



लोकहितार्थ सत्यनिष्ठा  
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# PERFORMANCE REPORT 2018-19

OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA





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**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 2018-19 which 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 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 the States.

During the year we have embarked on a new path to address emerging challenges including the changing priorities of governance. Audit of Outcomes is one of them, which goes beyond inputs and outputs, to cover outcomes and ultimate results of government interventions. We conducted a performance audit on Hospital Management in Uttar Pradesh with an outcome focus. We held several stakeholders and expert interactions during the year for the outcome focus audits we plan to undertake in the ensuing year.

Our audit covered a gamut of sectors encompassing education, economy, infrastructure and environment. We presented a report on Preparedness for Implementation of Sustainable Development Goals (SDG) by both Centre and States. We presented topical reports on health, environment and infrastructure including Report on the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY), National Rural Drinking Water Program (NRDWP) and Augmentation of Line Capacity in Indian Railways. On the taxation front, we presented reports on preventive mechanisms against tax evasions, tax credits and transition to GST amongst others.

At the State level our focus on education sector, resulted in audit reports covering the entire spectrum from primary, secondary to tertiary education. Our infrastructure focus related to implementation of road projects, electrification, water supply and land development. Environment Audits included Impact of Mining, Ground/Flood Water Management and Waste Management. This is duly reflected in the 73 Audit Reports that we prepared during the year, of which 15 were for tabling in Parliament and 58 in State Legislatures.

Our first interactive Digital Report on 'Working of Inland Container Depots (ICDs) and Container Freight Stations (CFSs) presented in January 2019 puts us in the league of a select few Supreme Audit Institutions using the web based interactive format for reporting.





Our achievements are a tribute to the dedicated work of our employees. We have invested significantly in their professional development, according high priority to capacity building. Our International Training Centres at Noida and Jaipur provide quality training in IT and environment areas, for both international and national participants. Eight training Programs for 226 international participants were conducted in these centres. The 'B R Ambedkar Lecture Series' commenced in February 2018 for augmenting our outlook towards emerging areas of governance and functioning continued in this year also.

We have been proactively participating in international forums and in the activities of INTOSAI and ASOSAI. Our appointment as a member of UN Board of Auditors (UNBOA) by the UN General Assembly bestows us with a prodigious responsibility of auditing international bodies like the United Nations Secretariat, Children's Fund, United Nations Office for Project Services, International Trade Centre, etc. We continue to make progress in improving our audit practices and methodologies to ensure that they are consistent with international best practices.

I hope this performance report will prove useful to our stakeholders, including legislators, executives, academia and members of the public, in having an overall view of the functioning and activities of the Department. We thank all our stakeholders for their cooperation and contribution.

(Rajiv Mehrishi)

Comptroller & Auditor General of India



## TABLE OF CONTENTS

Chapter	Contents	Page
...	Performance Highlights	i - iv
	Preface	1
1	About the Comptroller & Auditor General and the Indian Audit and Accounts Department	3
2	Key Results and Achievements – Audit	17
3	Key Results and Achievements – Accounts and Entitlements	29
4	Professional Standards and Quality Management	40
5	How we Manage our Resources	44
6	Capacity Building in IAAD	52
7	Seminars and Events	61
8	Our Interaction with Key Stakeholders	66
9	International Participation and Contribution	70
	Annex I	81







## 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 2018-19, 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 47,976 units covering 94.8 percent of planned audits at Union and 92.18 percent at States level.
- We issued 36,304 Inspection Reports to various audited entities.
- We prepared 73 Audit Reports that included 95 performance audit topics, of which 15 were for tabling in the Parliament and 58 in the State Legislatures. Of these, 14 Reports were tabled in the Parliament and 45 Reports in the State Legislatures during the year.
- We made 1,435 recommendations to our audited entities at Union and State level. Of these, 583 recommendations were accepted.
- We finalized Reports on 95 performance audit topics during the year. We made 606 recommendations, of which, 291 recommendations were accepted by the audited entities.
- We examined 4,475 accounts of Union and State Governments, PSUs, Autonomous Bodies, Externally Aided Projects and others.
- We made corrections in the accounts of 177 companies and corporations as a result of supplementary audit. The implication of these changes was: (a) Amendment to Notes to the Accounts: ₹4,541.53 crore (b) Classification mistakes: ₹2,852.14 crore (c) Changes in profit and loss: ₹5,872.98 crore and (d) Changes in assets and liabilities: ₹6,577.56 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 9,305 Action Taken Notes on Audit Reports at Union and State level as on March 31, 2019.

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

- We finalized 5,18,494 pension authorization and pension revision cases during 2018-19.
- We carried out 2,708 inspections of treasuries/sub-treasuries during the year. As a result of these inspections, 2,626 Inspection Reports were issued and we made 3,145 recommendations.
- We issued 96.32 *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 2019. 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.

- 27 field offices of IAAD were inspected as a measure of internal control mechanism.

#### VI. Resource Management

- We spent ₹4,778.13 crore in 2018-19.
- 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 five International training programmes and trained 151 international participants, and twenty National Training Programmes in which 537 participants were trained.
- International Centre for Environmental Audit & Sustainable development (iCED) conducted three International Training programme for 75 participants. In addition iCED also conducted 15 in service training programmes for 324 officers.
- As a measure to build departmental competencies in Data Analytics, 262 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 1,996 courses and trained 33,081 officers.

#### VIII. Our Interaction with Key Stakeholders

- The Audit Advisory Boards constituted at Headquarters and Field Offices held their half yearly meetings.



## IX. International Participation and Contributions

- The 27<sup>th</sup> meeting of the INTOSAI Working Group on IT Audit (WGITA) was hosted by Board of Audit and Inspection (BAI), Sydney, Australia on 17-18 April 2018. The meeting was presided over by the CAG of India as Chair of WGITA.
- CAG delivered the opening address of the Conference on “Motivating and Equipping SAIs to carry out Peer Reviews” held at Bratislava, Slovak Republic, from 20-22 June, 2018. The conference explored ways of employing peer reviews and using the various INTOSAI tools to measure performance.
- CAG of India attended the 71<sup>st</sup> INTOSAI Governing Board meeting at Moscow on November 15-16, 2018. Comptroller and Auditor General of India, as KSC Chair, presented the progress report of KSC in the meeting.
- 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 organizations viz., UN Secretariat [Volume I], UNICEF (United Nations Children's Fund), UNOPS (United Nations Office for Project Services), UNCC (United Nations Compensation Commission), ITC (International Trade Centre), UMOJA (ERP system of UN), and Information and Communication Technology Strategy.
- The CAG is a member of Governing Board of INTOSAI. He continued to be

on the Governing Board of ASOSAI till 2018.

- The CAG chairs the INTOSAI Working Group on IT Audit and INTOSAI Committee on Knowledge Sharing & Knowledge Services-Goal 3 (KSC) and its Steering Committee.
- In July 2018 session of UN Board of Auditors, held at the UN headquarters, New York on 24 & 25 July 2018, CAG of India presided over the session as Chairman of the United Nations Board of Auditors.
- CAG also chaired the 48<sup>th</sup> Special Board Session of UN Board of Auditors on 3<sup>rd</sup> December 2018, at United Nations Headquarters in New York.
- A delegation, led by the CAG, attended the Fifty-ninth (2018) Regular Session of the Panel of External Auditors, on 3-4 December, 2018 at United Nations Headquarters in New York.

## X. New Initiatives

- A new webpage has been developed by the A&E Office in Andhra Pradesh for viewing missing credits and missing debits in GPF Accounts from the period 1997 onwards.
- In Kerala, the GPF applications are accepted online, processed electronically and digitally signed e-authorities sent to Salary & Payroll Administrative Repository for Kerala (SPARK). Subscribers can view it online and take printout.





- For the online GPF Information System launched in Nagaland during 2017-18, the office was awarded the Enterprise Application category award in the First North East Technology Sabha, an Indian Express Group initiative.
- A camp office was set up by Uttar Pradesh-I office at Kumbh Mela for the Redressal of the grievances of GPF subscribers and pensioners retired before 1988. More than 800 GPF subscribers visited the camp and all their queries were fully settled.
- A new mobile app named GPF Uttarakhand was launched to facilitate the employees of the Uttarakhand Government to track information related to GPF. Around 96 *percent* subscribers had registered their mobile numbers for SMS facility.
- Haryana had implemented digitally signed Pension Payment Order (PPO), FPPO and other authorities. In Kerala, the system of e-authorization and uploading of pension proposal in the SAI module was implemented to ensure speedy processing of pension claims.
- In Haryana, around 2.15 lakh pension cases had been scanned and digitized. Kerala office had also scanned and digitized around 20.96 lakh pages of pension records. Tamil Nadu office had digitized around 7 lakh pension cases.
- In Karnataka, entire activities of Gazetted Entitlements had been computerized through Implementation of GEMS.
- As per the Practice Note on Forming an Opinion and Reporting on Financial Statements, 'Emphasis of Matter' is to be included in the Audit Certificates of CAG on Finance and Appropriation Accounts.
- Nationwide initiatives were taken by A&E Offices to hold adalats for the employees and workshops for the treasury officers to interact with the stakeholders directly, so as to better understand their problems.



## **PREFACE**

### **About this Performance Report**

*T*he 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. It simultaneously aims to share information about innovations within our organization.







## CHAPTER 1

### 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 both the quantity, as well as the quality of their expenditure.

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

The role of the Comptroller and Auditor General assumes greater significance in view of our federal multiparty democracy, wherein both 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. The civil society is also emerging as a major stakeholder in the audit process.





## 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 of India 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 Comptroller and Auditor General 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>

The CAG's DPC (Duties, Powers and Conditions of Service) 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);

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



- 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 *percent*;
- 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. Others powers to audit

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 judgment dated April 17, 2014 pertaining to the companies providing telecom services. Further, audit of anybody 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;
- 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.

'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 Comptroller and Auditor-General, 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 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:

1. **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.
2. **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.

3. **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
- Goal3: 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.

### **X. Highlights of the Annual Audit Plan 2018-19**

Taking note of the experience gained from the implementation of the previous plans, the Annual Audit Plan 2018-19 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. Our coverage of Compliance and Performance audits is guided by the consideration of making optimal utilization of our remaining resources, with emphasis on quality and timeliness of Audit Report.

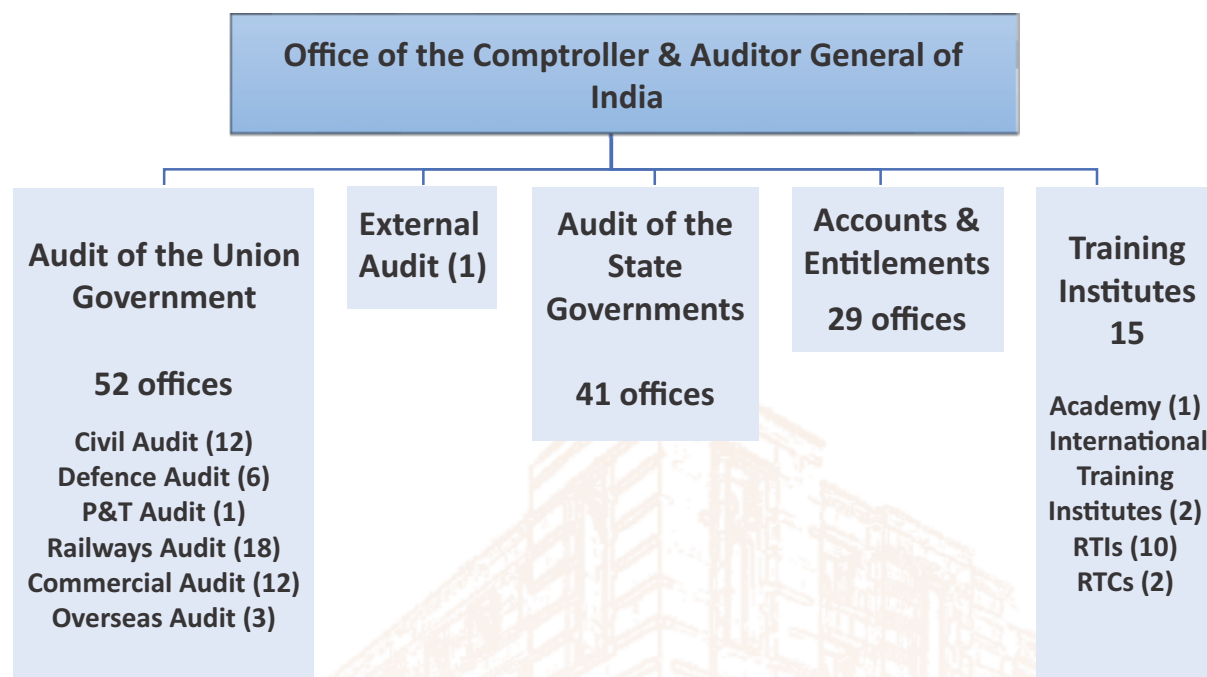
The Annual Audit Plan 2018-19 also decided to reorient the audit focus, from a product orientation to process orientation, i.e., the audit product would be decided after completion of the audit, depending on its outcome. The Annual Audit Plan 2018-19 planned to conduct financial attest audit of 495 PSUs, 407 autonomous bodies and 51 externally aided projects at the Union level, and 1271 PSUs, 1086 autonomous bodies and 177 externally aided projects at the State level. In addition, the Plan envisaged auditing of 1267 out of 2168 Apex Auditable units, 12050 out of 33743 Audit units and 8098 out of 33675 Implementing units at the Union level and 125 out of 213 Apex Auditable units, 12040 out of 62519 Audit units and 16969 out of 520470 Implementing units at the State level.



