.

Further, standards/pronouncements on General Purpose Financial Statements of Government and Transfer of funds from Consolidated Fund of India to Public Deposits/Reserve Funds are under preparation along with modifications of existing IGAS-2 (Accounting of Grants-in-Aid) and IGAS-3 (Accounting of Loans & Advances).



## II Audit methodology and guidance:

The mandate of the Professional Practices Group (PPG) includes development, dissemination and implementation of new audit methodologies after following the due process of consideration by the Technical Board for Professional Practices. The Technical Board on Professional Practices advises the CAG of India on various accounting and auditing policies and procedures, and is supported by PPG in its initiatives. During the year 2017-18, PPG has taken following initiatives:

### IIA Guidelines on Data Analytics

Data analytics is the application of data science approaches to gain insights from data. It involves a sequence of steps starting from collection of data, preparing the data and then applying various data analytic techniques to obtain relevant insights. Data analytics adds a competitive advantage to enable information based decision making. As it is an evolving discipline, the possible utilities of data analytics are still under experimentation and exploration in both public and private sector.

We have to be institutionally agile to keep pace with such developments and embrace the evolving opportunities in data analytics. The Big Data Management Policy, formulated in 2015, envisioned the broad contours of the data analytic framework for the Department. Creation of the Centre for Data Management and Analytics was the first step in establishing this framework.

The Guidelines for Data Analytics is a major initiative in institutionalising the practice and use of data analytics in the Department. These guidelines prescribe the methodology of employing data analytics in the auditing function of Indian Audit and Accounts Department (IAAD). The data analytic principles and methods will also be applicable to the domains of accounting and administration.

The guidelines draw on the existing guidelines on Performance Auditing, Compliance Auditing, Financial Auditing, Auditing Standards and other relevant instructions and manuals in IAAD. Data analytics begins with identification and collection of various data sources for a particular audit. The analysis of data through various data analytic techniques will yield insights on the working of the audited entity. The risk areas or areas of interest identified through such an exercise would assist in identifying audit objectives and developing an Audit Design Matrix. Data Analytics will also assist in identifying the sample of audit units where substantive checks will be conducted.



**Guidance Notes issued during the period:**

**The following Guidance Notes were issued to field offices:**

(A) Executive Summary of Standalone Performance Audit Reports :

The Executive Summary contained in standalone performance audit reports of the Comptroller and Auditor General of India is expected to convey the main message of the report to readers with different backgrounds and interests. This Guidance Note aims to provide a uniform structure for writing the Executive Summary that appears in the CAG's standalone Performance Audit Reports.

(B) Improving the quality of Inspection Reports:

The guidance note intends to establish specific procedures that should be followed while planning, conducting and reporting the results of compliance audit through Inspection Reports. The guidance note emphasises the need for effective planning, including use of data analytics prior to commencement of audit and envisages benchmarking and grading the Inspection Reports based on their quality.

(C) Drafting and presentation of Audit Reports:

The guidance note is supplementary to the Style Guide and aims at providing implementation guidance on drafting and presentation of audit findings and conclusions in Audit Reports apart from reiterating the key features of the Style Guide.

(D) Financial Attest Audit of Autonomous Bodies:

The guidance is in furtherance of the Manual of Instructions for Audit of Autonomous Bodies and the objective is to provide application guidance with an operational focus so as to serve as a ready reckoner for financial audit of Autonomous Bodies.

**III A Quality Management through Inspections**

Inspection Wing is vested with the responsibility of risk management of all offices of the department. The Wing performs oversight functions with a view to provide assurance on compliance levels, course corrections where required, efficiency optimization, gap analysis and optimal utilization of human capital. Inspection provides a platform for sharing of good practices among offices.

In order to fulfil its mandate, the Wing carries out on-site inspections of field offices including branch offices. Offices are selected on triennial periodicity as far as possible. Some specific measures have been put in place since 2017-18 to



improve effectiveness of inspections and responsiveness of functional wings in headquarters and field offices as follows:

Firstly, 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 functional wings in headquarters and take on board specific concerns and inputs.

Secondly, to sensitize and enhance preparedness of inspection teams before field visits, they are tasked to conduct desk studies of available background material like earlier peer review reports and periodical returns/inputs obtained from functional wings on regular basis. Teams go through briefing and debriefing sessions at the highest level before commencement and after completion of field assignments.

Lastly, with special efforts, reports have been made concise, focused and more readable to ensure the attention of stakeholders.

During the year 2017-18, 34 main offices were inspected (A&E: 07, State Audit-09, Central Audit-05, MABs-2, Railway Audit-04, Defence-03 and Training Institutes-04). In addition to main offices, 7 branch offices (P&T: 4 and Defence: 3) were inspected separately during 2017-18. In all 374 party days were utilized for conducting inspections.

The details of inspections planned, conducted and findings issued and settled during 2017-18 are as under:-

Number of Inspections planned	Number of Inspections carried out	Number of audit findings in inspections	Number of audit findings settled during 2017-18	
			Audit findings pertaining to 2017-18	Audit findings pertaining to previous years
40	41 <sup>4</sup>	1996	498	1812

Based upon the inspections, 400 recommendations were included in inspection reports during 2017-18.

### III B Internal Peer Reviews

We organize peer reviews of offices in Indian Audit and Accounts Department as part of quality assurance mechanism. These are governed by the guidelines on “Quality Assurance through Peer Review”.

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<sup>4</sup> The office of Accountant General (A&E) Manipur, though planned for 2016-17 but not inspected due to elections in the state, was inspected during 2017-18.



Peer reviewers are specifically requested to highlight good practices being followed by the reviewed offices.

Fourteen offices (A&E: 07, Railways Audit: 03, MAB: 02, Defence: 01, Central Audit: 01) were planned for Peer Review during 2017-18 and peer reviewed by Directors General/ Principal Accountants General level officers. The Inspection Wing coordinated these Peer Reviews. The follow-up action is monitored by the concerned functional wings.

## Chapter 6

### How we manage our resources

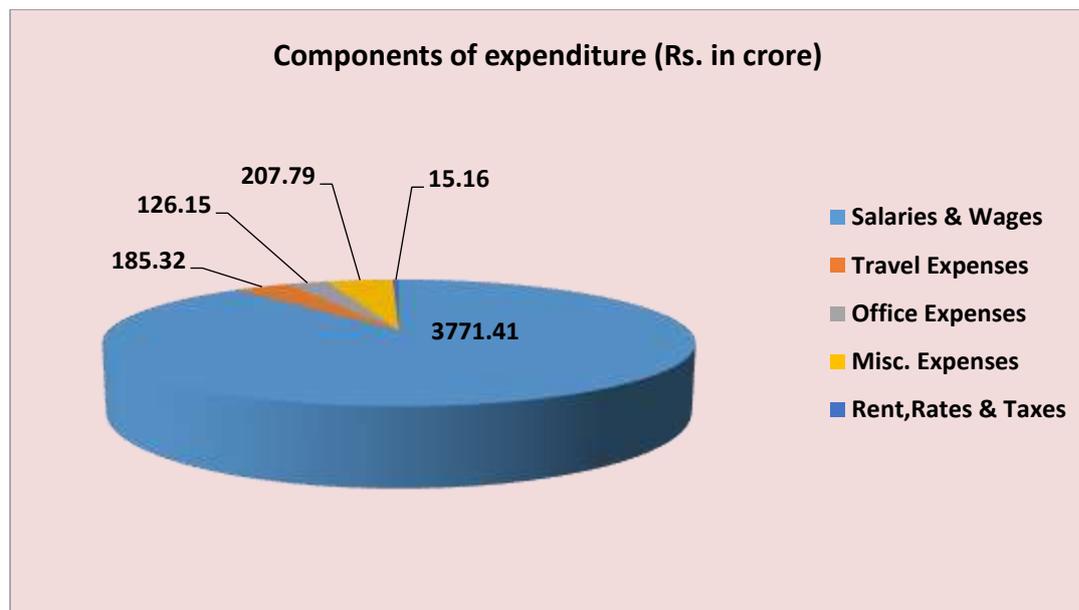
ISSAI 10 prescribes that SAIs should have necessary and reasonable human, material and monetary resources in order to operate effectively and that they should manage their own budget effectively and allocate it appropriately. The management of human, financial and IT resources in the department are discussed in following sections.

#### I Our Financial Management

We spent Rs.4305.80 crore in 2017–2018. Component wise details of expenditure are given below:

##### I A Components of Expenditure

We spent 87.59 *per cent* of our resources on ‘Salaries’ and wages and 4.31 *per cent* on ‘Travel’. Thus 91.90 *per cent* of total expenditure was incurred directly on our human resources.