## XI. Our Organization

The Comptroller and Auditor General of India discharges his duties through the Indian Audit and Accounts Department. The Department consists of approximately 46,000 employees. The CAG's office located in New Delhi is the headquarters of IAAD. During 2018-19, it was supported by 138 field offices (134 offices spread across India and 4 offices located abroad).

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, Big Data Management *etc.* These divisions are headed by the Deputy/Additional Deputy



### 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

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:

<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>
External Audit offices	1
Audit Offices for Audit of State Accounts	41
State Accounts and Entitlement Offices	29
International/National level Institutions/Regional Training Institutes/ Regional Training Centres	15
<b>Grand Total</b>	<b>138</b>

- **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, ten Regional Training Institutes and two Regional Training Centres are engaged in the capacity building of the officers and staff in the IAAD.





## 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:

- 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

	Sectors
DAI (Commercial)	Economic and Infrastructure Ministries
DAI (Report Central & Local Bodies)	Social & General Services Ministries and Local Bodies
DAI (Government Accounts)	Government Accounts
DAI (Central Revenue Audit)	Central Revenues/Receipts
DAI (Defence, Communicaton & Railways)	Defence, Communicaton & 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.
- (Port Blair, Guwahati, Gwalior, Kochi, Bhubaneswar, Allahabad, Patna, Ranchi and Jaipur).
- A special cell has been created in the HQrs office for reviewing the performance of the Union Government in meeting its obligations under the Fiscal Responsibility and Budget Management Act.



## 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:

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.

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

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



- 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, to advise

CAG on matters relating to audit and suggest improvements in the performance and focus of audit within the framework of the Constitutional mandate of the CAG. The Board includes eminent professionals from diverse fields. The members of the Board function in an honorary capacity. The Audit Advisory Board is reconstituted every two years. The members of Ninth Audit Advisory Board, when it was constituted in December 2018, for the biennium 2018-20, were as under:

<b>Shri Rajiv Mehrishi</b> Comptroller and Auditor General of India	<b>Ex-officio Chairman</b>
<b>Justice (Retd.) B N Srikrishna</b> Former Judge, Supreme Court of India	<b>Member</b>
<b>Shri Nandan Nilekani</b> Chairman of the Board, Infosys	<b>Member</b>
<b>Dr. Rukmini Banerji</b> CEO, Pratham Education Foundation	<b>Member</b>
<b>Shri Manish Sabharwal</b> Chairman, TeamLease Services	<b>Member</b>
<b>Shri Dharendra Swarup</b> Former Secretary, Ministry of Finance	<b>Member</b>
<b>Shri Radha Krishna Mathur</b> Former Chief Information Commissioner of India	<b>Member</b>
Central Vigilance Commissioner	<b>Member</b>
President, ICAI	<b>Member</b>
<b>Shri Pullela Gopichand</b> Badminton Champion/Coach	<b>Member</b>
<b>Shri Arun Kumar Singh</b> Former Indian Diplomat	<b>Member</b>
<b>Dr. Devi Prasad Shetty</b> Chairman and Executive Director, Narayana Health	<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 first meeting of the reconstituted Board held on 7 January 2019, issues such as role of audit as a contributor for good governance, impact of audit, audit effectiveness, audit guidance, outcome based audit approach and developing domain expertise 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 2

### Key Results and Achievements - Audit

**K**ey 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 2018-19.

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

The IA & AD conducts performance, financial and compliance audits. The details of audits conducted during 2018-19 are given in the following paragraphs:

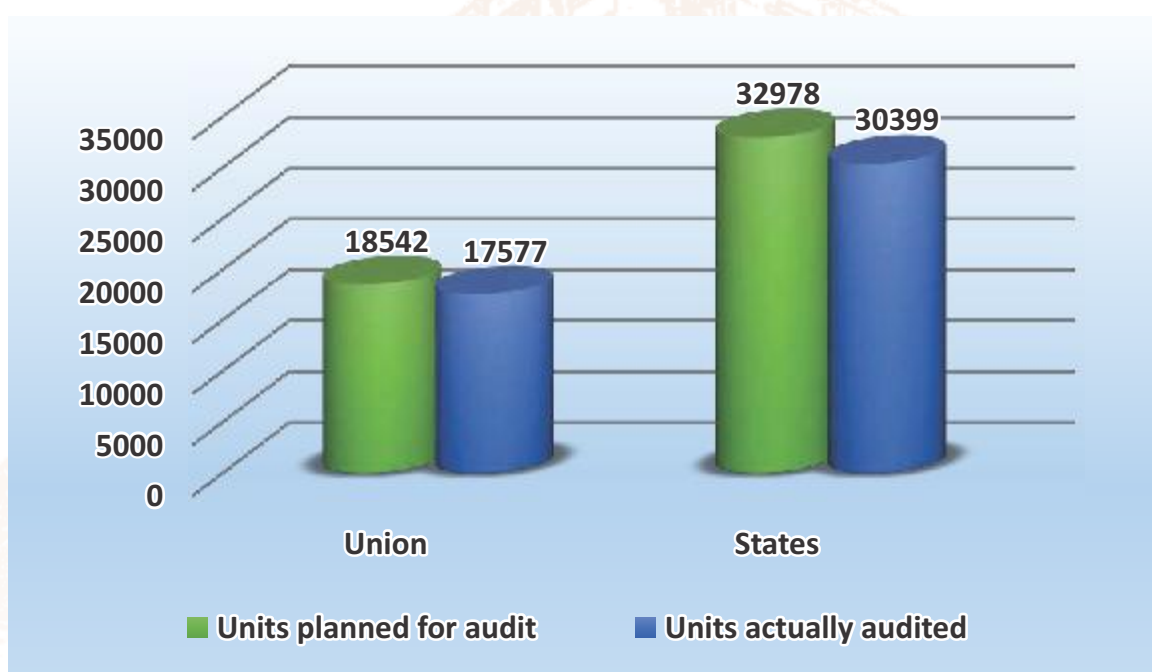
#### IA. Compliance Audits:

##### (i) Audit Coverage

A total of 47,976 units were audited during 2018-19. The graph below shows that 94.8 *percent* of the planned audits at the Union level and 92.18 *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 47,976 units audited during the year, inspection reports in case of 36,304 units (75.67%) were issued in 2018-19. At the Union level, 86.14 *percent* of the inspection reports were issued on time i.e. within 30 days, while at the State level, the on-time performance was 78.74 *percent*.





	Inspection Reports issued	Inspection Reports issued within 30 days	Percentage of IRs issued within 30 days
Union	12,774	11,003	86.14%
States	23,530	18,528	78.74%
<b>Total</b>	<b>36,304</b>	<b>29,531</b>	<b>81.34%</b>

## (iii) Observations made in compliance audit:

Significant audit observations made in compliance audit are included in the Compliance Audit Reports. During 2018-19, 14,810 paragraphs (1,095 in the Union reports and 13,715 in the State reports) were included in these reports. At the Union level, 759 of the 1,095 paras were accepted and 73 paras were partially accepted by the audited entities.

At the State level, of the 13,715 paras, 9,715 were accepted and 220 were partially accepted by the audited entities.

## IB. Performance Audits

Audit Reports on 95 performance audit topics were approved during 2018-19, as summarized below.

Performance Audit Topics	
Union Level	16
State Level	79
<b>Total</b>	<b>95</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 4,475 accounts of Union and State Governments, PSUs, Autonomous Bodies, externally aided projects and others. 2,956 certificates of audit were issued within the prescribed time frame.

The delays in certification of accounts were on account of receipt of incomplete accounts; revision of accounts; late receipt of accounts

### 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 73 Audit Reports (which included results of Reports on 95 Performance Audit Topics) during 2018-19, 15 for tabling in the Parliament and 58 in the State Legislatures. Of these, 14 Reports for Parliament and 45 Reports for the State Legislatures were tabled during 2018-19. Further, 9 Union Audit Reports and 36 State Audit Reports of previous years were also presented to Parliament/Legislatures during 2018-19.

	Accounts examined	On time Audit Certification
Union/State Government	316	283
PSUs	1,795	1,250
Autonomous Bodies	807	363
Externally Aided Projects	248	95
Others	1,309	965
<b>Total</b>	<b>4,475</b>	<b>2,956</b>

from ABs, Companies and Statutory Bodies; procedural delays; delays due to non-receipt of records for verification of accounts and non-settlement of observations; delays in receipt of replies to audit observations; longer time taken in discussion with management on critical issues and bunching of accounts, etc.

We made 1,435 recommendations to our audited entities at the Union and State levels. Of these, 583 recommendations were accepted.



	No. of Reports prepared during the year	Recommendations made	Recommendations accepted
Union Government	15@	130	73
State & Union Territory Governments	58@@	1305	510
<b>Total</b>	<b>73</b>	<b>1435</b>	<b>583</b>

@ Of these, 14 were presented to Parliament during 2018-19

@@ Of these, 45 Reports were presented to the State Legislatures during 2018-19

## II. Our Audit Impact

### IIA. Performance Audit

Reports on 95 performance audit topics were finalized during 2018-19. We made 606 recommendations, of which 291 recommendations were accepted by the audited entities, as summarized below.

	Performance Audit Topics	Recommendations made	Recommendations accepted
Union Level	16	105	58
State Level	79	501	233
<b>Total</b>	<b>95</b>	<b>606</b>	<b>291</b>

The implication of these changes was: (a) Amendment to Notes to the Accounts: ₹4541.53crore (b) Classification mistakes: ₹2852.14crore (c) Changes in profit and loss: ₹5872.98crore and (d) Changes in assets and liabilities: ₹6577.56crore.

### IIB. 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 177 companies and corporations, as a result of supplementary audit.

## III. Major Audit Findings

During the year, 23 Reports (including 9 Reports of previous years) were tabled in the Parliament and 81 Reports (including 36 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 National Projects (Report No. 6 of 2018)
- Performance Audit on Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) (Report No. 10 of 2018).
- Performance Audit of Scheme of Post Matric Scholarships to the Students Belonging to Scheduled Castes for Studies in India (Report No. 12 of 2018).
- Performance Audit Report on National Rural Drinking Water Programme (Report No. 15 of 2018).
- Performance Audit Report on Accelerated Irrigation Benefits Programme (Report No. 22 of 2018).
- Performance Audit on Augmentation of Station Line Capacity on selected stations in Indian Railways (Report No. 17 of 2018).
- Performance Audit on Compliance to Statutory requirements in engagement of contract labour by Indian Railways (Report No. 19 of 2018).
- Commercial – Compliance Audit - General Purpose Financial Report (Report No.18 of 2018).
- Defence Services - Performance Audit Report on Capital Acquisition in Indian Air Force (Report No.3 of 2019).
- Communication- Performance Audit & Compliance Audit Report: PA on Spectrum Management in DoT, TA on

Core Insurance Solution (CIS) in Department of Post and TA on Telecom services provided by BSNL in North East Region (NER) of India (Report No. 21 of 2018).

- Direct Taxes- Performance Audit on Assessment of Assesses in Entertainment Sector (Report No. 1 of 2019).
- Direct Taxes- Performance Audit on Assessment of Assesses in Real Estate Sector (Report No. 23 of 2018).
- Indirect Taxes (Customs)- Performance Audit Report on Working of Inland Container Depots (ICDs) and Container Freight Stations (CFSs) (Report No. 16 of 2018).
- Defence Services- Compliance Audit Report on Ordnance Factories (Report No. 8 of 2018).
- Defence Services- Compliance Audit Report on Navy and Coast Guard (Report No. 9 of 2018).
- Defence Services- Compliance Audit Report on Army (Report No. 13 of 2018).
- Commercial- General Purposes Financial Report of CPEs (Report No. 18 of 2018).
- Audit Report on Compliance of FRBM Act, 2003 (Report No. 20 of 2018).

### III B. CAG Reports tabled in State Legislatures

- Jharkhand (Report No. 4 of 2018) Audit of Production and transportation of woollen blankets by Jharcraft - fraudulent payment of 18.41 crore (TA) & Audit of Jharkhand Police Housing Corporation Ltd. (JPHCL) (TA).
- Uttar Pradesh (Report No. 2 of 2018) Rajiv Gandhi Grameen Vidyutikaran Yojana (PA).



- Bihar (Report No. 1 of 2018) Bihar State Building Construction Corp Ltd. (PA) & Development of Education Infrastructure by Bihar State Educational Infrastructure Development Corporation Ltd.(TA).
- Madhya Pradesh (Report No. 4 of 2018) Construction Omkareshwar Sagar Project (Canals) (PA).
- Madhya Pradesh (Report No. 5 of 2018) Compliance Audit on Functioning of Residential Schools and Hostels for STs.
- Chhattisgarh (Report No. 3 of 2018) National Rural Health Mission (PA), Implementation of National Food Security Mission (PA), e-procurement system in Chhattisgarh (TA) & Follow-up audit of the Performance Audit on development of roads under Central Road Fund and Minimum Needs Programme.
- Uttarakhand (Report No. 2 of 2018) Reconstruction of Infrastructure post 2013 Disaster in Uttarakhand (PA).
- Odisha (Report No. 2 of 2018) Implementation of Pradhan Mantri Gram Sadak Yojana in the State (PA), Implementation of National Cyclone Risk Mitigation Project and Odisha Disaster Recovery Project in the State (PA), Information Technology Audit on Works and Accounting Management Information System (PA), Management and Distribution of Custom Milled Rice (TA), Administration of jails in the State (TA) & Implementation of National Drinking Water Programme (TA).
- West Bengal (Report No. 5 of 2018) Performance Audit on Pollution by Industries in West Bengal.
- Assam (Report No. 5 of 2018) Compliance & Performance Audit.
- Nagaland (Report No. 2 of 2018) Compliance & Performance Audit.
- Sikkim (Report No. 1 of 2018) Compliance & Performance Audit.
- Tripura (Report No. 2 of 2018) Compliance & Performance Audit.
- Arunachal Pradesh (Report No. 2 of 2018) Compliance & Performance Audit.
- Manipur (Report No. 2 of 2018) Compliance & Performance Audit.
- Mizoram (Report No. 2 of 2018) Compliance & Performance Audit.
- Meghalaya (Report No. 3 of 2018) Compliance & Performance Audit.
- Karnataka (G&SSA) (Report No. 4 of 2018) Performance Audit of Solid Waste Management in Urban Local Bodies.
- Karnataka (E&RSA) (Report No. 5 of 2018) Grant, Lease, Eviction of Encroachment, Regularisation of Unauthorised Occupation of Government Lands.
- Tamil Nadu (G&SSA) (Report No. 1 of 2019) State Finance Report.
- Gujarat (G&SSA) (Report No. 5 of 2018) Audit Report on Local Bodies.
- Maharashtra (Report No. 4 of 2019) Audit Report on PSUs.

#### 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 – CAG Report No. 34 of 2017 on Loans to Independent Power Producers by REC and Power Finance Corporation Limited**

- Board of Directors of Rural Electrification Corporation (REC) revised its Guideline for Appraisal of Private Sector Power Project and Policy for promoter contribution for private sector projects.

##### **Commercial - HM No. 10 dated 17.05.2018 issued in MOIL**

- MOIL Limited (Manganese Ore India Limited) has modified its accounting policy relating to 'Manganese Ore Sales' and included the revised accounting policy in the statement of Significant Accounting Policies

##### **Defence - C&AG report No. 05 of 2017 regarding 'Construction of Indo China Border Roads by BRO'**

- The policy guidelines have been modified by including engagement of professional agencies for preparation of DPR. Further, to enhance accuracy of survey and preparation of DPR LIDAR technology has also been adopted under above guideline.

##### **Defence - Para 7.1 of C&AG Report No. 35 of 2014 regarding 'Defence Grant-in-Aid scheme of Defence Research and Development Organization'.**

- A new Standard Operation Procedure (SOP) has been formulated in conformity with principles and procedure enumerated in GFR which is commonly applicable to all the Research Boards and DER & IPR duly approved by the Ministry.

##### **Defence- Para 4.1 of C&AG Report No. 44 of 2014 regarding 'Loss due to excess payment and short recovery of electricity charges'**

- A guideline has been issued to be adopted by MES executives covering all issues on excess payment to state electric supply agencies and short/non recoveries of electricity charges.

##### **Defence - Para 7.6 of Report No. 15 of 2017 regarding 'Avoidable loss of ₹31.32 crore towards rejection of empty Fuse A-670M due to delay in defect investigation'**

- In view of Audit's observation and as per direction of MoD (September 2017), detailed procedure of 'Defect investigation' has been included under Para 6.0 of the SOP in respect of 'Quality Management system in Ordnance Factories'.

##### **Railways - Audit Para No.5.2 of Report No.14 of 2017**

- Railway Administration has decided to initiate the proposal for payment of spectrum charge well in advance to avoid late fee and now payment is up to date i.e. up to 30.09.2017 and it is ensured that late fee will be completely avoided in future.

##### **Railways - Audit Para no. 2.4 of Report No. 05/2017-18 on "Incorrect data entry in ICMS"**

- Ministry of Railways has taken (December 2018) remedial action in this regard. To address the issue of wrong data feeding and consequent discrepancy in NTES vis-à-vis actual train timing, Railways have decided to install data loggers at selected locations. So far, these have been installed at 162 locations.





### Railways - Audit Para No.2.1 of Railway Audit Report No.5 of 2018

- Ministry of Railways (Railway Board) while replying (February 2019) to Audit Para has stated that based on the feedback from different quarters, flexi fare scheme in Rajdhani, Shatabdi and Duronto Trains has been rationalized. Flexi Fare has been discontinued from 15 trains. Discontinuation of flexi fare scheme during pre-defined lean period of 3 months (February, March and August). Maximum cap of flexi fare scheme has been reduced to 1.4 times in all flexi applicable classes. All these changes have been implemented with effect from 15-03-2019.

### Audit Report of Nabkisan Finance Ltd. for 2017-18/ Audit Note 4 issued by the CAG Audit party-Notes to the Financial Statements-Note No.2.5- Revenue Recognition- Income on Loan Transaction

- The company has made changes in its accounting policy for the year 2018-19 and disclosure made in pursuance of Para 27 of Accounting Standard-1.

### FCI Accounts Audit for the year 2017-18

Food Corporation of India framed/changed the following policies at the instance of audit:

- Significant Accounting Policy No. 4(b)**  
**SALES:** Sales are recognized on issue of Release Order based on the allocation at the Central Issue Price (CIP), any other pre-decided rate like Economic Cost, accepted tender rate etc.
- Significant Accounting Policy No. 16 :**  
Writing off of Bad & Doubtful Debts/ Claims/Loans & Advances: The claims/

loans and advances/debts of the Corporation shall be carried in the books of accounts of the Corporation for consecutive 5 (five) financial years from the year of its origin and in the 6<sup>th</sup> year, these claims/loans and advances/debts shall be written off as bad in the books of Accounts.

- Significant Accounting Policy No. 17:** Write back Liabilities/Trade Payables Liabilities/ Trade Payables of the Corporation shall be carried in the books of accounts of the Corporation for consecutive 3 (three) years from the date of its origin and in the 4<sup>th</sup> year, these liabilities /trade payables shall be written back in the books of accounts and credited to Income.

### CWC Accounts Audit for the year 2017-18

- Central Warehousing Corporation** framed/ changed the following policies at the instance of audit: Policy framework/ guidelines for writing off the bad debts outstanding for more than 10 years were approved by the BOD in its meeting held on 27.11.2018 to write-off the irrecoverable debts as per the policy framework in the year 2018-19.
- BOD has approved the creation of separate trust for the post-retirement medical benefits (PRMB) which was formed in the year 2018-19 on the instance of Audit.
- Accounting policy No. 15(d) on recognition of interest income is being amended.
- Accounting policy No. 18 for accounting of insurance claim is being amended so as to cover all kind of claims i.e. stocks of the depositors and the property of CWC.





**Para 1.1.1 & 1.1.2 of Local Audit Report of Consulate General of India, New York for the period November 2017 to October 2018**

- The Consulate General of India, New York prepared an SOP based on passport manual and other guidelines of GOI for handling of asylum category applicants. The Mission also inserted caution note in Passport related Information Data Exchange (PRIDE) database in respect of asylum category applicants for passport.

**IV B. State Audit**

**Chhattisgarh – Paras 2.1.9.5, 2.9.5.6, and 2.1.10.4(a) of Audit Report on PSUs for the year ended 31 March 2017 - Performance Audit on "Finalization of rate contracts and procurement of materials by Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Ltd."**

- It was recommended in the audit report for initiating action for qualifying ineligible bidders and procuring materials from cancelled Rate Contracts (RCs). The company issued orders for withholding the payments and banning RCs until further orders. The company issued directions for transactions in respect of Special Purpose Vehicles (SPV) Companies.

**Jharkhand - Para No. 4.3.13. Chapter-IV, Report No 3 of 2015**

- Schedule-I Part-C of JMVT Act, 2001, pertaining to tax rate chart of PSV has been revised on the basis of classification of PSV vide Jharkhand Motor Vehicle Act, 2018 effective from 31.01.2019.

**Jharkhand - Para No. 4.3.17. Chapter-IV, Report No 3 of 2015**

- As a measure to evade defaulting trailers, provision for levy of onetime tax at the time of registration of trailers has been introduced vide Jharkhand Motor Vehicle Amendment Act, 2018 effective from 31.01.2019.

**Jharkhand - Para No. 4.3.20.1- Chapter-IV, Report No 3 of 2015: Non-phasing out of old vehicles**

- To discourage plying of old vehicles more than 12 year old, green tax has been imposed at the rate of 10 per cent of tax due and at the same time provision for allowing rebate on old vehicle has been dispensed with vide Jharkhand Motor Vehicle Amendment Act, 2018 effective from 31.01.2019.

**Jharkhand - Para No. 4.3.20.2 - Chapter-IV, Report No 3 of 2015: Vehicular pollution**

- To control vehicular pollution, Government encouraged plying of battery operated vehicles by allowing a rebate of 25 per cent on liable tax vide Jharkhand Motor Amendment Act, 2018 effective from 31.01.2019.

**Madhya Pradesh - Supplementary Audit Comments on Accounts of Distribution Companies for the year 2016-17**

- MP Madhya Kshetra Vidyut Vitaran Co. Ltd.: Accounting the amount of debts taken over by the Government under UDAY scheme as 'Other Income'. On being pointing out Company changed



their accounting policy and disclosed under Exceptional Items.

**Madhya Pradesh – IR observation No. 32 for the office of RAO Ujjain for the period 2013-16**

- MP Paschim Kshetra Vidyut Vitaran Co. Ltd.: West DisCom framed a policy and issued Standing Instructions for weekly transfer of funds collected in RAOs bank accounts to the Head office account that to avail auto swap facility and earn interest on idle funds.

**Madhya Pradesh – Supplementary audit comments on the accounts for the year 2016-17**

- Madhya Pradesh Power Transmission Company Ltd. Jabalpur modified its accounting policy for Trued up Income (except cash terminal benefits paid) under revenue recognition.

**Uttar Pradesh - Report for the year ended March 2017 in para No. 2.3(2.3.4.2)**

- Government of Uttar Pradesh has opened separate budget head (2210-80-800-03-04) for the activities of registration of births and deaths.

**Andhra Pradesh Towers Limited Accounts: 2016-17 Notes forming part of financial statements:**

- Significant Accounting Policies disclosed by the Company does not contain a policy on treatment to be accorded to government grants received from Government from time to time. This has resulted in non-compliance of the provisions of the Companies Act, 2013. On being pointed out, Company revised its accounts.

**Andhra Pradesh - Leather Industries Development Corporation of Andhra Pradesh for the period 01.04.2014 to 01.06.2014.**

**Schedule-C - Comments on Land**

- Note No. 59 of the Significant Accounting Policies presented incorrect status on lease rents receivable and the status of the pending court case. On being pointed out, Company revised its accounts.

**Sikkim - Para 1 of IR No. 28/2018-19**

- The State Government amended the Sikkim Public Work Manual vide notification no. 5515/R&B/PWD/Secy dated 12.06.2018.

**Karnataka - Karnataka State Beverages Corporation Ltd (KSBCL): Audit enquiry No.05**

- The company was accounting the investments in debt based short term mutual funds at cost. However, as per AS-13, current investments were to be carried at lower of cost or fair value. The Company has changed the accounting policy accordingly in 2017-18.

**Kerala - Malabar Cements Limited - Paragraph No. 4.1.7 of Audit Report (PSUs) for the year ended 31 March 2017**

- Clause 8.2 of Stores Purchase Manual (SPM) issued (2013) by Government of Kerala (GoK) stipulated the bidders to furnish Earnest Money Deposit (EMD) at the rate of one per cent of the total cost of the articles tendered when the Probable Amount of Contract (PAC) is ₹1 lakh or more. However, in the Purchase Policies and Procedures of





Malabar Cements Limited, EMD was limited to ₹3 lakh when the value of PAC exceeded ₹1 crore. Government decided to follow the EMD conditions as per SPM.

### **Kerala - Malabar Cements Limited - Paragraph No. 4.1.9 of Audit Report (PSUs) for the year ended 31 March 2017**

- Clause 8.19 of SPM, specified collection of the security deposit equivalent to five percent of the total value of the contract. However, Purchase Policies and Procedures of Malabar Cements Limited stipulated collection of security deposit at five percent of three months' order value for annual contracts. The Company modified their purchase policy in line with SPM.

### **Kerala - Paragraph No.4.7 Audit Report (PSUs) for the year ended 31 March 2017**

- Non-adherence of Kerala Feeds Limited to the safety instruction issued by Reserve Bank of India while making electronic payments resulted in loss of ₹0.24 crore. Government directed all PSUs to introduce a strong internal control mechanism by ensuring the safeguards prescribed by Reserve Bank of India to avoid financial loss under electronic fund transfers.

### **Kerala - Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2011 (Commercial)**

- Government issued strict and detailed instructions to be followed by the Public Sector Undertakings to avoid financial loss, while incurring expenditure for advertisements.

### **Rajasthan - Audit Report 2006-07 (Civil) Para No. 4.3.4**

- By GoR notification dated 22.03.2018 changes have been made in Section 5 of the Rajasthan Lokayukta and UP-Lokayukta Act, 1973 so as there should be no vacancy on the Post of Lokayukta in compliance to recommendation of PAC (PAC Report No. 96<sup>th</sup> of 2011-12 (13<sup>th</sup> Vidhan Sabha) and ATR No. 176<sup>th</sup> of 2012-13 (13<sup>th</sup> Vidhan Sabha) on Para No. 4.3.4 of Audit Report 2006-07 (Civil).

### **Rajasthan - Separate Audit Report (SAR) on Annual Accounts of Rajasthan State Human Rights Commission, Jaipur for the year ended 31<sup>st</sup> March 2017**

- Rajasthan State Human Rights Commission, Jaipur changed its basis of accounts preparation from cash to accrual after this group's comments on accounts.

## **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 2019:

	ATNs awaited at the end of 31 March 2019	ATNs settled during the year 2018-19
Union level	684	733
State Level	8,621	824
<b>Total</b>	<b>9,305</b>	<b>1557</b>

## CHAPTER 3

### 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 NCT of Delhi and Goa), maintenance of GPF accounts in twenty States (twenty two offices – include Maharashtra-I & II and Uttar Pradesh-I & II), authorization of pension payments of State Government employees in nineteen States (twenty offices – include 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 2018-19 are given below.