##### I B Expenditure pattern on functional basis

The expenditure on the C&AG’s office and that of UN Audit Unit is charged. All other expenditure on IAAD is voted. Civil Audit Offices accounted for the largest share of expenditure followed by Civil Accounts Offices. Overall we spent about 63.26 *per cent* on Audit (excluding Headquarters). The total expenditure on the Civil Accounts Offices was approximately 32.18 *per cent*.



Categories of offices	Actual Expenditure (Rs. in crore)	Percentage of Expenditure
Headquarters office	127.11	2.95
UN Audit	5.29	0.12
Overseas Audit offices	24.46	0.57
Civil Audit Offices	2072.35	48.13
P&T Audit Offices	129.12	3.00
Railway Audit Offices	233.61	5.43
Defence Audit Offices	92.80	2.16
Commercial Audit Offices	165.88	3.85
NAAA Shimla	14.42	0.33
iCISA, NOIDA	9.60	0.22
Regional Training Institutes	31.09	0.72
Department Canteen	14.43	0.34
Civil Accounts offices	1385.64	32.18
<b>Total</b>	<b>4305.80</b>	

## II How we manage our Human Resources

People are our key assets as we are a knowledge based organization. Optimal staffing in the field offices continued to be the main focus of the Staff Wing during 2017-18. Requisitions placed with Staff Selection Commission for direct recruitment to the posts of Divisional Accountants, Auditors, Accountants & Data Entry Operators materialized during 2017-18. This resulted in addressing the deficiency in Group 'C' cadre to a great extent. Consultants were allowed to be appointed on specific requirement basis, so that the working in the field offices was not affected due to shortage of staff, if any.

## III Our People

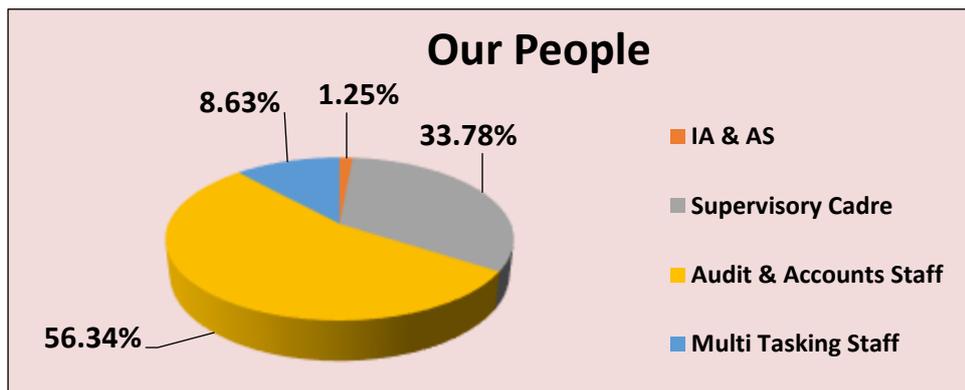
Our manpower is broadly classified into four categories:

Category	Numbers
IA&AS*	560
Supervisory Cadre	15,101
Audit & Accounts Staff	25,189
Multi-Tasking Staff (MTS)	3,857
<b>Total**</b>	<b>44,707</b>

\* Including five officers on deputation from other departments

\*\* As on 01.03.2018

In IAAD, 35.03 per cent people are at different managerial and supervisory levels and 56.34 per cent constitute audit and accounts staff. About 8.63 per cent (MTS) of the total strength provide support function related services. We recruited 1920 people in the category of Audit & Accounts Staff during the year. This helped in mitigating the deficiency to some extent.



**Indian Audit & Accounts Service (IA&AS)** Officers are recruited through Union Public Service Commission. The top, senior and middle management level of IAAD are manned by officers from this service.

**Supervisory Cadres-** The gazetted supervisory cadre (Group B- gazetted) consists of Senior Audit/ Accounts Officers, Audit/Accounts Officers and Assistant Audit/ Accounts Officers. They form the critical operational management in our hierarchy. Assistant Audit /Accounts Officers are promoted to the cadre after passing all India departmental examinations popularly known as Subordinate Audit/Accounts Services Examination.

**Audit & Accounts Staff-** Data Entry Operators (DEOs), Clerks, Auditors/ Accountants and Senior Auditors/ Senior Accountants form this cadre and constitute 56.34 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 IAAD offices are carried out by multi-tasking staff (MTS).

#### IV Qualifications

Our officers and staff in Group 'B' & 'C' cadres are well qualified. We have 169 doctorates, 3,160 professionally qualified<sup>1</sup> personnel, 4,780 post graduates and 25,269 graduates in these cadres.

The IA&AS consists of 15 doctorates, 362 professionally qualified<sup>5</sup> officers, 159 post graduates and 149 graduates.

#### V Recruitments

We recruited 1,942 persons in 2017-18. The largest number of recruitments (1,920 persons) took place in the Audit and Accounts staff category.

#### VI Gender

##### Balance

The adjacent table shows the gender profile of the Department in different cadres. The proportion of women is highest in the IA&AS.

Category	Women	Men	Percentage of women
IA & AS	126	434	22.50
Supervisory Cadre & Audit/Accounts Staff	6,822	33,468	16.93
Multi-Tasking Staff	548	3,309	14.21
<b>Total</b>	<b>7,496</b>	<b>37,211</b>	<b>16.77</b>

#### VII Staff Associations

We have 242 staff associations and 5 All India Federations representing audit and accounts staff and supervisory cadres. State level meetings were held by the PAsG/AsG with the concerned field level Service Associations.

#### VIII Publications

The Journal of Government Audit and Accounts has been revived in the form of an e-journal. The e-journal continues to serve as an internal communication channel, disseminating best practices and major happenings in the Department, as well as in the international arena in the field of public audit. The journal highlights new policy initiatives and news from the international desk.

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<sup>5</sup>Engineers, Doctors, MBA, CA, ICWA, CFE, CIA, CISA, etc.



### **Two issues (seventh and eighth) of Journal of Government Audit and Accounts:**

Two half yearly issues of the Journal of Government Audit and Accounts (e-Journal) were brought out in August 2017 and January 2018 respectively. The e-Journal of August 2017, which is the seventh issue of the Journal of Government Audit and Accounts, is the second theme oriented edition. The theme of this issue was “Data Analytics in IAAD”, and the articles cover several initiatives taken by the Department towards use of data analytical tools for audit planning and analysis.

The eighth issue of the journal brought out in January 2018 is on the theme of “Central Receipt Audit”, and contains articles on Direct Tax and Indirect Tax audit, as also some of the new initiatives taken up in Central Receipt Audit (CRA) on Goods and Services Tax Network (GSTN), digital audit of revenues and a data hackathon conducted by the CRA Wing in Bengaluru.

### **IX How we use Information Technology**

Information Systems (IS) Wing acts as a facilitator for computerization of various activities identified by various functional wings and for use of stakeholders. IS Wing is presently responsible for formulation of policies, preparation of plans, issuing guidelines, budgeting, allocation of funds, monitoring of various activities and taking mid-term corrective action on various computerization initiatives in the department.

#### **1. Projects/Activities**

Several activities have been taken up/implemented by IS Wing which include:

- **In Headquarters:** Maintenance of CAG Website, Other websites (INTOSAI, ASOSAI, GASAB etc.) and email administration for IAAD.
- **In field offices:** Policy, planning, implementation and monitoring of approved activities/initiatives like Voucher level Computerization, General Provident Fund (GPF)/Pension/Gazetted Entitlement (GE) computerization, IAAD Net over NICNET connectivity through NIC, video conferencing facilities, web based services to the GPF subscribers, etc.
- IAAD Net connectivity, through NICNET, to field offices.
- System security issues
- Centralized procurement of standardized Software like Microsoft Office, IDEA, Tableau, etc. and distribution among the field offices



## **X Our efforts to promote Rajbhasha**

### **Publications**

During 2017-18, five issues of the quarterly magazine of Rajbhasha, "Lekha Pariksha Prakash", were published from the headquarters' office. Field offices are also regularly publishing their own Hindi Magazines to promote the official language.

### **Hindi Programmes**

(a) Four Quarterly meetings, under the chairmanship of the Deputy Comptroller & Auditor General, were conducted to review the use of Rajbhasha in the Headquarters office, as per the orders of Rajbhasha Vibhag, Ministry of Home Affairs, Government of India.