#### I. Performance related to Accounts function

**I A** 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 2017-18:

Sl. No.	Name of the State	Date of certification
1	Andhra Pradesh	27.06.2019
2	Arunachal Pradesh	29.05.2019
3	Assam	17.06.2019
4	Bihar	29.07.2019
5	Chhattisgarh	31.07.2019
6	Gujarat	02.01.2019
7	Haryana	03.01.2019
8	Himachal Pradesh	04.07.2019
9	Jammu & Kashmir	21.12.2018
10	Jharkhand	01.08.2019
11	Karnataka	26.02.2019
12	Kerala	28.01.2019
13	Maharashtra	07.12.2018
14	Manipur	21.12.2018



15	Meghalaya	30.01.2019
16	Mizoram	26.02.2019
17	Madhya Pradesh	29.07.2019
18	Nagaland	07.12.2018
19	Odisha	11.07.2019
20	Punjab	07.12.2018
21	Rajasthan	19.11.2018
22	Sikkim	26.11.2018
23	Tamil Nadu	08.01.2019
24	Telangana	20.12.2018
25	Tripura	04.06.2019
26	Uttar Pradesh	Not yet signed
27	Uttarakhand	12.12.2018
28	West Bengal	17.06.2019

### 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.
4. Quarterly Appreciation letter highlighting important fiscal issues.

### I C. Timeliness

17 out of 28 Accounts offices rendered monthly accounts to the state governments on time throughout the year. 275 out of 364 monthly civil accounts were rendered on time during the year, while there were delays in rendering the remaining 89 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, consolidate 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 in progress.

### I F. Mapping of Sustainable Development Goals with Finance Accounts

Government Accounts Wing has taken initiatives for mapping of Sustainable Developments Goals with Finance Accounts





of the State Governments to oversee the performance of the State Government in fulfilling SDGs. As a pilot study, all PAsG/AsG (A&E) have been requested to select at least two SDGs and to map them with Finance Accounts. Eight States has completed the pilot study and the facts and figures exhibited in the pilot study have been confirmed by the concerned State Governments.

### **I G. Broad overview of FA and AA to the Head of the Finance Department**

From the accounts for 2016-17 onwards, Government Accounts Wing has initiated to communicate Head of the Finance Departments of each state through the respective PAG/AG of the state to apprise demi officially from the 'Accounts at a Glance' with broad overview of Finance and Appropriation Accounts and also fiscal indicators during the last five years of the state.

### **I H. 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 PAG/AG from the A&E offices. The draft report on revision work from all the three committee of PAGs/AGs has been received. The draft report on revision of MSO (A&E) Vol. II has been given to three different PAGs/AGs for peer review.

### **I I. Revision of Quarterly report on Key Result Areas (KRA) of A&E offices**

The quarterly KRA (Key Result Areas) report submitted by all the Accounts and Entitlements office to Hqrs office has been revised and various new parameters such as registration of the subscribers, digitization, IFMS, Long term advances etc. are added in the Accounts, Pension and General Provident fund functions. A new KRA report for keeping watch over the performance of the A&E office related to Gazetted Entitlement functions has been introduced from the quarter ending March 2019.

### **I J. Revision of template of Annual Accounts at a Glance**

The new revised template based on the Account at a Glance of Himachal Pradesh was circulated to all the Accounts and Entitlement offices on 08.01.2019. The Accounts at a Glance is being prepared by all the offices in the revised format as described by the Hqrs office.

### **II A. Treasury Inspections**

PAsG/AsG (A&E), being the compiler of the State Government Accounts, examines 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 computerized. Inspections of 2,708 treasuries/sub-treasuries were carried out during the year 2018-19. As a result of these inspections, 2,626 Inspection Reports were issued and 3,145 recommendations made.

### II B. Major Findings of Treasury Inspections during 2018-19

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:

- a) To put in place validations to control expenditure on budget releases to avoid payments without budget provisions and to take up necessary measures to avoid double payment on same vouchers/bill (Andhra Pradesh).
- b) To review adverse balances in class IV GPF package and misclassification of Class IV GPF subscription in to regular GPF (Andhra Pradesh).
- c) Various cases of excess payment, less payment of pension and misclassification of payment of pension such as booking of other State Pensioners were noticed (Bihar).
- d) On verification of Special Treasury Saving Bank Accounts in District Treasury, Kozhikode, it was observed that an amount of ₹40,85,918 were lying idle in the account of District Collector, Kozhikode and District Medical Officer, Kozhikode for the last five years (Kerala).
- e) Special Treasury Saving Bank Account (STSB account) are opened for specific purpose only and do not bear annual interest. But, annual interest was allowed for the year 2002-03 to 2015-16 in STSB account of Kerala Land Development Corporation and Kudumbashree. The largest amount credited to their account was ₹22.40 lakh for the year 2007-08 (Kerala).
- f) Non Mustering of pension and Excess payment of pension (Kerala).
- g) Excess and irregular payment of ₹87 lakh in case of 54 pension case were noticed in 9 treasuries and undisbursed pension of ₹62.31 lakh lying in the banks and not credited to Govt. Account (Maharashtra-I).
- h) Final refund of GPF of ₹4.23 crore in case of 50 pensioners without observing conditions in 5 treasury offices (Maharashtra-I).
- i) Non remittance of unspent balance of ₹876.37 crore in Govt. Accounts lying in PLAs (Maharashtra-I).
- j) Retention of balance in Personal Ledger accounts relating to old period and rolling of unutilized funds under 8443-Civil Deposits (Odisha).
- k) Departmental receipts should be reconciled with data of treasury as per the Government orders but many DDOs in 70 treasuries did not follow the reconciliation process. Due to this, misappropriation cannot be denied (Uttar Pradesh-I).
- l) As per Govt. order, if pension sent to bank after death of the pensioner/ family



pensioners, it should be recovered with interest from the bank and same be deposited in the proper head of account but ₹3.36 crore pension / family pension amount has not been recovered from many banks (Uttar Pradesh-I).

m) Non recovery of penal interest of ₹50.99 lakh for delayed credits to Govt. Accounts by the banks in case of 7 treasury offices (Maharashtra).

n) Lack of proper control in the computer system resulting in double payment of salary because if anyone entered the bill number other than the number generated by the SevaMegh, then the system accept the same and the “Advice Register of Passed Bill” report is also generated resulting double payment of salary. However, the system does not allow users to enter duplicate salary bill number. If the treasury officer is not being informed by the DDOs about the discrepancies noticed in the Inner Sheet about retirement / death/ transfer of his or her staff, then this may result in double payment of salary to the officer / officials (Meghalaya).

o) Regular and scheduled backup policy should be implemented by the treasury officer at Cyber treasury but during inspection, it was found that log book was not maintained in the treasury. In the absence of Log book, it could not be ascertained whether the backup policy was actually in place or not (Meghalaya).

### 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 GPF 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 Complaints Wing of the Headquarters' office in case subscribers/pensioners is not convinced from the reply of AG office. During the year 2018-19, a proposal has been approved and conveyed to NIC Wing to upgrade the application to get it developed in latest technology to make the system as responsive to cater the users to work in any browser and in any device like mobile, tab, laptop etc.

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

Information related to the status of pension, GPF and GE functions 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 5,18,494 original and pension revision cases during 2018-19. 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 Andhra Pradesh, Assam, Bihar, Haryana, Himachal Pradesh, Jharkhand, Kerala, Maharashtra I and II, Meghalaya, Nagaland, Odisha, Tamil Nadu and West Bengal; 30 to 45 days in Jammu and Kashmir, Manipur, 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 2018-19, we maintained 31,34,433 GPF accounts through 20 A&E offices. Accounts slips in respect of 30,19,071 GPF accounts (96.32 percent) were issued on time.

No. of GPF accounts maintained during 2018-19	No. of accounts slips issued in time
31,34,433	30,19,071

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

The IA&AD is committed to fulfilling its responsibilities of providing quality services to clients within the prescribed time frame 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 major initiatives taken by various Accounts and Entitlement offices in this regard.

### Area of focus

#### IV A. GPF:

- A new webpage has been developed in Andhra Pradesh for viewing missing credits and missing debits in GPF accounts from the period 1997 onwards and GPF slips of the employees of this office and State govt. hosted on office website with OTP verification.
- In Andhra Pradesh, with the roll out of CFMS w.e.f. 02.04.2018 by the State Govt., the receipt of physical vouchers / schedules has been stopped from all the Account rendering Units. Data pertaining to GPF (e-vouchers/schedules) are being downloaded from CFMS and posted. The manual data entry has been done away with.
- In Kerala, the GPF applications are accepted online for final and part final withdrawal / advances or conversion claims, these were processed electronically and digitally signed e-authorities sent to Salary & Payroll Administrative Repository for Kerala (SPARK), the online portal. The subscriber can view it online and take printout.
- In order to provide better entitlement services, Maharashtra office has formed peripatetic parties with an objective to collect requisite information from the DDOs having substantial outstanding missing credits/Un-posted items to



facilitate clearance of outstanding items and to sensitize them on the need to furnish the correct GPF Nos. and other details so as to prevent accretion of such item in the future. A peripatetic party was sent to 28 DDOs of 3 treasuries during the year 2018-19. This exercise will be continued till the clearance of outstanding missing credits/Un-posted items.

- e) In Manipur, facilities are available to download final payment authority, updation of final payment details, clear missing credits online, online receipt of application for final withdrawal, online grievances filing and intimation through SMS for receipt and finalisation of the case.
- f) Nagaland office has sent three Special peripatetic teams to 37 departments for verification of wrong GPF account number and names in the year 2018-19. They have verified 299 GPF Accounts and all amount lying were duly credited into the verified GPF account number. Similarly, five peripatetic parties were sent to seven departments to verify the status of dormant account. The parties found that 26 accounts pertained to retired officers, 5 accounts pertained to expired officers, 12 accounts were duplicate allotment and 1 account was under New Pension Scheme.
- g) The online GPF Information System was launched in Nagaland during 2017-18 and the office was awarded the Enterprise Application category award in the First North East Technology Sabha, an Indian Express Group initiative on 24<sup>th</sup> Nov. 2018 at Guwahati.
- h) A mobile App 'nGPF 24x7' has been developed by Nagaland for GPF subscribers of the State Govt. in the month of December 2018. Similarly, a mobile app mGPF is available in the Google play store for clients to know the status of their GPF balances / subscription in Tripura.
- i) The GPF legacy data of 89% of the subscribers have been uploaded in the Nagaland office website enabling subscribers to view their GPF statement starting from the date of their enrolment to GPF. The registered subscribers can view their detailed GPF statements from 1998-99 onwards.
- j) In Manipur, facilities are being upgraded to download final payment authority, updation of final payment details, clear missing credits online, online receipt of application for final withdrawal, online grievances filing and intimation through SMS for receipt and finalisation of the case.
- k) A camp office was set up by Uttar Pradesh-I office at KumbhMela for the Redressal of the grievances of GPF subscribers and pensioners retired before 1988. More than 800 GPF subscribers visited the camp and all their queries are fully settled.
- l) E-Posting of GPF debits and credit started from December 2018 in Tripura.
- m) In Uttar Pradesh-I, a seminar of DDOs of all departments and treasury officers, Accountant General, Accounts officers and Assistant Account Officers at Chitrakoot was organised on 18.01.2019 under chairmanship of Accountant General. In

this seminar, it was guided what precautions they had to take in sending final payment and reconciliation cases to office of Accountant General so that subscribers should get their GPF Payment timely.

- n) In Uttarakhand, a mobile app named GPF Uttarakhand was launched to facilitate the employees of the Uttarakhand Govt. to track information relating to General Provident fund. This mobile application also enables storage of GPF information in local devices and accesses this information for all future reference without Internet Connectivity. Around 96 percent subscribers have registered their mobile number for SMS facility.

#### IV B. Pension:

- a) Haryana office has introduced online diary Management system and all pension revision cases are now being submitted through Diary management System for speedy disposal of the cases.
- b) Haryana has implemented digital signed Pension Payment Order (PPO), FPPO and other authorities
- c) In Haryana, digitisation cell has been formed and entrusted with the work of scanning of current and old files. Around 2.15 lakh pension case files have been scanned. Similarly, Kerala Office has scanned and digitised around 20,96,479 pages of pension records up to 20.06.2019.
- d) In Kerala, the system of e-authorisation and uploading of pension proposal in the SAI module was implemented to ensure speedy processing of pension claims and save the expenditure on postage as well as the time required for movement of physical documents. The e-authorisation would simultaneously be uploaded to the treasury portal and to the public portal for the benefit of all the stake holders. In addition, pensioner will also receive SMS to this effect.
- e) Manipur office has provided the facility to download copy of Pension Payment order/Gratuity Payment Order/ Commutation Payment order, updation of pension finalisation details on daily basis, online receipt of pension/revision of application, digitally signed authorities and online grievances filing.
- f) In Manipur, around 4,600 pension files out of 55,000 pension files for the period prior to June 2015 has been digitized. Similarly, 5,081 pension files out of 10,187 pension files relating to the period from June 2015 has been digitized.
- g) In Nagaland, the SMS service for pension and GPF was launched in June 2019 to inform pensioner about the status of their pension and GPF final payment cases.
- h) In Odisha, various banks/treasuries are required to upload the pension revision cases to ARPANA portal and these are being downloaded by the PAG office for further processing. After finalization of each revision case, online authority for revision is issued with "Digital Signature" which is being downloaded by the banks / treasuries at their end, resulting in hassle free and paper less movement of Pension papers & authorities. Pensioners can also download the copy of e-authority from the



same portal. (Odisha)

- I) In Punjab, a power point presentation with the subject “General guidelines to prepare pension cases” has been uploaded on the official website for the help of all the banks, treasuries and pensioners. The pension adalats were also held in all the districts to solve the problems faced by the pensioners. The queries and problems of the pensioners who approached to the pension adalats were settled on the spot.
- j) In Tamil Nadu, implementation of e-authorisation was started for regular cases from October 2018 and for revision cases from January 2019. In all 12,841 cases, e-authorisation was issued up to 31.03.2019.
- k) Tamil Nadu has digitized around 7 lakh pension cases and revision cases are being processed on the basis of scanned images of the original cases without retrieval of the old cases.
- l) In Tripura, Pension Payment Order, Gratuity Payment Order and Commutation Payment Order authorities are issued in a single page A-4 size instead of conventional pre-printed forms reducing time taken to process each authority form separately and signed by authorised authority.

#### IV C. Gazetted Entitlements:

- a) In Jharkhand, an online Leave Management System for the employees and officers of State govt. was launched in June 2018 and leave application are being submitted online by the employees to sanctioning authority. The sanctioning authority after sanction of leave, forward the same to Pr. AG office online for further course of action.
- b) In Kerala, all DDO function relating to processing of non-salary bills have been migrated to the online IBEMS-PFMS module w.e.f. 01.06.2018 and processing of salary has been migrated to EIS module of PFMS w.e.f. 01.11.2018. Employees can now view entire personal information, current posting, loan details, GPF bank Accounts details etc. by login in PFMS Portal. The user can also take printout of the details. All payments, accounting and reconciliation activities are now carried out through PFMS.
- c) Kerala office has started process of online receipt of leave application and sanction order through SPARK module.
- d) In Karnataka office, the entire activities of GE Group have been computerised through implementation of GEMS in six modules i.e State Gazetted Officer, UGC/AICTE, judiciary, AIS etc. The leave account which is being updated twice in a year and transmitted to the State HRMS has helped the users and the officers considerably in reduction of correspondence and communication of leave title etc. Due to integration of leave account with HRMS, number of visitors to this office for such requests has been reduced.
- e) Manipur office has provided facilities to download pay slips, view leave account, service record etc., online receipt of application from department, updation of details, intimation through SMS on receipt and finalisation of pay slips and online grievances filing.



- f) Odisha office has made available loanees wise monthly status through HRMS module of State Govt. to all the State Govt. employees along with SMS facility. The status report can be downloaded so that any misreporting in his or her HRMS account can be taken up immediately.

#### 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 almost in all offices. As a result of these steps, an overall drop in complaints has been observed. Nationwide office have taken initiatives to hold adalats for the employees or workshops for the treasury officers to interact with the stakeholders directly, so as to better understand their problems. The detail of such adalats or workshop conducted is as below:-

1. In Haryana, Pension Adalat was held on 18.09.2018 in which around 700 withheld cases of DCRG were cleared. Many grievances were resolved on the spot.
2. In Maharashtra, four workshops were organised for sensitisation of the Drawing and Disbursing officers, on the need of

online submission of pension cases within the stipulated date and time and in complete shape. A Pension Adalat was also held for the pensioners in September 2018. 500 pensioners/agents of pensioner were visited in the Adalat and more than 100 pension related issues were resolved and authorities were distributed to those pensioners during the Adalat.

3. In Maharashtra, Provident fund workshop cum Adalat with the objective of focused at achieving greater subscriber's satisfaction and minimizing grievances due to missing credits and Unposted items in the GPF accounts of the State Govt. subscribers was conducted for Drawing and Disbursing officers at Satara, Ahmednagar, Dhule and Jalgaon under the guidance of the Accountant General.
4. In Uttar Pradesh-I, Pension adalat was organised on 18.09.2018 in the office premises with the objective to minimize the grievances of the pensioners / family pensioners. Out of fifty four cases, thirty three were resolved immediately and rest 21 were taken up by the concerned DDOs to resolve at their end.
5. Fund adalat was held in Uttarakhand on 30<sup>th</sup> and 31<sup>st</sup> October 2018 which was attended by 140 DDOs as well as GPF subscribers. The office was able to create awareness amongst DDOs about facilities being offered through website as well as for submission of complete GPF Milan/Final payment cases.
6. Multiple forums such as email, WhatsApp number, mobile number and helpdesk are





provided to ventilate the grievances of the subscribers in Tripura. It is also publicized through local Daily, flex banner and participation in local fairs and exhibitions.

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:**

#### **(i) Integrated Financial Management System**

The Integrated Financial Management System (IFMS) is an e-governance initiative of the Central Government, undertaken as a Mission Mode Project (MMP), encompassing computerization of financial transactions of the State Governments, with the aim of providing real time information on the finances of the States, for better fiscal management. The project 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.

With the advent of large scale computerisation, work processes in government are increasingly being digitised. The smooth functioning of A&E offices requires an appreciation of the current scenario and adapting to it efficiently

and promptly. While constantly endeavoring to upgrade the competencies of the staff, the offices are also keeping in step with the developments in the State Governments. Various platforms, such as conferences, seminars, workshops, with State Government functionaries, as well as other stakeholders, are being utilised, in order to enable a continuing exchange of views and creating awareness. Technology is being leveraged to expedite work processes, while improving accuracy. A number of offices are providing information to stakeholders at regular intervals through SMS and WhatsApp services. All these measures are expected to improve the quality of accounts and service/delivery, by ushering in greater transparency, efficiency and timeliness.

Various states are at different levels of implementation of IFMS. Digital data in respect of monthly accounts are being provided by eighteen States. However, complete implementation of IFMS with all its modules is yet to be done. 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.





## CHAPTER 4

### 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. The new priorities focus on good governance, fiscal prudence, efficiency & transparency in public spending instead of just identifying resources for public scheme funding. 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 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 Comptroller & Auditor General of India will broadly formulate the matter and form of keeping accounts of the Government of the Union and the States.

#### IA. Accounting Standards notified

The following three IGASs have been notified till March 2019:

- 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 till March 2019:

- 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 2018-19, 'The Guidance Note on Accounting for Fixed Assets' was approved by the 32<sup>nd</sup> meeting of GASAB held on 17<sup>th</sup> May 2018 and sent to Ministry of Finance, GoI for notification on 07 June 2018. The Strategic Development Plan (SDP) 2017-20 was finally approved with modification during this 32<sup>nd</sup> meeting of GASAB.

As per the responsibility 'To keep standards current and reflect changes in the governmental environment' of GASAB, the already notified two standards namely 'IGAS-2: Accounting and Classification of Grants-in-aid'; and 'IGAS-3:

Loans and Advances made by Governments' have been revised/modified and approved by the Board in its 34<sup>th</sup> meeting of GASAB held on 26 March 2019.

Further, standards/pronouncements on General Purpose Financial Statements of Government; Accounting of Reserve Funds, Due Process of GASAB and Concept paper on Natural Resource Accounting are under preparation.

GASAB is also making efforts to revise the other Standards duly approved by GASAB but pending notification by Ministry of Finance on the basis of the comments of the user divisions. The other two standards namely IGAS-7: Foreign Currency transactions and loss or gain by Exchange Rate Variations; and IGAS-10: Public Debt and Other Liabilities of Governments are under consideration for revision.

**II** The Professional Practices Group (PPG) has the mandate to prescribe audit procedures & policy for the Indian Audit & Accounts Department and acts as an advisory wing for various technical issues. PPG adopts a consultative approach before prescribing procedure or coming up with a new initiative. PPG also partners with the International community for development and strengthening of professional standards and practices. The Technical Board on Professional Practices advises the CAG of India on various accounting and auditing policies and procedures. The Technical Board is supported by PPG in its initiatives. In order to attain the aforesaid objectives and to strengthen the professional practices in CAG of India, the PPG during the





year 2018-19 has taken the following initiatives:

### **IIA. Practice Note with the title “Forming an Opinion and Reporting on Financial Statements”**

This Practice Note is in furtherance of the Financial Attest and Audit Manual (FAAM) and Financial Attest Auditing Guidelines for audit of State Government Accounts (FAASG) to provide application guidance with an operational focus in forming an opinion and reporting on financial statements for audit of Finance and Appropriation Accounts of State Governments and Union Government as well. The Note instructs that “Emphasis of Matter” is to be included in the Audit Certificates of CAG on Finance and Appropriation Accounts.

The Annexures to the Note include the sample format, list of comments/observations to serve as illustrations. Few transactions requiring 'emphasis' in audit certificates are mentioned therein as National Pension Scheme, Personal Deposit/ Ledger Accounts, Reserve Funds, AC/DC Bills and Utilization Certificates.

### **IIB. Lecture series named “B R Ambedkar Lecture Series”**

As lecture series named “B R Ambedkar Lecture Series” commenced in 2018 in honour of the chief architect of the Constitution, and the importance he placed on the institution of the Comptroller and Auditor General of India. The purpose of the lecture series is to give our officers the opportunity to listen to ideas and issues of importance and relevance.

The eminent personalities in different spheres namely economics, technology, governance, legislation, journalist and columnist were invited for lectures. Four lectures were delivered as part of the B R Ambedkar Lecture Series during the year 2018-19.

### **IIIA. Quality Management through Inspections**

Inspection Wing performs oversight functions on internal controls for all 131 offices in the Department. It provides assurance on compliance levels, course corrections for optimal utilization of human capital, efficiency optimization and gap analysis. Inspection provides a platform for sharing of good practices noticed in individual offices. In order to fulfill its mandate, the wing carries out on-site inspections of field offices including branch offices. Offices are selected on triennial basis as far as possible. Specific measures have been put in place this year to improve effectiveness of inspection and responsiveness of functional wings in headquarters and field offices as follows:

- (i) 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.
- (ii) 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.

- (ii) Reports have been made concise, focused and more readable to ensure the attention of stakeholders.

During the year 2018-19, 22 main offices were inspected (State Audit-08, MABs-04, Training Institutes-03, Defence-02, A&E-02, Central Audit-02 and Railway Audit-01). In addition to main offices, 8 branch offices (P&T-05, Defence-01, Audit-01 and Central Audit-01) were inspected separately during 2018-19. In all **285** party days were utilized for conducting inspections. The details of inspections planned, conducted and findings issued and settled during 2018-19 are as under:-

Thirteen (13) offices (A&E)-04, Audit-04, Central Audit-02, Railways Audit-01, MAB-01 and Training Institute-01) were peer reviewed during 2018-19 by Director General/Principal Accountants General level officers. The Inspection Wing coordinated these Peer Reviews. The follow up action is monitored by the concerned functional wings.

No. of Inspections planned	No. Inspections carried out	No. of observations raised during 2018-19	No. of observations settled during 2018-19	Total no. of observations pending compliance
28	27*	1374	149	2225

*\*Inspection of one office postponed due to administrative reasons*

### IIIB. Internal Peer Reviews

We organize Peer Review 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”, and carried out in line with the performance monitoring framework (PMF) of SAI-2016.

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

## CHAPTER 5

### How we manage our resources

SSAI 10 prescribes that SAIs should have necessary and reasonable human, material and monetary resources in order to operate effectively. They should manage their own budget effectively and allocate it appropriately.

#### I. Our Financial Management

We spent ₹4,778.13 crore in 2018–2019. Component wise details of expenditure are given below:

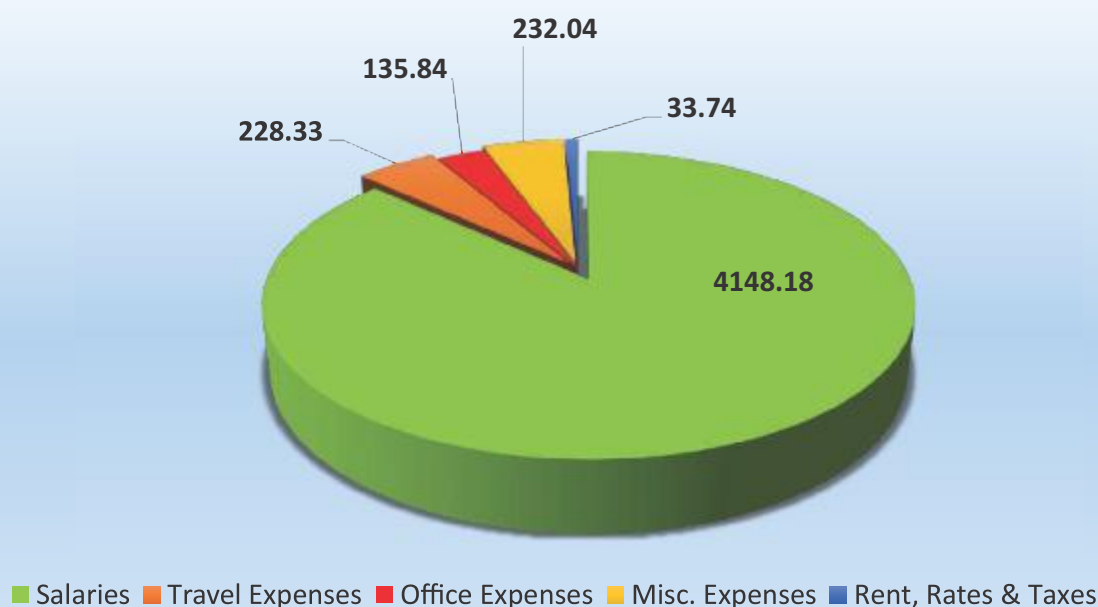
#### IA Components of Expenditure

We spent 86.82 *percent* of our resources on 'Salaries' and 4.78 *percent* on 'Travel'. Thus 91.60 *percent* of total expenditure was incurred directly on our human resources.

#### IB. Expenditure pattern on functional basis

All expenditure on IAAD, except the expenditure of CAG's office and UN Audit Unit, is voted. Civil Audit Offices accounted for largest share of expenditure followed by Civil Accounts Offices. Overall we spent about 64.23 *percent* on Audit (excluding Headquarters). The total expenditure on the Civil Accounts Offices was approximately 30.93 *percent*.