(b) Headquarters office celebrated the Hindi Pakhwada from 14-09-2017 to 28-09-2017. A number of competitions were organized to promote the use of Hindi in the day-to-day functioning of the offices. Hindi Pakhwada was also celebrated successfully in other field offices and various competitions were organized.

(c) The target fixed by the Rajbhasha Vibhag, Government of India, Ministry of Home Affairs, for inspection of our field formations including headquarters' sections, was achieved.

### **Translation**

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

- (a) All Resolutions, general orders, rules, notifications, administrative or other reports or press communiqués;
- (b) Audit reports and other reports and official papers to be laid before a House or the Houses of Parliament.

## **XI Infrastructure Development**

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

A. The following projects have been completed:

1. Dehradun-AG office building

B. The following projects are under construction:



1. Itanagar-AG office building
2. Shimla-Restoration work of Gorton Castle building
3. Bangalore - Construction of office building at H. Siddaiah Road
4. Hyderabad - Construction of RTI building at Kattalmandi
5. Bhubaneswar - Construction of office building at Kesari Nagar
6. Mumbai - Construction of residential complex at Bhandup
7. Jaipur: Construction of type-III quarters at Bajaj Nagar

C. The following projects are at the planning stage:

1. Puri - Construction of office building at Dhenkanal House
2. Kolkata - Construction of office-cum-residential complex at Ultadanga
3. Ranchi – Construction of office building for MAB
4. Ranchi – Construction of sports complex
5. Aizawl - Construction of residential complex



## Chapter 7

### Capacity Building in IAAD

#### 1. Introduction

The IAAD strives to constantly upgrade its professional skills and expertise by means of its robust training capacity that cuts across Group A, B & C personnel. The training strategy is oriented towards supporting and strengthening the personnel in the performance of their roles and creating value through delivery of training and knowledge sharing.

The mission is ***"To enhance professional and institutional development"***.

#### 2. Capacity Building in IAAD

Capacity building involves intensive training and knowledge sharing, and is the responsibility of the Training Wing at SAI India. The Training wing functions under the DAI assisted by the Director General, a Sr. Admin Officer, Admin officer, two Asst. Admin officers and efficient support staff. The objectives of Capacity building are

- Improving domain knowledge and its translation into training material
- Knowledge and information sharing
- Improving teaching and learning environment
- Improving learning outcomes

#### 3. Training Institutes of IAAD

The training infrastructure of the department comprises of three Central Training Institutes, nine Regional Training Institutes and three Regional Training Centres.

- i) **National Academy of Audit and Accounts, Shimla:** The National Academy of Audit and Accounts (NAAA) is the apex training institute of the IAAD, entrusted primarily with the mandate of conducting the Induction Training of the officers of the Indian Audit & Accounts Service (IA&AS) recruited through the Civil Services Examination conducted by the Union Public Service Commission. This induction training is also attended by two participants from the Royal Audit Authority, Bhutan.

One of the major objectives of the Academy is to develop a cadre of competent officers, well-versed with contemporary best practices in the field of auditing, accounting, public administration and good governance. The institute also offers mid-career and in-service training to officers, and carries out specialised programs for other services such as the Indian Civil Accounts Services, Indian Defence Accounts Service, etc.

During 2017-18, NAAA conducted 8 training programs in which 186 officers of the IAAS, IAS, IDAS, ICAS and IRAS were trained.



**Orientation Training Program:** Group B officers on promotion to the Indian Audit and Accounts Service are trained to shoulder higher level managerial responsibilities expected on their appointment to the Indian Audit and Accounts Service. These officers undergo an intensive Orientation Training at the Academy. This training program is designed primarily to enhance the managerial skills of the officers apart from updating of professional knowledge and Information Technology skills. Personality development and leadership training is also a major area of focus. During 2017-18, 22 officers were trained at NAAA.

- ii. **International Centre for Information Systems and Audit (iCISA):** The International Centre for Information Systems and Audit (iCISA) at NOIDA, was established in March 2002. iCISA is mandated to impart quality training to Indian Audit & Accounts Department officers. In addition, the Centre trains senior officers from various services viz., Indian Administrative Service, Indian Forest Service, Armed Forces, Parliament Secretariat 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. iCISA collaborates with institutions and agencies such as ISACA India chapter, leading audit firms, CERT-IN, DSCI and STQC. iCISA is an ISO 9001:2008 (QMS) and ISO 27001 (ISMS) certified institution which strives for ensuring quality systems in training and alignment of IT audit with global best practices.

iCISA conducts International training programs, which are of four-week duration. The Ministry of External Affairs provides scholarships for these programs under the ITEC (Indian Technical and Economic Co-operation); SCAAP (Special Commonwealth African Assistance Program) and CP (Colombo Plan). The broad objectives of these programs are;

- To promote bilateral co-operation between the Government of India, which funds these training programs, and other Government
- To provide a platform at the International level for various SAIs to come together and share their ideas and experiences in various fields of audit
- To 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 Supreme Audit Institutions (SAIs) and officers of Governments of countries like Africa, Central Asia, South East Asia, Far East, Middle East, Pacific and East European region have participated in these international programs.

iCISA contributes to build capacity of other Supreme Audit Institutions under Bilateral Training Programs. The Centre has designed and delivered customized training programs for participants from several countries viz Afghanistan, Iraq, Vietnam, Bhutan, Maldives, Nepal, Oman, Chile and Uganda. The bilateral training programs are an effective instrument for deepening ties between the SAIs and respective countries.

iCISA conducted six International training programs and trained 216 international participants. Sixteen National Training Programs were conducted in which 356 participants were trained.

### **iii. International Centre for Environmental Audit & Sustainable Development (iCED):**

The International Centre for Environmental Audit & Sustainable Development (iCED) at Jaipur was established in May 2013. The

International Centre for Environmental Audit & Sustainable Development (iCED) at Jaipur was established in May 2013. The building was conceived as a green building and aims to achieve Green Rating for Integrated Habitat Assessment (GRIHA). iCED has been recognized as the Global Training Facility (GTF) of the INTOSAI on Environment Audit. iCED conducted two International Training program for 36 participants from twenty countries, and one Bilateral Training program for 16 participants from SAI Afghanistan during 2017-18. In addition iCED also conducted 21 in-service training programs for 543 officers in the field of Environment Audit.



iCED provides handholding sessions for conducting environment audits wherein it assists audit teams in selection of criteria, identifying audit objectives identifying sources of data and participating while establishing criteria-condition-cause-conclusion-recommendation trail to ensure that the reports are comprehensive and reflect the big picture. iCED through its institutional partnerships has brought together expertise from various fields to facilitate an inter-disciplinary approach in auditing.

#### **Publications**

iCED has compiled an e-journal “Green Files” by combining inputs from various Environmental audit reports which has been greatly appreciated in IAAD and outside.

#### **iv. Regional Training Institutes/Centres:**

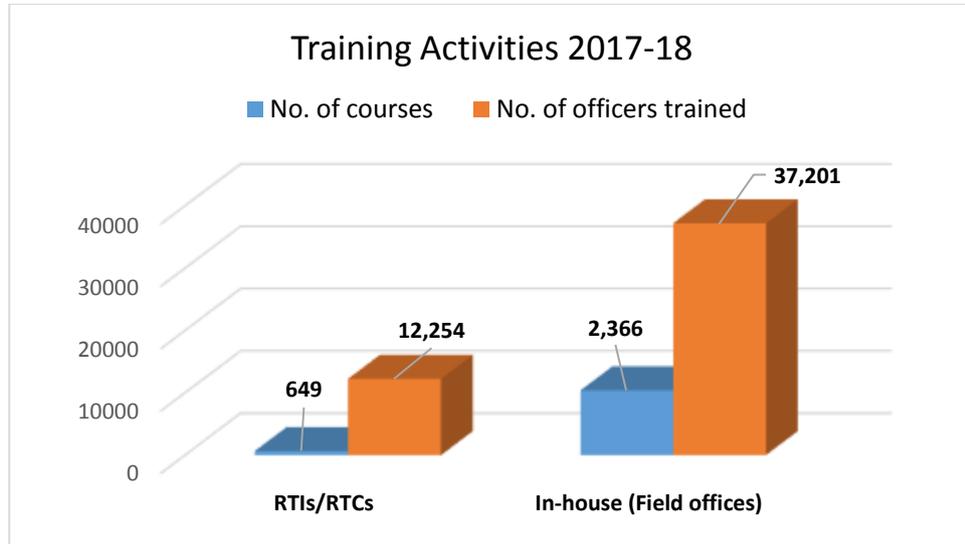
IA & AD has 9 Regional Training Institutes (RTIs) and 3 Regional Training Centres (RTCs) located across the country to provide extensive training in accounts, audit, administration, management and information technology for Group B and C cadres of the IAAD. The institutes are located in Chennai, Mumbai, Kolkata, Jaipur, Jammu, Shillong, Ranchi, Nagpur and Allahabad. The three Regional Training Centres are in Delhi, Hyderabad and Bangalore.