Components of Expenditure (Fig. in crores of ₹ )





Categories of offices	Actual Expenditure (₹ in crore)	Percentage of Expenditure
Headquarters office	151.81	3.18
UN Audit	6.81	0.13
Overseas Audit offices	28.81	0.60
Civil Audit Offices	2335.68	48.88
P&T Audit Offices	144.12	3.04
Railway Audit Offices	252.52	5.28
Defence Audit Offices	107.28	2.25
Commercial Audit Offices	194.13	4.06
NAAA Shimla	16.65	0.35
iCISA, NOIDA	11.80	0.25
Regional Training Institutes	36.05	0.75
Department Canteen	14.55	0.30
Civil Accounts offices	1477.92	30.93
<b>Total</b>	<b>4778.13</b>	<b>100</b>

## II. Human Resources Management

People are our key assets as we are a knowledge based organization. ISSAI 40 prescribes that the SAI should establish policies and procedures

designed to provide it with assurance that it has adequate number of competent and motivated staff to discharge its functions effectively. Our manpower is broadly classified into four categories:

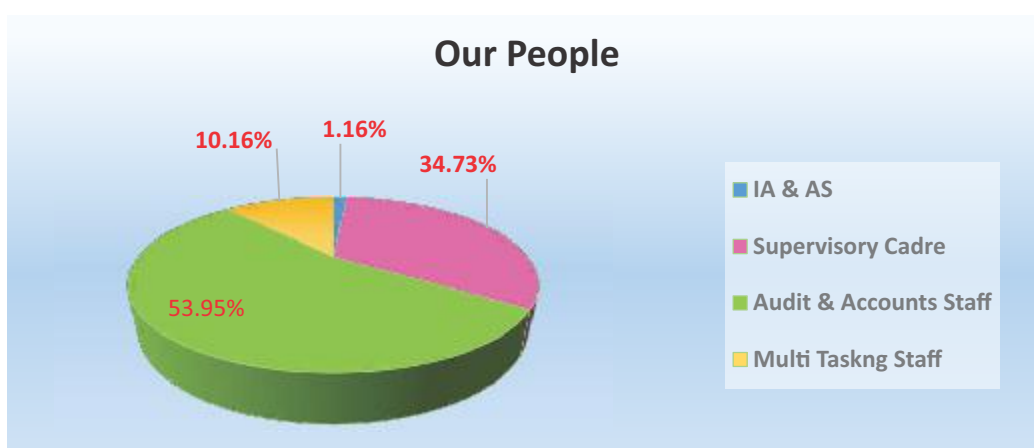
Category	Numbers (as on 1 <sup>st</sup> March 2019)
IA&AS	534
Supervisory Cadre	15,971
Audit & Accounts Staff	24,813
Multi-Tasking Staff	4,674
<b>Total</b>	<b>45,992</b>





In IA&AD 35.89 *percent* people are at different managerial and supervisory levels and 53.95 *percent* constitute audit and accounts staff. Only 10.16 *percent* (MTS) of the total strength provide support function. As against sanctioned strength of 64,467 only 70.51 *percent* staff is presently working in the Department.

**Audit & Accounts Staff**– Data Entry Operators (DEOs), Clerks, Auditors/ Accountants and Senior Auditors/Senior Accountants form this cadre and constitute 53.95 *percent* of our total manpower. They are recruited by the Staff Selection Commission or promoted from feeder cadre.



### 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. They constitute what is called the Group A services in Government of India.

**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.

**Multi-Tasking Staff**– All support functions in various IAAD offices are carried out by multi-tasking staff (MTS).

### III. Qualifications

Our officers and staff in Group 'B' & 'C' cadres are well qualified. We have 170 doctorates, 3,165 professionally qualified personnel, 4,783 post graduates and 26,016 graduates in these cadres. The IA&AS consists of 12 doctorates, 382 professionally qualified<sup>4</sup> officers, 143 post graduates and 131 graduates.

### IV. Recruitments

Optimal staffing in the field offices continued to be a focus of the Staff Wing during 2018-19. Requisitions placed with Staff Selection Commission for direct recruitment to the posts of

<sup>4</sup> Engineers, Doctors, MBA, CA, ICWA, CFE, CIA, CISA etc.



Assistant Audit Officers, Divisional Accountants, Junior Hindi Translators, Auditors, Accountants, Data Entry Operators, Stenographers and Multi-Tasking Staff materialized during 2018-19. This resulted in addressing the deficiency in Group 'B' and 'C' cadre to a large extent.

- We recruited 1845 persons in 2018-19. The largest number of recruitments took place in the Supervisory staff category (735 ) and in Multi Staff Category (826).
- Consultants were appointed on specific requirement basis, so that the working in the field offices is not affected due to shortage of staff, if any.

### V. 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
IA & AS	135	399	25.28
Supervisory Cadre & Audit/Accounts Staff	6,740	34,044	16.53
Multi-Tasking Staff	631	4,043	13.50
<b>Total</b>	<b>7,506</b>	<b>38,486</b>	<b>16.32</b>

### VI. Staff Associations

We have 244 staff associations and 5 All India Federations representing audit and accounts staff and supervisory cadres. State level meetings were held by the Principal Accountants General/Accountants General with the concerned field level Service Associations.

### VII. 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.

#### Two issues (ninth and tenth) 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 2018 and April 2019 respectively.

The e-Journal of August 2018, which is the ninth issue of the Journal of Government Audit

and Accounts contains articles on role of International Organization of Supreme Audit Institutions (INTOSAI) in the Standard Setting and related activities of various sub-committees and working groups of INTOSAI. SAI India is a key player and a major contributor to development of Auditing Standards and practices in the International Community. This issue



also features Professional Practices Group (PPG) which is the standards and audit guidance setting body in the Institution of Comptroller and Auditor General of India. The aim is to make public sector auditors aware of the standard setting activities in latest practices of audit at national and international levels.

The tenth issue of the Journal of Government Audit and Accounts brought out in April 2019 is a special edition that presents highlights of the 29<sup>th</sup> Accountants General Conference, 2018 held during October, 2018 in the Office of the Comptroller and Auditor General of India, New Delhi. The main theme of the Conference was 'Auditing and Accounting in a Digital Era', which was further sub-divided into four sub-themes (i) Audit Planning, (ii) Audit Execution, (iii) Audit Reporting, and (iv) Accounting in a Digital Environment.

### VIII. How we use Information Technology

Broad functions of Information Systems Wing:  
The Information Systems (IS) Wing acts as a facilitator for computerization of various activities identified by various functional wings and for use of stakeholders. The IS Wing is presently responsible for research, formulation of policies, preparation of plans, issuing guidelines, budgeting, allocation of funds and manage enterprise level IT projects. The IS Wing is also responsible for leads the One IA&AD One System Project for an end-to-end enterprise wide solution for all audit activities.

The various activities performed in IS Wing are as under:

#### I. IT Budget : Preparation of Budget

- Estimates/Revised Estimates under 'Information Technology' head for Computerization Activities in IA&AD.

#### II. Computerization activities in A&E offices

- Voucher level Computerization,
- General Provident Fund (GPF),
- Pension, Gazetted Entitlement (GE),
- CFRA
- Web enabled services for Entitlement functions SMS, mobile application.

#### III. CAG Website : Maintenance and updating/revamping of CAG Website.

#### IV. e-mail for IA&AD

- Creating of email IDs under NIC domain.
- All issues relating to email administration.

#### V. Internet connectivity and LAN

- IAAD Net connectivity through NICNET of NIC to field offices.

#### VI. Laptop to IAAS officers

- Sanction of laptop to IAAS officers posted in field offices.

#### VII. Computer IT Hardware

- Sanction of funds to field offices for:
  - IT hardware and peripherals
  - Networking infrastructure
  - Laptops to field audit parties
  - Implementation of revised laptop policy by providing second laptop to each audit parties.





### VIII. Software

- Centralized procurement/renewal of standardized Software like Microsoft Office, IDEA, Tableau, Oracle, etc. and distribution among the field offices.

### IX. IT proposals on recurring expenditure on IT consumables

- Sanction of funds for AMC of computer hardware/peripherals, Consumables, etc. to the field offices.

### X. Implementation of e-Office

- The e-Office solution enables core operation of Government at all levels to be performed in a virtual 'paper-less' environment.

### XI. Implementation of OIOS Project OIOS Project Background

- The 'One IAAD One system' (OIOS) project aims at creating a single source of truth regarding audit activities of IAAD. OIOS will bring together the best practices of the various IT applications into one single enterprise-wide IT application. This IT application will be designed in such a way that it can be configured and used by any audit office in the IAAD.

### OIOS Project Objectives

- OIOS will be the single source of truth regarding the envisaged activities within its scope.
- The activity or process itself must be captured in OIOS and hence avoiding post-facto data entry to the maximum

possible extent.

- OIOS should aim to capture the common minimum/mandatory audit processes across various offices and provide scope for wing/office/audit-stream-wise configuration.

The RFP is planned to be issued in August 2019.

### XII. Inventory management

- Revamping of IT inventory module has been planned in the year 2019-20.

### XIII. Network Access Control (NAC)

- It has been decided that initially the task of implementation of NAC) and End point network security (Centrally managed antivirus and Patch Management System) in about 1000 nodes available in the Hqrs and field offices located locally i.e. in Delhi will be covered.

## IX. Our efforts to promote Rajbhasha

### Publications

During 2018-19, four issues of the quarterly magazine of Rajbhasha, "Lekha Pariksha Prakash", were published from the headquarters' office. Special attention is given to the quality of the layout and design as well as compositions of the magazine. Field offices are also regularly publishing their own Rajbhasha Magazines to promote the official language.

### Hindi Implementation

- (a) Under the chairmanship of the Deputy Comptroller & Auditor General/Additional Deputy Comptroller & Auditor General,



four Quarterly meetings 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) As per the Annual Program of the Government of India, Department of the Official Language, Ministry of Home Affairs, 2018-19, to create an encouraging atmosphere for the implementation of the Official Language Policy and to remove the hesitation of officials/employees in doing government work in Hindi, a workshop was expected to be organized in this office. During the year 2018-19, this office successfully organized Hindi Workshop for three days from 27 to 29 June, 2018. The nominated officers/employees participated in this workshop.
- (c) Headquarters office celebrated the Hindi Pakhwada from 14 to 28 September, 2018. Various competitions were organized to promote the use of Hindi in the day-to-day functioning of the office. Hindi Pakhwada was also celebrated successfully in other field offices and various competitions were organized. This helps in creating awareness and enthusiasm in the employees towards implementation of the Official Language.
- (d) The target fixed by the Rajbhasha Vibhag, Government of India, Ministry of Home Affairs, for inspection of our field offices including headquarters' sections was achieved. It is definitely helping to promote the progressive use of the Rajbhasha.

### 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 the Parliament.

### X Infrastructure Development

To augment office space, as well as residential accommodation, for use of IA&AD at various stations across the country, several construction projects have been taken up, or are under consideration, as detailed:

#### A. Acquisition of land and building:

1. **Mumbai** : Acquisition of 3 (three) residential flats in Jupiter Apartment, Altamount Road, Mumbai from Air India at a cost of ₹24.33 crore. Flats have been purchased for providing residential accommodation to PAG/AG level officers posted in IA&AD offices located in South Mumbai.
2. **Amravati, Andhra Pradesh** : Andhra Pradesh Capital Region Development Authority (APCRDA) has allotted 2.05 acres of land for IA&AD office building and 12.00 acres for IA&AD residential complex at Amravati, the designated capital city of Andhra Pradesh. The land has been allotted on lease basis for 60 years and lease premium of ₹14.05 crore has already



been paid to APCRDA.

**B. Projects 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, Bangalore
4. **Bhubaneswar** – Construction of office building at Kesarinagar, Bhubaneswar
5. **Mumbai** – Construction of Residential Complex at Bhandup, Mumbai
6. **Jaipur** – Construction of Type-III quarters at Bajaj Nagar, Jaipur
7. **Ranchi** – Construction of IA&AD sports complex at Ranchi.

**C. Projects at various stages of planning:**

1. **Kolkata** – Construction of IA&AD Office-cum-Residential Complex at Ultadanga, Kolkata
2. **Ranchi** – Construction of office building for MAB Ranchi, Branch: PDA(Central) Lucknow and Branch: MAB-II Kolkata at Doranda, Ranchi
3. **Aizawl** – Construction of IA&AD residential complex at Aizawl
4. **Patna** – Utilization of 4.00 acres of land allotted by State Govt. at Gardanibagh, Patna in year 2018
5. **Amravati** – Construction of Office building at Amravati
6. **Amravati** – Construction of IA&AD

Residential Complex at Amravati

7. **Thiruvananthapuram** – Utilization of 56.00 cents of land allotted by Govt. of Kerala in year 2017.