RTIs/RTCs also conduct 7 months training for direct recruit Assistant Audit/Accounts Officers. This includes 3 months of induction training, 1 month on the job training in their respective field offices and 3 months preparatory training for the Section Officers’ Grade Examination.

Field offices also organize in-house training programs of short duration to meet office specific requirements for capacity building.

**Training Activities of RTIs/RTCs:**

a) During 2017-18, RTIs/RTCs conducted 649 courses and trained 12,254 officers. In-house training centres in 134 Offices conducted 2,366 courses and trained 37,201 officers.



b) Training Courses conducted at RTIs/RTCs for officers of IAAD included:

- Audit of e Governance
- Audit of PPP
- Program on IPSAS
- Program on UN Audit
- Program on Embassy Audit
- Program on DBA for Oracle 11g
- Program on SAP Audit
- Program on Auditing in IT Environment
- Audit of Social Sector Schemes
- Program on Digital Forensics in Tableau and Qlikview

c) Designated Knowledge Centres:

Each RTI/RTC is assigned a specific area of specialization. The RTIs/RTCs function as Knowledge Centres in respect of specific areas of specialization, assigned to each of them. As Knowledge Centres the RTIs/RTCs prepare Structured Training Modules (STMs), Case Studies and other training materials on topics pertaining to the areas of specialization. They conduct All India Training Programs in the area of specialization allotted to them.



#### 4. Training Methodology and Processes:

- i. **Central Training Advisory Committee (CTAC)** annually reviews all training activities and programs in the Department to ensure an integrated approach to training. The training calendars of the NAAA, iCISA and iCED are reviewed in-depth to ensure focus, quality and relevance. CTAC also oversees the work of Regional Advisory Committees of the Regional Training Institutes.
- ii. **Training Needs Analysis** is the first step towards a methodical approach to training and is carried out annually for effective designing of courses, implementation & evaluation of training. This analysis also helps determine which new or different skills are needed to meet the latest challenges.
- iii. **Structured Training Modules** are used by all the training institutes to disseminate training, which are regularly updated and peer reviewed. The content for training modules is developed by a team of officers who are subject matter experts.

As on 31<sup>st</sup> March 2018, 51 STMs have been updated, peer reviewed by IAAS officers with domain knowledge and sent to RTIs/RTCs for dissemination, latest being, STM on GST and STM on Treasury Inspection.

#### 5. Strengthening IAAD's Regional Training Capability: Medium Term Plan.

A holistic medium term plan for strengthening IAAD's regional training capability, was approved in 2014 for enhancing the effectiveness of RTIs and under this program all the Regional Training Institutes have been upgraded during the years 2015-18. All goals set in the medium term road map for qualitative improvements, on adoption of best practices relating to training need analysis, streamlining and standardization of procedures, faculty resources, impact assessment, structured training modules, etc., have been implemented.

#### 6. Performance Monitoring Framework:

Considerable resources were allocated to the RTIs for modernising and upgrading their infrastructure as per the Roadmap. The upgradation requires a proper monitoring system in place. To address this, a Performance Monitoring Framework (PMF) with quantitative parameters was designed for RTIs. The PMF envisages to internalize and institutionalize excellence by linking RTIs 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 PMF was introduced during 2015-16. The scores allotted by the RTI and its user offices are verified by officers of the



Training Wing by conducting physical inspection of the institute. This process was also completed in 2017-18.

#### **7. Data Analytics in IAAD:**

The IAAD Data Management Policy adopted in September 2015 envisages building competencies in Data Analytics. Topics on 'Statistics for Data Analytics' was introduced in the syllabus for Officer Trainees and the SAS examination syllabus. Training wing prepared a Structured Training Module on 'Data Analytics' for facilitating training programs at RTIs/RTCs. The training programs were organized in conjunction with CDMA wing at RTIs/RTCs. The participants were trained in KNIME, Tableau and Statistics for Data Analytics. During 2017-18, 650 officers were trained at the RTIs/RTCs.

#### **8. Development of Case Studies: -**

Case studies are powerful and practical 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.

A workshop was conducted in conjunction with IIM (Ahmedabad) and ISB Hyderabad, on preparation of case studies. Detailed guidelines were issued to all RTIs in November 2017, on how to develop and prepare case studies, along with model case studies on Ethics and Moral Values, Business Process Re-Engineering and Gender Sensitization.

#### **9. Career Milestone Training for IAAS Officers at institutions of repute:**

The Mid Career Training Program for Group A officers was revised as per DoPT orders issued in May 2016.

The following career milestone programs for the year 2017-18 were successfully completed, and greatly appreciated by the participants:

- Executive Development Program for IAAS Officers with 7-9 years of service at Indian Institute of Management, Bengaluru.
  - Program objective is to enhance understanding of public policy and finance issues, strengthen analytical tools and management acumen.
  - 20 officers received training under Executive Development Program during 2017-18.
- Management Development Program for IAAS Officers with 14-16 years of service at Richard & Rhoda Goldman School of Public Policy, University of California, Berkeley and Indian Institutes of Management, Ahmedabad.



- Program objective is to widen exposure and technical inputs - strengthen analytical tools, management acumen, and interpersonal skills.
- 20 officers received training under Management Development Program during 2017-18.
- Advanced Management Development Program for IAAS Officers with 26 – 28 years of service at Indian School of Business, Hyderabad
  - Program objective is to widen exposure to multi-dimensional issues faced by senior managers including policy development, performance management, organizational design, negotiation, leadership.
  - 15 officers received training under Advanced Management Development Program during 2017-18.

#### **10. External Trainings for Group B officers**

##### **i) OP Jindal Global University (JGU), Sonapat, Haryana, (near Delhi) conducted three customized courses on Management, Public Finance, and Public Policy.**

During 2017-18, 65 Group 'B' officers were sent to these five day residential training program at JGU. The courses are designed by the university in close conjunction with Training Division and customized to our requirements.

##### **ii) Senior Professional Course at NIFM Faridabad**

Six SAOs were nominated to attend a training program at National Institute of Financial Management (NIFM), New Delhi. The program includes a one week attachment with NIFM's partner institute in Europe.

##### **iii) International Executive Diploma in Project Management program being conducted by International Institute of Projects & Program Management**

A 12 day non-residential program in India (New Delhi/Mumbai), spread across 4 months was conducted by the International Institute of Projects & Program Management, Noida, Uttar Pradesh. Two Sr. AOs from Commercial wing participated in this program leading to Executive Diploma in Project Management (EDPM).

#### **11. In-house training program for officers and staff posted in CAG Office;**

As a first, Training wing initiated and conducted in-house training for SAOs/AOs/AAOs/PPS/PS/PA/Steno/Clerks/DEOs posted in CAG office. 8 training programs which included Refresher Courses, Course on IDEA software, MS EXCEL, Audit in IT Environment were conducted and 100 plus officers and staff were trained.



## Chapter 8

### Our Interaction with Key Stakeholders

Our primary stakeholders include the Parliament, State Legislatures and the public. 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 work that we do. We have a documented communication policy that guides our interactions with external stakeholders.

#### I CAG's Audit Advisory Board

An Audit Advisory Board, under the Chairmanship of the CAG of India, advises him in matters relating to audit and suggests improvements in the performance and focus of audit within the framework of the constitutional and statutory mandate of the CAG. It is one of the key instruments employed for enhancing leadership and direction in the IAAD and thereby improving audit quality. The members of the Board function in an honorary capacity. The Board consists of eminent persons in diverse fields, as also Deputy Comptroller and Auditors General and Additional Deputy Comptroller and Auditors General from the Department. The first Audit Advisory Board was constituted in 1999. Since then, the Board has been reconstituted seven times (2001, 2003, 2006, 2009, 2011, 2013 and 2015). The term of the eighth Board ended in September 2017. The ninth Audit Advisory Board is being constituted.

In the meeting of the Board held on 27 April 2017, issues such as auditing the Goods and Services Tax, Social Audit and the department's Audit Management System were deliberated upon.

#### II State Audit Advisory Boards

On similar lines, Audit Advisory Boards have been constituted in the States, under the chairmanship of the concerned Pr. Accountants General/Accountants General. 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.

Audit Advisory Boards have also been constituted in the States. These Boards meet twice a year and are reconstituted biennially. Meetings of the State Audit Advisory Boards were also conducted during the year 2017-18.

### **III Interaction with audited Entities**

Our audited entities are among the key stakeholders in the audit process. Our interaction with them takes place on a continuous basis - before, during and after audit. 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 performance audits. At every stage of audit, the audited entity is given an opportunity to respond to audit queries and findings.

Audit committee meetings are organized by all field offices, to discuss and take action on the audit observations issued at the field level. When a field office finds persistent irregularities of a systemic nature, the concerns of audit are communicated to the audited entity.

Officials from audited entities are regularly invited to Seminars/ Workshops and Training Courses organized in the Department.

### **IV 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. CAG's Audit Reports that are tabled in the Parliament/Legislature stand referred to the PAC/COPU. 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 the meetings. The Executive is required to report on the Action Taken on the recommendations of the Committee. 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, duly vetted by Audit.

In 2017-18, the Central PAC/COPU held 69 meetings and discussed a total of 67 Paras/Performance Audit Reviews, as summarized below:



Wing	No. of Meetings of PAC/COPU held during the year 2017-18	Total no. of Paras/ Performance Audit Reviews discussed during the year 2017-18
Report Central & Autonomous Bodies	20	29
Commercial	14	10
Railways	6	5
Defence	7	7
Communication	2	2
Direct Tax	6	3
Indirect Tax	11	9
Local Bodies	3	2
<b>Total</b>	<b>69</b>	<b>67</b>

In addition, 15 meetings of PAC were held during the year, exclusively for selection of subjects/consideration and adoption of Draft Reports.

The State PACs/COPU met on 776 occasions during the year 2017-18 and discussed 1,144 Paras/Performance Audit Reviews, as summarized below:

Region	No. of Meetings of PAC/COPU held during the year 2017-18	Total no. of Paras/Performance Audit Reviews discussed during the year 2017-18
Central	133	265
Eastern	72	32
Northern	144	196
North Eastern	94	80
Southern	147	272
Western	186	299
<b>Total</b>	<b>776</b>	<b>1144</b>



## **V 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 (ICWAI). 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 Standard 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.

## **VI Interaction with Media**

The Communication Policy Cell 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 State Legislature. A press conference is usually held after the audit reports are tabled in the concerned Legislatures. Press briefs are also issued highlighting the contents of the Audit Reports after their presentation in the Parliament/State Legislature. The reports are made available on our website. We also bring out booklets along with CDs to communicate highly condensed summaries of Audit reports for selected performance audits.



## Chapter 9

### 1 Our International Participation and Contribution

SAI India is a key player and a major contributor to development of auditing standards and practices in the international community. The International Relations Division at Headquarters is responsible for interaction with International bodies, as well as audit of international organizations, as indicated below:

- A. International Organization of Supreme Audit Institutions (INTOSAI)
- B. Asian Organization of Supreme Audit Institutions (ASOSAI)
- C. Global Working Group (now Global Audit Leadership Forum) and other international multilateral bodies
- D. Bilateral relations with other SAIs
- E. Audits of International Organizations

### 2 INTOSAI

The International Organisation of Supreme Audit Institutions (INTOSAI) operates as an umbrella organisation for the external government audit community. Founded in 1953 at the initiative of Emilio Fernandez Camus, then President of the Supreme Audit Institution (SAI) of Cuba, INTOSAI has 194 Full Members and 5 Associated Members and one 1 Affiliate member. It has provided an institutionalized framework for supreme audit institutions to promote development and transfer of knowledge, improve government auditing worldwide and enhance professional capacities, standing and influence of member SAIs in their respective countries. INTOSAI is an autonomous, independent and non-political organisation. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations. 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:

1. Professional Standards Committee (PSC)
2. Capacity Building Committee (CBC)
3. Knowledge Sharing and Knowledge Services Committee (KSC)
4. Policy, Finance and Administration Committee (PFAC)

#### 2.1 Involvement with INTOSAI

Our involvement with INTOSAI is at the following levels:

- The Comptroller and Auditor General of India is the chair of the INTOSAI Committee on Knowledge Sharing and Knowledge Services – Goal 3 (KSC)



and its Steering Committee. By virtue of this, CAG is also a member of the Governing Board of INTOSAI. There are eleven Working Groups working under the umbrella of the KSC. The Working Groups are devoted to preparing guidance and best practices on audit of specialized areas. The KSC main committee today has 123 members and 2 observers.

- Forum for INTOSAI's Professional Pronouncements (FIPP), established by the INTOSAI Goal Chairs, was accorded permanent status in the recently concluded INCOSAI. This forum will be responsible for the content and quality of professional pronouncement of INTOSAI.
- The Comptroller and Auditor General of India is the chair of the INTOSAI Working Group on IT Audit (WGITA). The Group was created in 1989 to address the interests of SAIs in the area of IT Audit. WGITA aims to support SAIs in developing their knowledge and skills in the use and audit of information technology. Presently, WGITA has 46 members and four observers.
- The Comptroller & Auditor General of India has also taken over the responsibility of chairing the INTOSAI's Compliance Audit Sub-committee under Goal 1. This sub-committee was established in 2004, with the objective of developing and disseminating high quality, globally accepted standards and guidelines for compliance audit in the public sector.
- The Comptroller and Auditor General of India is a member of various INTOSAI Committees/Subcommittees/Working Groups/Task Forces.
- In order to facilitate continuous interaction in the INTOSAI community, SAI India, as the KSC chair, has developed an INTOSAI Community Portal ([www.intosaicommunity.net](http://www.intosaicommunity.net)), in collaboration with the INTOSAI Development Initiative, Norway (IDI). The portal has facilities like Community of Practice, Blogs, Chats, Library, Video Conferencing, Polls/survey, etc., to enable better communication and sharing of ideas amongst member SAIs.

**2.2** Some major events of INTOSAI, involving the active participation of CAG of India, are discussed below:

- **26<sup>th</sup> Meeting of the INTOSAI Working Group on IT Audit, Seoul, Korea, 22-23 May 2017:** The 26<sup>th</sup> meeting of the INTOSAI Working Group on IT Audit (WGITA) was hosted by Board of Audit and Inspection (BAI), Korea in Seoul on 22 and 23 May, 2017. The meeting was presided over by Comptroller & Auditor General of India and Chair of WGITA.



Participants of 26<sup>th</sup> meeting of the INTOSAI Working Group on IT Audit

- **Supreme Audit Institution Leadership and Stakeholder Meeting - Audit of Preparedness for Implementation of the Sustainable Development Goals (SDGs), New York, USA, 20-21 July, 2017:** A meeting on “Auditing preparedness for the implementation of the Sustainable Development Goals (SDGs)” was held in New York, from 20 to 21 July 2017. It was jointly organised by the United Nations Department of Social and Economic Affairs (UNDESA) and the INTOSAI Development Initiative (IDI), following the ministerial segment of the High Level Political Forum on Sustainable Development (HLPF). Comptroller & Auditor General of India attended the meeting.



Participants of Supreme Audit Institution Leadership and Stakeholder Meeting - Audit of Preparedness for Implementation of the Sustainable Development Goals

- **Commemoration event of 40 years of Lima Declaration, Lima, Peru, 5-6 December, 2017:** Comptroller & Auditor General of India attended the Commemoration event of 40 years of Lima Declaration, which is considered



Sh. Rajiv Mehrishi, CAG of India addressing the Commemoration event of 40 years of Lima Declaration

Magna Carta of government auditing and genesis of several significant developments in the International Organisation of Supreme Audit Institutions (INTOSAI). Being Chair of the Knowledge Sharing and Knowledge Services Committee (Goal-3) of INTOSAI, CAG delivered speech on the Relationship between Goal -3: Knowledge sharing and the Lima Declaration before the INTOSAI Community.

### 3 ASOSAI

The Asian Organization of Supreme Audit Institutions (ASOSAI), established in 1978, is one of the seven regional working groups 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 46.

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.

CAG of India was the Chairman of ASOSAI during 2012-2015. Being the immediate past Chair of ASOSAI, C&AG of India will continue to be on the Governing Board of ASOSAI till 2018.