## CHAPTER 6

### Capacity Building in IAAD

#### I. 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"**.

#### II. 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

#### III. Training Institutes of IAAD

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

- 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 specialized programs for other services such as the Indian Civil Accounts Services, Indian Defence Accounts Service, etc. During 2018-19, NAAA conducted 9 training programs in which 203 officers of the IAAS, 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 while 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 2018-19, 20 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 five International training programs on the following topics in which 151 international participants were trained:

- Financial and Regularity Audit
- Auditing in IT environment

- Audit of State owned enterprises
- Performance audit
- Audit of e-governance

Twenty National Training Programs on the following topics were conducted in which 537 participants were trained:

- Audit of e-Governance Projects
- Data Security-Privacy & Protection
- Audit of e-Procurement
- Auditing in IT Environment
- Network Security and Assessment
- UN Sustainable Development Goals
- IT Security & Cyber Law
- Information System Security Management
- Training for Trainers (IS)
- Auditing in ERP (SAP) Systems
- Data analytics & ERP
- Digital Forensics & Mobile Computing
- Disruptive Technologies & Internet of Things
- IDEA
- Emerging risks in IT
- IT Audit
- IT Audit of an ERP System (SAP)

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

International Centre for Environment Audit and Sustainable Development (iCED) was set up in May 2013. iCED aims to be a global Centre of Excellence for improving accountability and governance in the area for environment audit and sustainable development. iCED thus works to develop high quality products in training and research to enrich environment audit through an



inter-disciplinary approach enabled by valuable partnerships. It has been recognized as a Global Training Facility (GTF) of the INTOSAI Working Group on Environment Audit (WGEA) and the Working Group on Extractive Industries (WGEI).

participants. In addition, 15 in service training programmes were conducted catering to 324 officers.

iCED also conducted 4 National Workshops on issues relating to Natural Resource Accounting and ongoing Performance Audits such as

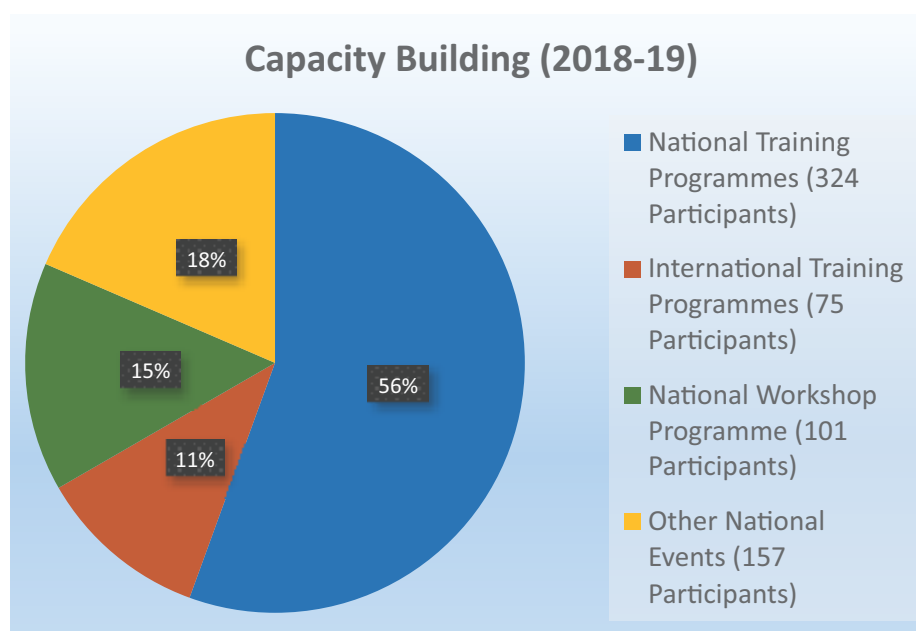


### Capacity Building Activities

iCED is mandated to build capacity in respect of audit of environment and sustainable development by providing domain knowledge, handholding and assisting the audit personnel in identifying audit objectives, risk assessment, data sources etc. During the year 2018-19 iCED conducted three International Training Programmes including International Workshop on Audit of Waste Management for 75

Ground Water Management and Regulation and Preparedness of Implementation of SDGs.

For the first time, two training programmes on “Greening of Offices: Environment Management in Government Establishments” were also conducted for 50 participants belonging to the Indian Revenue Service of Central Board of Indirect Taxes and Customs (CBIC) based on a specific request of the Board.



### Research & Other Activities

- **Contribution to INTOSAI WGEA Research Project(s)** During 2018-19, iCED led the research project on 'Development of Training Tool on Environmental Data' and submitted the draft to INTOSAI WGEA.

([https://www.environmental auditing.org/media/113693/23-wgea\\_environmentaldata\\_2019-fin.pdf](https://www.environmental auditing.org/media/113693/23-wgea_environmentaldata_2019-fin.pdf))

- **Representation at International Events on behalf of SAI India**

During 2018-19, iCED contributed presentations/papers for representatives of SAI India for 18<sup>th</sup> Meeting of INTOSAI WGEA at Bandung and 16<sup>th</sup> Steering Committee Meeting of INTOSAI WGEA held at Prague.

- **Participation in National level Seminars/ Workshops**

iCED participated in World Sustainable Development Summit organised by The

Energy and Resources Institute (TERI) at New Delhi.

- **Internship Scheme**

In pursuance of its strategic objective to undertake research, iCED steered the following three research projects through interns, as per the internship scheme of the department:

1. Tourism- A Bane or a Boon? - A case study of the Impact of Marine Nature- Based Tourism in Goa
2. A Research aimed at enhancing evaluation in Audits by integrating it with Regulatory Impact Assessment
3. Applications of Geographical Information Science & Remote Sensing in Environmental Auditing & Planning and A Case Study on Changing of Land and Land Cover over iCED Campus (Period 2009-18)

### Publications

During 2018-19, iCED brought out four editions of its quarterly newsletter "Green





Files” comprising results of recent environmental conferences - national & international; snapshots of recent news on environment from across India; Supreme Court judgments on environment issues as well as recent national and international audit reports pertaining to environment and sustainable development.

<http://iced.cag.gov.in/?p=440>

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

IA&AD has 10 Regional Training Institutes (RTIs) and 2 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, Allahabad and Hyderabad. The two

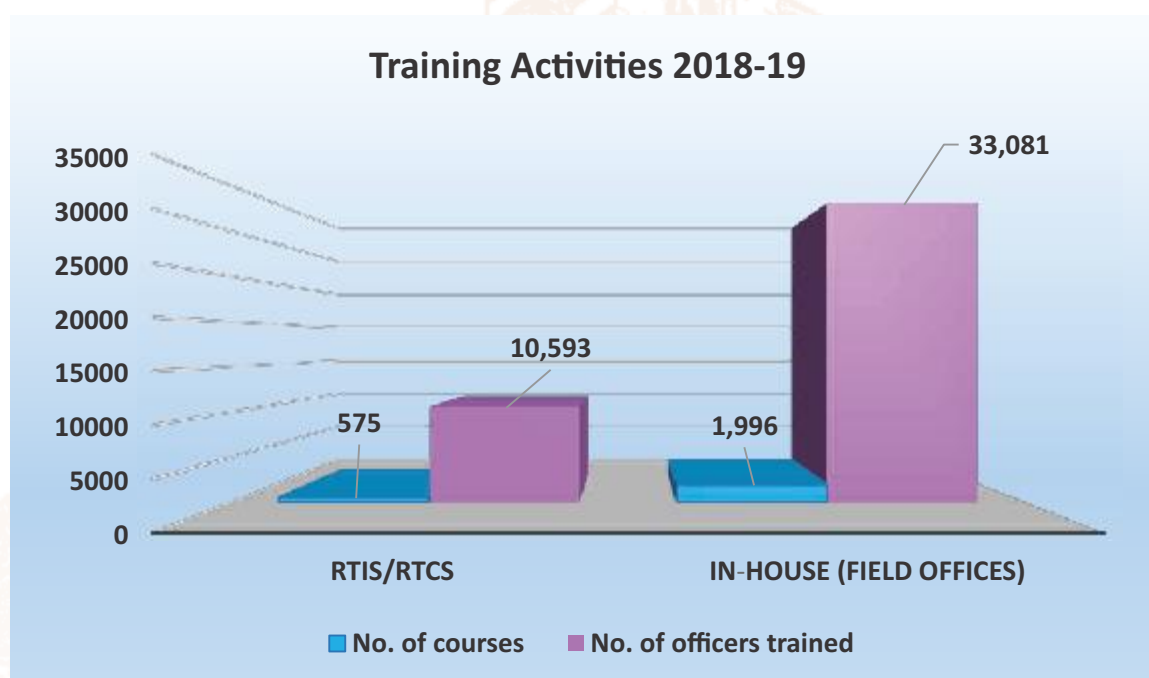
Regional Training Centres are in Delhi and Bangalore.

RTIs/RTCs also conduct 5 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 1 month preparatory training for the Subordinate Accounts/Audit Services Examination. During the year 2018-19, induction training has been conducted for 788 directly recruited Assistant Audit Officers.

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 2018-19, RTIs/RTCs conducted 575 courses and trained 10,593 officers. In-house training centres in 134 Offices conducted 1,996 courses and trained 33,081 officers.







**b). Training Courses conducted at RTIs/ RTCs for officers of IAAD include**

- Audit of e Governance.
- Audit of PPP
- Contract Management.
- Program on IPSAS.
- Data Analytics.
- Program on DBA for Oracle 11g
- Cyber Security and frauds.
- Goods and Services Tax.
- Program on Auditing in IT Environment.
- Audit of Social Sector Schemes.
- Program on Anti-fraud framework and Digital Forensics.
- Induction training to Direct Recruit Assistant Audit Officers.

**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.

**IV. 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 2019, 58 STMs have been updated, peer reviewed by IAAS officers with domain knowledge and sent to RTIs/RTCs for dissemination, latest being, STM on “Statutory Auditor's Reporting on Public Sector Financial Statements” and STM on “Accounting for Fixed Assets under Cash Basis of Accounting”.

**V. 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.

### VI. 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 internalizing and institutionalizing 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. The PMF assessment for the year 2018-19 has also been done.

### VII. Data Analytics in IAAD

The IAAD Data Management Policy adopted in September 2015 envisages building competencies in Data Analytics. Topic 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 2018-19, 262 officers were trained at the RTIs/RTCs.

### VIII. 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.

### IX. 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 2018-19 were successfully completed, and greatly appreciated by the participants:



**(i) 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 2018-19.

**(ii) 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 2018-19.

**(iii) 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 2018-19.

**X. External Trainings for Group B officers**

**(I) OP Jindal Global University (JGU), Sonapat, Haryana, (Near Delhi) conducted four customized courses on Management, Public Finance, and Public Policy.**

During 2018-19, 80 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) Training at NIFM Faridabad**

During 2018-19, 57 Group B officers were nominated to attend a training program on Public Procurement during the year at National Institute of Financial Management (NIFM), New Delhi.

**(iii) International Executive Diploma in Project Management program being conducted by International Institute of Projects & Program Management (i2P2M)**

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 (i2P2M), Noida, Uttar Pradesh. Two Senior Audit Officers from Commercial wing participated in this program leading to Executive Diploma in Project Management (EDPM).





## CHAPTER 7

### Seminars and Events

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

There is a perceptible increase in the demand for transparency and accountability in public sector service delivery. The environment in which the audited entities and, consequently, audit, function, is dynamic, both in terms of structure and methods of implementation of public policy, as well as in the practice of audit and accounting. In order to keep pace with this dynamic environment, it is important for the IA&AD to keep reinventing and rejuvenating itself. Regular internal and external consultations with stakeholders facilitate this effort to adapt / upgrade professional practices and our structures and methods of functioning, as also remain sensitized to the environment in which our audited entities operate. To facilitate such consultations, the IA&AD regularly organizes a number of seminars, conferences, workshops and other events.

Conferences, workshops and other events organized during the year 2017-18 are discussed below:

#### **29<sup>th</sup> Accountants General Conference, held during October 10-11, 2018**

The Accountants General Conference, a biennial event, is a forum for the senior functionaries of the Indian Audit & Accounts Department to deliberate on key strategic issues relating to governance and public accountability. It also provides an important opportunity to share experiences and discuss the entire gamut of audit practices.

**The twenty ninth Accountants General Conference** was held on 10-11 October 2018 on the theme 'Auditing and Accounting in a Digital Era', in the office of the Comptroller and Auditor General of India, New Delhi. The following sub-themes were discussed during the Conference:

- i. Audit Planning
- ii. Audit Execution
- iii. Audit Reporting
- iv. Accounting in a Digital Environment



CAG of India, with all the Participants of the 29<sup>th</sup> Accountants General Conference - 2018

The Conference was inaugurated by the Hon'ble President of India, Shri Ram Nath Kovind. Shri Mallikarjun Kharge, Chairman, Public Accounts Committee, also graced the occasion.



Hon'ble President of India, Shri Ram Nath Kovind; Chairman PAC, Shri Mallikarjun Kharge; CAG of India, Shri Rajiv Mehrishi and Dy. CAG, Shri Ashwini Attri





In his inaugural address, the Hon'ble President was hopeful that as auditors CAG would live upto the scale, size and transformative nature of Sustainable Development Goals such as universal rural electrification, road and digital connectivity, expansion of clean and renewable energy, sanitation and housing for all, and universal elementary school education. He added that the institution of the CAG could assist with documentation of good practices, developing indicators, reporting on progress through its audit, and sharing international experiences. He said that this would be a great learning experience for all.

Shri Mallikarjun Kharge, Hon'ble Chairman, Public Accounts Committee, opined that 'CAG acts as the custodian to ensure that no Government money is spent without the approval of Lok Sabha. Today, CAG has moved from mere auditing of expenditure and accounts. The last two decades saw CAG graduate to performance auditing when the country also moved to performance budgeting'.

Chairman, PAC further added that 'CAG is embarking on a third generation audit by introducing "Outcome Based Audit". It is time that the government is made accountable for the outcomes of its schemes. CAG deserves appreciation for his initiatives'.



Hon'ble President of India, Shri Ram Nath Kovind, addressing the Participants of the 29<sup>th</sup> Accountants General Conference-2018





### Lecture series named “B R Ambedkar Lecture Series”

A lecture series named “B R Ambedkar Lecture Series” was commenced in 2018 in honour of the Chief Architect of the Constitution, and the importance he placed on the institution of the Comptroller and Auditor General of India. The purpose of the lecture series is to give our officers the opportunity to listen to ideas and issues of importance and relevance.

Eminent personalities in different spheres namely economics, technology, governance, legislation, journalist and columnist were invited for lectures. Four lectures were delivered as part of the B R Ambedkar Lecture Series during the year 2018-19.



**Justice(Retd.) B.N. Srikrishna**

Shri Chandra Bhan Prasad, a widely regarded journalist, a dalit thinker and political commentator. He spoke about Ambedkar's India juxtaposing the futuristic view that Dr. Ambedkar had on our country.