As the editor of ASOSAI Journal of Government Audit, we publish the ASOSAI Journal twice a year. The material for the ASOSAI journal is contributed by member SAIs. The last issue of the e-Journal (October 2017), on the theme of “Role of SAIs in implementation of Sustainable Development Goals”, has been uploaded. The journal is hosted on the website [www.asosaijournal.org](http://www.asosaijournal.org).

**3.1** Some major events of ASOSAI, involving the active participation of CAG of India, are discussed below:

- **Visit of Mr. Teruhiko Kawato, President, Board of Audit Japan and Capacity Development Administrator of ASOSAI from 9-13 January, 2018:** Mr. Teruhiko Kawato, President, Board of Audit Japan and Capacity Development Administrator of ASOSAI, along with a two-member delegation, visited India from 9-13 January 2018 to discuss issues related to ASOSAI’s Capacity Development activities and its future direction and to learn from SAI India’s experience on the audit of information technology (IT). The President met the C&AG of India and also visited our international training centers, i.e. the International Center for Information Systems and Audit (iCISA) at NOIDA and the International Center for Environment Audit and Sustainable Development (iCED) at Jaipur.



Meeting of President, Board of Audit Japan and Capacity Development Administrator of ASOSAI, with Sh. Rajiv Mehrishi, C&AG of India

#### 4 United Nations and its Agencies

CAG is a member of the United Nations Board of Auditors (Board) for the period July 2014 to June 2020. Germany and Tanzania (to be replaced by Chile from July



2018) are the other members of the Board. As per the work allocation among the three members of the Board, SAI India is the lead auditor in respect of following UN organizations:

1. UN Secretariat (Volume I)
2. UNICEF (United Nations Children's Fund)
3. UNOPS (United Nations Office for Project Services)
4. UNJSPF (United Nations Joint Staff Pension Fund)
5. UNCC (United Nations Compensation Commission)
6. Escrow Account
7. ITC (International Trade Centre)
8. CMP (Capital Master Plan)
9. UMOJA (ERP system of UN)
10. Information & Communication Technology Strategy

Further as Chair of the Board, India is also responsible for preparation of the Concise Summary, a consolidation of key audit findings of various reports.

Besides above, SAI India is having six Peace Keeping Operations (PKO) Missions, as below, under its audit portfolio where SAI-Germany is the lead auditor.

1. MINUSTAH (United Nations Stabilization Mission In Haiti)
2. UNIFIL (United Nations Interim Force In Lebanon)
3. UNMIK (United Nations Interim Administration Mission in Kosovo)
4. UNDOF (United Nations Disengagement Observer Force)
5. UNFICYP (United Nations Peacekeeping Force in Cyprus)
6. MINURSO (United Nations Mission for the Referendum in Western Sahara)

CAG is also the external auditor of the World Intellectual Property Organization (WIPO) for a period of six years from July 2012 to June 2018.

**4.1** Some of the recent major events, involving the active participation of SAI India, are:

#### **Meeting of UN Board of Auditors, New York, 25-26 July 2017**

##### **A. July 2017 Session**

- The 71st Regular Session of the United Nations' Board of Auditors, was held at the UN headquarters, New York on 25 & 26 July 2017. CAG along with the Auditor General of Tanzania and President of the German Federal Court of Auditors approved and signed 28 UN Audit reports for the financial year 2016.
- The reports cover important UN bodies e.g. UNICEF, UNDP, UNHCR, UN-WOMEN, UNOPS, UNJSPF and UN Headquarters among others.
- These 28 reports were presented to the General Assembly of the UN and to other governing bodies.

- CAG met the Secretary General (SG) Mr. Antonio Guterres in New York on 25 July 2017. He briefed the SG about the work done by the Board of Auditors. He also reaffirmed the Board of Auditors' commitment to bringing out quality audit reports and helping the UN in increasing efficiency and effectiveness of its operations. The SG appreciated the Board's work.

#### **B. December 2017 Session**

- CAG chaired the Forty-Seventh (2017) Special Board Session of UN Board of Auditors on 1 December 2017 at Rome.
- The Board members discussed the Report of the Audit Operations Committee, proposed work plan for 2018 and Secretary-General's reforms and the potential impact on the Board's work.

#### **Meeting of UN Panel of External Auditors, Rome, 30 November - 1 December 2017**

- A delegation, led by the CAG, attended the Fifty-eighth (2017) Regular Session of the Panel on 30 November & 1 December 2017 at Rome.
- SAI India made presentations on (a) Follow-up on the Revised Reporting Standards and Key Audit Matters (KAM) (b) Role of the United Nations and its Agencies in the implementation of the Sustainable Development Goals (SDGs).



Participants of meeting of UN Panel of External Auditors with Sh. Rajiv Mehrishi, C&AG of India

#### **Meeting with the UN Secretary General and Chair Fifth Committee and Chair-ACABQ, New York, 7 December 2017**

- CAG met the UN Secretary General on 7 December 2017 and discussed the proposed reforms agenda of the Secretary General. CAG assured the Secretary General that the Board would continue to take up audit subjects

which would add value to the UN System and aid greater accountability and effectiveness.



Sh. Rajiv Mehrishi, C&AG of India meeting with the UN Secretary General

- CAG also discussed the audits and the cross cutting themes planned for the next year with the Secretary General.
- CAG also met Mr. Tommo Monthe, Chair of the Fifth Committee and Mr. Carlos G. Ruiz Massieu, Chair of the Advisory Committee on Administrative and Budgetary Questions (ACABQ). These two committees are important oversight bodies of the UN system which deliberate on the work of the Board of Auditors and recommend action to the General Assembly.
- The CAG also met the Comptroller General (CG) of Chile, the incoming member of the Board (from 1 July 2018), in the Office of the UN Board of Auditors.

**List of other important events of INTOSAI, ASOSAI and other Multilateral Forums which were attended by CAG of India:**

**INTOSAI**

- **INTOSAI Working Group on Big Data (WGBD)**, held its first meeting on 18-19 April, 2017 at CNAO's Audit Academy in **Nanjing, China, 18-19 April, 2017**.
- **4th Global Audit Leadership Forum (GALF)** was held at Copenhagen, Denmark from 17 to 19 May 2017 on the topics "Strategy work in SAIs" and



“Evaluation of the audit work”. Ms. Anita Pattanayak, Deputy Comptroller & Auditor General (DAI) represented CAG in the meeting.

- **14<sup>th</sup> INTOSAI Steering Committee Meeting of Professional Standards Committee (PSC)**, was held at Brasilia, Brazil from 8 to 9 June, 2017. Mr. R.K. Ghose, DAI, attended the meeting on behalf of CAG.
- The FIPP conducted its fifth meeting in Ottawa, on 17-21 July, 2017. The meeting was hosted by the Office of Auditor General of Canada. The meeting was presided by FIPP Chair, Ms. K Ganga, DAI.
- **9th INTOSAI Steering Committee meeting of the Knowledge Sharing Committee (KSC)** was hosted in Bali, Indonesia 23-25 August, 2017. Ms. Rita Mitra, Deputy Comptroller & Auditor General chaired the meeting, on behalf of CAG of India.
- **Annual meetings of the INTOSAI Capacity Building Committee, INTOSAI Donor Steering Committee meeting and Policy Finance and Administration Committee, Washington D.C, USA**, were held in contiguous at Washington D.C., USA from 19 to 22 September, 2017. Mr. K.S. Subramanian, Director General (International Relations) represented Knowledge Sharing and Knowledge Services Committee of INTOSAI (KSC) in these meetings.
- **70th INTOSAI Governing Board Meeting was held in Graz, Austria, 6-7 November, 2017.** Mr. Nand Kishore, DAI attended the meeting, on behalf of the Knowledge Sharing and Knowledge Services Committee (KSC) (Goal 3 of INTOSAI), of which CAG is the Chair.
- **Sixth Meeting of FIPP was held at Guatemala from 28-30 November, 2017** which was hosted by SAI Guatemala. The meeting was presided by the FIPP Chair, Ms. K Ganga, DAI.

## BILATERAL

- **2017 Indo-Kuwait Bilateral Seminar, Agra, 11-15 September 2017:** The 2017 ‘Indo Kuwait Bilateral Seminar’ was organized at Agra, India from 11-15 September 2017 on ‘Sharing of experience on IT Audit’. Three participants from each SAI attended the Seminar. Ms. K. Ganga, DAI, headed the Indian delegation. During the Seminar, delegates from both the SAIs presented two country papers each. The delegates also made presentations on the theme.
- **8th Indo-China Young Auditors’ Forum, Bengaluru, 4-13 December 2017:** The 8<sup>th</sup> Indo-China Young Auditors’ Forum was hosted by SAI India from 4 to 13 December, 2017 at Bengaluru on the following themes (i) SAIs and Stakeholders Engagement in Audit (ii) Use of technology in Public Audit. A ten member delegation from China National Audit Office (CNAO) headed by



Mr. Liu Jun, Deputy Director General participated in the forum. The ten member Indian delegation was headed by Ms. Pratibha Agrawal, Director.

- **17th Indo-Polish Seminar in Jaipur, Rajasthan, 16-19 January 2018:**The 17th Indo-Polish Seminar on 'Audit of Sustainable Development Goals' was held in Jaipur, Rajasthan from 16-19 January 2018. The seminar was attended by a four member delegation from Poland, led by the President of SAI Poland. The Indian delegation was headed by Mr. Venkatesh Mohan, Additional Deputy Comptroller & Auditor General, (ADAI).The seminar was preceded by a meeting of the Polish delegation with the CAG of India on 15 January 2018.
- **Visit of a five member delegation from Maldives, New Delhi, 11-17 March 2018:** A five member delegation headed by Mr. Hussain Niyazy, Assistant Auditor General from SAI Maldives visited SAI India from 11-17 March 2018 for sharing of knowledge and expertise information between the two SAI. The delegation met with Mr. Nand Kishore, DAI (DCR), Ms. Sudha Krishnan, DG (PPG), Ms. Praveen Mehta, DG (Training), Mr. K.S. Subramanian, DG (International Relations) and Mr. Khalid Bin Jamal, PD (Staff) at CAG Headquarters. The delegation also visited our international training centers.

#### Multilateral

- **Working Level Technical Seminar among BRICS SAIs, Johannesburg, South Africa, 28-29 June 2017:** The '2017 Working Level Technical Seminar' among BRICS SAIs was held from 28-29 June 2017 in Johannesburg South Africa. The theme of the seminar was "Audit of Large Infrastructure Projects". SAI India was represented by a two member delegation headed by Ms. Mala Sinha, Additional Deputy Comptroller & Auditor General.
- **Audit Planning meetings of the Cooperative Performance Audit on preparedness for implementation of SDGs, iCED, Jaipur 04-08 December, 2017 and 11-15 December, 2017:** Two Audit Planning meetings were held from 4-8 December, 2017 and 11-15 December, 2017 at iCED (International Centre for Environment Audit and Sustainable Development), Jaipur, Rajasthan. The first meeting (4 to 8 December), was attended by 37 participants, representing 13 SAIs from ASOSAI, EUROSAI and CAROSAI and the second meeting (11 to 15 December), was attended by 40 participants, representing 14 SAIs from ASOSAI and AFROSAI-E.



## Annex I

### Organizational Chart as on 31 March 2018

### Comptroller and Auditor General of India

Secy. to CAG

<b>Deputy Comptroller &amp; Auditor General</b> (Administration & Staff)	DG (PPG) DG (Training) DG (IR) DG (HQ) DG (Exams)	PD (SMU) PD (Staff) PD (IS) PD (IT Audit) PD (Rajbhasha)	Pr. Legal Advisor PD (P) PD (CDMA) Media Advisor
<b>Deputy Comptroller &amp; Auditor General</b> (Report Central & Local Bodies)	DG (RC) PD (RC) PD (PC)	Statistical Advisor PD (LB/AB)	Economic Advisor
<b>Deputy Comptroller &amp; Auditor General</b> (Government Accounts and Chairman GASAB)	DG (GA-I) DG (GA-II) PD (Union Accounts)	DG (GASAB) DG (GASAB-I) PD (GASAB-I) PD (GASAB-II)	
<b>Deputy Comptroller &amp; Auditor General</b> (Central Revenue Audit)	DG (DT) PD (DT)	PD (GST-I) PD (GST-II) PD (Customs)	
<b>Deputy Comptroller &amp; Auditor General</b> (Commercial & Chairperson Audit Board)	DG (Commercial) PD (Commercial)		
<b>Deputy Comptroller &amp; Auditor General</b> (Defence, Communication & Railways)	PD (Railways) PD (Defence & Communications) PD (Railway Board Audit)		
<b>Additional Deputy Comptroller &amp; Auditor General</b> (Eastern Region)	DG (ER), PD (ER) 4 States: Andhra Pradesh, Telangana, Odisha, West Bengal		
<b>Additional Deputy Comptroller &amp; Auditor General</b> (Central Region)	PD (CR-I), PD (CR-II) 5 States: Uttar Pradesh, Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh		
<b>Additional Deputy Comptroller &amp; Auditor General</b> (Northern Region)	PD (NR-I), PD (NR-II) 6 States: Delhi, Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Punjab, Haryana		
<b>Additional Deputy Comptroller &amp; Auditor General</b> (North Eastern Region)	DG (NER), PD (NER) 8 States: Manipur, Mizoram, Meghalaya, Nagaland, Tripura, Arunachal Pradesh, Assam, Sikkim		
<b>Additional Deputy Comptroller &amp; Auditor General</b> (Southern Region)	DG (SR), PD (SR) 4 States: Karnataka, Kerala, Tamil Nadu, Puducherry		
<b>Additional Deputy Comptroller &amp; Auditor General</b> (Western Region)	DG (WR), PD (WR) 4 States: Rajasthan, Gujarat, Maharashtra, Goa		
<b>Additional Deputy Comptroller &amp; Auditor General</b> (Inspection)	PD (Inspection)		

*Note: Field Office formations are headed by officers with the designation of DG/PAG/PD/AG and they report to the DAI/ADAI concerned.*



## Annex II

As on 31 March 2018

### OFFICES OF THE INDIAN AUDIT & ACCOUNTS DEPARTMENT

#### I Audit Offices - Union and Union Territories

##### A. Civil

1. Office of the Director General of Audit, Central Expenditure, New Delhi
2. Office of the Principal Director of Audit, Economic & Service Ministries, New Delhi
3. Office of the Principal Director of Audit, Scientific Departments, New Delhi
4. Office of the Principal Director of Audit, Central, Ahmedabad
5. Office of the Principal Director of Audit, Central, Bengaluru
6. Office of the Principal Director of Audit, Central, Chandigarh
7. Office of the Principal Director of Audit, Central, Chennai
8. Office of the Director General of Audit, Central, Hyderabad
9. Office of the Director General of Audit, Central, Kolkata
10. Office of the Principal Director of Audit, Central, Lucknow
11. Office of the Director General of Audit, Central, Mumbai
12. Office of the Director General of Audit, Central Receipt, New Delhi

Note: Audit of the Union Territory of Chandigarh is covered by the Director General of Audit, Central, Chandigarh. Audit of the Union Territory of Lakshadweep is covered by the Director General of Audit, Central, Chennai. Audit relating to Daman & Diu and Dadra & Nagar Haveli is covered by the Principal Director of Audit, Central, Ahmedabad.

##### B. Defence

1. Office of the Director General of Audit, Defence Services, New Delhi
2. Office of the Pr. Director of Audit, Defence Services, Chandigarh
3. Office of the Pr. Director of Audit, Defence Services, Pune
4. Office of the Pr. Director of Audit, Air Force, New Delhi
5. Office of the Director General of Audit, Navy, Mumbai
6. Office of the Pr. Director of Audit, Ordnance Factories, Kolkata

##### C. Post & Telecommunication

1. Office of the Director General of Audit, Post & Telecommunications, Delhi

##### D. Railways

1. Office of the Pr. Director of Audit, North Central Railway, Allahabad
2. Office of the Pr. Director of Audit, East coast Railway, Bhubaneswar
3. Office of the Pr. Director of Audit, South East Central Railway, Bilaspur



4. Office of the Pr. Director of Audit, Southern Railway, Chennai
5. Office of the Pr. Director of Audit, North Eastern Railway, Gorakhpur
6. Office of the Pr. Director of Audit, Northeast Frontier Railway, Guwahati
7. Office of the Pr. Director of Audit, East Central Railway, Hajipur (Bihar)
8. Office of the Director General of Audit, South Western Railway, Hubli, Bengaluru
9. Office of the Pr. Director of Audit, West Central Railway, Jabalpur
10. Office of the Director General of Audit, North Western Railway, Jaipur
11. Office of the Director General of Audit, Eastern Railway, Kolkata
12. Office of the Pr. Director of Audit, South Eastern Railway, Kolkata
13. Office of the Pr. Director of Audit, Railway Production Units & Metro Railway, Kolkata
14. Office of the Pr. Director of Audit, Central Railway, Mumbai
15. Office of the Director General of Audit, Western Railway, Mumbai
16. Office of the Pr. Director of Audit, Northern Railway, New Delhi
17. Office of the Pr. Director of Audit, Railway -Commercial, New Delhi
18. Office of the Director General of Audit, South Central Railway, Secunderabad

**E. Commercial**

1. Office of the Pr. Director of Commercial Audit & Ex-Officio Member Audit Board, Bengaluru
2. Office of the Pr. Director of Commercial Audit & Ex-Officio Member Audit Board, Chennai
3. Office of the Director General of Commercial Audit & Ex-Officio Member Audit Board, Hyderabad
4. Office of the Director General of Commercial Audit & Ex-Officio Member, Audit Board-I, Kolkata
5. Office of the Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-II, Kolkata
6. Office of the Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-I, Mumbai
7. Office of the Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-II, Mumbai
8. Office of the Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-I, New Delhi
9. Office of the Director General of Commercial Audit & Ex-Officio Member Audit Board-II, New Delhi
10. Office of the Pr. Director of Commercial Audit & Ex-Officio Member Audit Board-III, New Delhi
11. Office of the Pr. Director of Commercial Audit & Ex-Officio Member Audit Board-IV, New Delhi
12. Office of the Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board, Ranchi

**F. Overseas**

1. Office of the Pr. Director of Audit, London
2. Office of the Pr. Director of Audit, Washington DC



3. Office of the Pr. Director of Audit, Kuala Lumpur, Malaysia

## II External Audit Offices

1. Office of the Director of External Audit, New York (set up in June 2014)

## III Audit Offices-States

1. Office of the Pr. Accountant General (Audit), Andhra Pradesh, Hyderabad, Amaravati

2. Office of the Principal Accountant General, Arunachal Pradesh, Itanagar

3. Office of the Accountant General (Audit), Assam, Guwahati

4. Office of the Principal Accountant General (Audit), Bihar, Patna

5. Office of the Accountant General (Audit), Chhattisgarh, Raipur

6. Office of the Accountant General, Goa, Goa

7. Office of the Accountant General (E&RSA), Gujarat, Ahmedabad

8. Office of the Principal Accountant General (G&SSA), Gujarat, Rajkot

9. Office of the Pr. Accountant General (Audit), Haryana, Chandigarh

10. Office of the Pr. Accountant General (Audit), Himachal Pradesh, Shimla

11. Office of the Accountant General (Audit), Jammu & Kashmir, Srinagar

12. Office of the Accountant General (Audit), Jharkhand, Ranchi

13. Office of the Accountant General (G&SSA), Karnataka, Bengaluru

14. Office of the Accountant General (E&RSA), Karnataka, Bengaluru

15. Office of the Accountant General (G&SSA), Kerala, Thiruvananthapuram

16. Office of the Accountant General (E&RSA), Kerala, Thiruvananthapuram

17. Office of the Accountant General (G&SSA), Madhya Pradesh, Gwalior

18. Office of the Accountant General (E&RSA), Madhya Pradesh, Bhopal

19. Office of the Pr. Accountant General (Audit)-I, Maharashtra, Mumbai

20. Office of the Accountant General (Audit)-II, Maharashtra Nagpur

21. Office of the Pr. Accountant General (Audit)-III, Maharashtra, Mumbai

22. Office of the Accountant General (Audit), Manipur, Imphal

23. Office of the Pr. Accountant General (Audit), Meghalaya, Shillong

24. Office of the Accountant General (Audit), Mizoram, Aizawl

25. Office of the Accountant General (Audit), Nagaland, Kohima

26. Office of the Accountant General (Audit), Delhi, New Delhi

27. Office of the Accountant General (G&SSA), Odisha, Bhubaneswar

28. Office of the Pr. Accountant General (E&RSA), Odisha, Bhubaneswar

29. Office of the Principal Accountant General (Audit), Punjab, Chandigarh



30. Office of the Pr. Accountant General (G&SSA), Rajasthan, Jaipur
31. Office of the Accountant General (E&RSA), Rajasthan, Jaipur
32. Office of the Accountant General (Audit), Sikkim, Gangtok
33. Office of the Pr. Accountant General (G&SSA), Tamil Nadu & Puducherry, Chennai
34. Office of the Accountant General (E&RSA), Tamil Nadu, Chennai
35. Office of the Pr. Accountant General (Audit), Telangana, Hyderabad
36. Office of the Accountant General (Audit), Tripura, Agartala
37. Office of the Pr. Accountant General (G&SSA), Uttar Pradesh, Allahabad
38. Office of the Accountant General (E&RSA), Uttar Pradesh, Lucknow
39. Office of the Accountant General (Audit), Uttarakhand, Dehradun
40. Office of the Pr. Accountant General (G&SSA), West Bengal, Kolkata
41. Office of the Accountant General (E&RSA), West Bengal, Kolkata

#### **IV Accounts and Entitlement Offices – States**

1. Office of the Pr. Accountant General (A&E), Andhra Pradesh, Hyderabad, Amaravati
2. Office of the Accountant General (A&E), Assam, Guwahati
3. Office of the Accountant General (A&E), Bihar, Patna
4. Office of the Accountant General (A&E), Chhattisgarh, Raipur
5. Office of the Principal Accountant General (A&E), Gujarat, Rajkot
6. Office of the Pr. Accountant General (A&E), Haryana, Chandigarh
7. Office of the Accountant General (A&E), Himachal Pradesh, Shimla
8. Office of the Accountant General (A&E), Jammu & Kashmir, Srinagar
9. Office of the Principal Accountant General (A&E), Jharkhand, Ranchi
10. Office of the Accountant General (A&E), Karnataka, Bengaluru
11. Office of the Accountant General (A&E), Kerala, Thiruvananthapuram
12. Office of the Accountant General (A&E)-I, Madhya Pradesh, Gwalior
13. Office of the Accountant General (A&E)-II, Madhya Pradesh, Gwalior
14. Office of the Accountant General (A&E)-I, Maharashtra, Mumbai
15. Office of the Accountant General (A&E)-II, Maharashtra, Nagpur
16. Office of the Accountant General (A&E), Manipur, Imphal
17. Office of the Accountant General (A&E), Meghalaya, Shillong
18. Office of the Principal Accountant General ( A & E), Nagaland, Kohima
19. Office of the Pr. Accountant General (A&E), Odisha, Bhubaneswar
20. Office of the Accountant General (A&E), Punjab, Chandigarh



21. Office of the Accountant General (A&E), Rajasthan, Jaipur
22. Office of the Sr. Dy. Accountant General (A&E), Sikkim, Gangtok
23. Office of the Accountant General (A&E), Tamil Nadu, Chennai
24. Office of the Pr. Accountant General (A&E), Telangana, Hyderabad
25. Office of the Accountant General (A&E), Tripura, Agartala
26. Office of the Accountant General (A&E)-I, Uttar Pradesh, Allahabad
27. Office of the Accountant General (A&E)-II, Uttar Pradesh, Allahabad
28. Office of the Accountant General (A&E), Uttarakhand, Dehradun
29. Office of the Accountant General (A&E), West Bengal, Kolkata

#### **V Training Institutes**

1. Office of the Director General, National Academy of Audit & Accounts, Shimla
2. Office of the Director General, International Centre for Information Systems & Audit, Noida (UP)
3. Office of the Director General, Internal Centre for Environment Audit & Sustainable Development, Jaipur
4. Office of the Principal Director, Regional Training Institute, Allahabad
5. Office of the Principal Director, Regional Training Institute, Chennai
6. Office of the Principal Director, Regional Training Institute, Jaipur
7. Office of the Principal Director, Regional Training Institute, Jammu
8. Office of the Principal Director, Regional Training Institute, Kolkata
9. Office of the Principal Director, Regional Training Institute, Mumbai
10. Office of the Principal Director, Regional Training Institute, Nagpur
11. Office of the Principal Director, Regional Training Institute, Ranchi
12. Office of the Principal Director, Regional Training Institute, Shillong
13. Regional Training Centre, Bengaluru@
14. Regional Training Centre, Hyderabad@@
15. Regional Training Centre, New Delhi@@@

@ Under the charge of AG (A&E), Karnataka, Bengaluru

@@ Under the charge of PAG (G&SSA), Andhra Pradesh & Telangana, Hyderabad

@@@ Under the charge of Director General of Audit, Central Expenditure, New Delhi