**Dr. Arvind Panagariya**



**Shri Chandra Bhan Prasad**



**Dr. Rukmini Banerji**



Dr. Rukmini Banerji, CEO of Pratham Education Foundation, spoke on 'Opportunities and Challenges for Elementary Education in India'. She outlined the various tools and assessment methods based on which Annual Status of Education Reports (ASER) were compiled.

Padma Bhushan Dr. Arvind Panagariya is an economist and a professor of economics at Columbia University who served as first vice-chairman of the NITI Aayog between January 2015 and August 2017. He has also worked for the World Bank, International Monetary Fund, World Trade Organization, and the United Nations Conference on Trade and Development (UNCTAD). He holds a Ph.D in economics from Princeton University. In his lecture 'Trumping Protectionism - A brief history of International Trade and its future' he spoke on the past, present and future of international trade in the context of measures towards protectionism being implemented by the United States. He outlined the benefits of trade liberalization, superiority of multilateral over preferential trade liberalization, and the folly of including non-trade issues such as intellectual property rights and labor standards into the World Trade Organization.

Justice B N Srikrishna, Retired Judge of the Supreme Court in his lecture on 'Financial Sector Reforms and Legislations' spoke about the multitude of laws governing the financial sector laws dating back to several decades. These laws

which were framed when the financial landscape was very different from that seen today needed to be consolidated and a common Financial Regulatory Architecture (Unified Financial Agency) established enhancing consumer protection and a single regulator.

### Workshops on Outcome Audits

Audit of outcomes is a complex and emerging area of audit which goes beyond audit of inputs and outputs and cover outcomes/ultimate results of Government interventions. In order to have clear understanding of complex technical issues related to the subject/topic taken up for audit, workshops were organised involving extensive consultation with domain experts in the relevant fields. Five such workshops were organised in the Office of the C&AG, New Delhi during the year 2018-19, covering the topics – School Education, Higher Education, Irrigation and Medical Care Delivery in ESI Hospitals. The purpose of the workshops was to deliberate on issues which would assist the department in finalising the outcomes which can be examined in audit.

## 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 organizations 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 advises the CAG 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 eight times (2001, 2003, 2006, 2009, 2011, 2013, 2015 and 2018). The ninth Audit Advisory Board constituted in 2018 will have a term of two years till December 2020.

In the meeting of the Board held on 7 January 2019, issues such as role of audit as a contributor for good governance, impact of audit, audit effectiveness, audit guidance, outcome based audit approach and developing domain expertise 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 been constituted in the States too. State Audit Advisory Boards meet twice a year and are





reconstituted biennially. During the year, meetings of the Boards were also held in the states.

### 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 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 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 2018-19, the Central PAC/COPU held 77 meetings and discussed 50 Paras/Performance Audit Reviews, as summarized below:

Name of Wing	No. of Meetings of PAC/COPU held during the year 2018-19	No. of Paras/ Performance Audit Reviews discussed during the year 2018-19
Commercial	18	16



Communicaton	2	4
CRA (DT)	9	5
CRA (INDT)	4	5
Defence	16	6
Railway	10	2
Report Central	18	12
<b>Total</b>	<b>77</b>	<b>50</b>

The State PACs/COPU met on 809 occasions during the year 2018-19 and discussed 1,371 Paras/Performance Audit Reviews, as summarized below:

Name of Wing	No. of Meetings of PAC/COPU held during the year 2018-19	No. of Paras/Performance Audit Reviews discussed during the year 2018-19
Central Region	203	256
Eastern Region	85	118
North Eastern Region	60	193
Northern Region	147	264
Southern Region	121	223
Western Region	193	317
<b>Total</b>	<b>809</b>	<b>1371</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 wing at the Headquarters Office headed by the Media Advisor is responsible for effective communication with print/electronic media and public. The Media Advisor officiates as the spokesperson at Headquarters. The Principal Accountant General or the senior most Accountant General level Officer where there is no Principal Accountant General in the State is responsible for effective communication with the media in the States/UTs.

We undertake a range of actions to communicate audit messages to our clients after audit reports are presented to Parliament and 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.

Such interaction is intended to disseminate information about the Department, the Audit Reports and to issue clarifications, if any, needed by our stakeholders or to remove distortions or misrepresentation of facts by any external agency.



## CHAPTER 9

### Our International Participation and Contribution

#### 1. Introduction

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 Organization of Supreme Audit Institutions (INTOSAI) operates as an umbrella organization 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 organization. It is a non-governmental organization 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 125 members and 2 observers. The KSC Steering Committee consists of Chairs of all Working Groups and project groups under KSC and Chairs of PSC and CBC. The Steering Committee has 5 observers, INTOSAI General Secretariat, INTOSAI Development Initiative (IDI), INTOSAI Journal for Government Auditing (IJGA),

- 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 51 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). 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:**

- **27<sup>th</sup> Meeting of the INTOSAI Working Group on IT Audit, Sydney, Australia, 17-18 April, 2018 and Seminar on “Embedding Data assurance to drive audit efficiency and Quality”** on 19 April, 2018: The 27<sup>th</sup> meeting of the INTOSAI Working Group on IT Audit (WGITA) was held at Sydney, Australia from 17-18 April, 2018. The seminar on “Embedding data assurance to drive audit efficiency and Quality” was also held in conjunction with the WGITA meeting on 19 April, 2018. The meeting was inaugurated



by Mr. Grant Hehir, Auditor-General for Australia and was presided over by Comptroller & Auditor General of India as Chair of WGITA.

Over 50 delegates from the 23 member countries/observers attended the meeting. The meeting discussed various issues in connection with the WGITA Work plan 2020-22. iCISA was designated as the Global Training Facility (GTF) of WGITA in the meeting.

Reviews hosted an expert conference on “Motivating and Equipping SAIs to carry out Peer Reviews” at Bratislava, Slovak Republic from 20-22 June, 2018. The Comptroller and Auditor General of India and Director General (International Relations) attended the conference. CAG delivered the opening address of the conference.

The conference explored ways of employing peer reviews and using the various INTOSAI tools to measure performance.



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

- **Conference on Motivating and Equipping SAIs to carry out Peer Reviews, Bratislava, Slovak Republic, 20-22 June, 2018 :** The Supreme Audit Office of Slovak Republic and Chair of Sub-Committee on Peer

The conference included panel and roundtable discussions focused on the following three themes:



- Theme I : SAIs Leading by Example through Carrying Out Peer Reviews;  
Theme II : Peer Review Tools to Improve SAI Performance; and  
Theme III : Good Practices in a Peer Review

The Comptroller and Auditor General of India presented the opening brief emphasizing on the importance of coordination, integration, creating synergies between INTOSAI and the Regional Organization. SAI India was represented by Director General (International Relations).



Mr. Rajiv Mehrishi, CAG of India delivering the opening address in the Conference on Motivating and Equipping SAIs to carry out Peer Reviews, Bratislava, Slovak Republic, 20-22 June, 2018

- **Regions Coordination Platform Meeting, Oslo, Norway, 25 - 27 June, 2018 :**

The first International Organization of Supreme Audit Institutions (INTOSAI)-Region Co-ordination Platform meeting was held in Oslo, Norway from 25-27 June, 2018. This platform provides INTOSAI with a single point of contact for all INTOSAI organs and regional organizations and acts as a forum to coordinate, consult, explore synergies and align INTOSAI efforts to support the successful implementation of the INTOSAI Strategic Plan 2017-2022.

**Bilateral Meeting with Auditor General, Norway and Chairman of IDI Board, Oslo, Norway, 25 June, 2018 :**

Comptroller and General of Norway and the Chairman of Board of INTOSAI Development Initiative on the side lines of the Regions coordination Platform meeting in Oslo.

The meeting focused on discussing the framework of cooperation to provide for a long term, continuous and scaled up cooperation between SAI India and IDI. SAI India and the IDI have had a long tradition of cooperation for contributing to the implementation of INTOSAI strategic plan and supporting SAIs in the INTOSAI community.

- 71<sup>st</sup> Meeting of the INTOSAI Governing Board in Moscow, Russian Federation, 15-16 November, 2018** : Upon the invitation of the Accounts Chamber of the Russian Federation the 71<sup>st</sup> INTOSAI Governing Board meeting took place in

Moscow with around 90 participants on November 15 and 16, 2018. The meeting was held under the chairmanship of Dr. Harib Al Amimi, SAI of United Arab Emirates. Comptroller and Auditor General of India as KSC Chair presented the progress report of KSC in the meeting.



Bilateral Meeting with Auditor General, Norway and Chairman of IDI Board, Oslo, Norway, 25 June, 2018



71<sup>st</sup> Meeting of the INTOSAI Governing Board in Moscow, Russian Federation, 15-16 November, 2018





### 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, continued to be on the Governing Board of ASOSAI till 2018.

As the Chairman, Board of Editors of ASOSAI Journal of Government Audit, CAG has been granted *ex-officio* membership of the Governing Board of ASOSAI from 2018-2021. Being the Editors of the ASOSAI Journal, 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 2018), on the theme of “Audit of Disaster Management”, 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 delegations from SAI Oman, 20 December 2018 and 4-8 March 2019.**

A three member delegation from State Audit Office, Sultanate of Oman headed by HE Nasser Hamood Al Rawahy, Deputy Chairman visited SAI, India on 20.12.2018 to conduct interview for selection of six officers from SAI India as “Specialists” on Secondment basis to SAI, Oman.

A four member delegation also led by HE Nasser Hamood Al Rawahy, Deputy Chairman again visited SAI India from 04-08 March 2019. The purpose of the visit was to upgrade their training department into a training center and to upgrade the skills of their staff.



During the visit, the delegation visited the International Center for Environment Audit and Sustainable Development, Jaipur (iCED) and International Center for Information Systems & Audit, Noida (iCISA) to understand the best practices followed by them. The delegation also had a courtesy meeting with the Comptroller and Auditor General of India on 7<sup>th</sup> March 2019 at New Delhi.

3. UNOPS (United Nations Office for Project Services)
4. UNCC (United Nations Compensation Commission)
5. ITC (International Trade Centre)
6. UMOJA (ERP system of UN)
7. Information & Communication Technology Strategy



Visit of SAI Oman delegation, 4-8 March 2019

#### 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 Chile 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)

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 was also the external auditor of the World Intellectual Property Organization (WIPO) for a period of six years from July 2012 to June 2018. Our term has ended in 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, 24-25 July 2018**

###### **A. (July 2018 Session)**

- The 72<sup>nd</sup> Regular Session of the United Nations' Board of Auditors was held at the UN headquarters, New York on 24 & 25 July 2018. Mr. Rajiv Mehrishi, Comptroller and Auditor General of India presided over the session in his capacity as Chairman of the United Nations Board of Auditors in the presence of the other Board members, Professor Mussa Juma Assad, Controller and Auditor General of the United Republic of Tanzania, Mr. Kay Scheller, President of the German Federal Court of Auditors and Mr. Jorge Bermúdez Soto, Comptroller and Auditor General of the Republic of Chile, incoming member of the Board. 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 2017.

- 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.

###### **B. (December 2018 Session)**

- CAG chaired the Forty-Eighth (2018) Special Board Session UN Board of Auditors on 3 December 2018 at United Nations Headquarters in New York.
- The Board members discussed the Report of the Audit Operations Committee, proposed work plan for 2019 and approved the 2020 budget as presented by the Executive Secretary.

##### **Meeting of UN Panel of External Auditors, New York, 3-4 December 2018**

- A delegation, led by the CAG, attended the Fifty-ninth (2018) Regular Session of the Panel on 3-4 December 2018 at United Nations Headquarters in New York.
- SAI India made presentations on (a) Update on Key Audit Matters (KAM) and (b) External Audit Arrangements across the UN system.



## INTOSAI

- **2<sup>nd</sup> INTOSAI Working Group on Big Data (WGBD)** was held at Washington D.C., at the Headquarters of the United States Government Accountability Office from 19-20 April, 2018. 43 participants from 19 SAIs took part in this meeting. Mr. Neelesh Kumar Sah, represented SAI-India in the meeting and made presentation on “Guidelines on Data Analytics-SAI India”.

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

a political context: what are the limitations” and “Communicating audit findings in a digital world: challenges and opportunities”.

- **15<sup>th</sup> INTOSAI Steering Committee Meeting of Professional Standards Committee (PSC)** was held at European Court of Auditors in Luxembourg from 30-31 May, 2018. Mr. Nand Kishore, Deputy Comptroller & Auditor General and Mr. V. Kurian, as then Director General (Commercial) attended the meeting on behalf of CAG of India as member of PSC Steering Committee and Chair of Compliance Audit Subcommittee.



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

- **5<sup>th</sup> Global Audit Leadership Forum (GALF)** was held at European Court of Auditors in 2018 and was attended by Mr. K. S. Subramanian, Director General (International Relations). The discussions focused on two topics “Carrying out Performance Audits in

The main themes discussed were: Implementation of the Strategic Development Plan (SDP) for the INTOSAI Framework of Professional Pronouncements (IFPP) & the revised Terms of Reference (ToR) for the FIPP.





- **Task Force on INTOSAI Auditor Professionalization (TFIAP)** was held in Stockholm, from 18-19 June, 2018. Mr. Praveen Kumar Tiwari, as then Director General (International Relations) participated in the meeting on behalf of KSC. The meeting saw presentation and discussion on the draft guide to utilizing the INTOSAI competency framework to develop public sector audit professionals in the most context-appropriate way.
- **SAI Leadership and Stakeholder meeting** on "Contributions of Supreme Audit Institutions", was jointly organized by the INTOSAI Development Initiative (IDI) and the UN from 19 to 20 July 2018. This event aimed at the exchange of knowledge and experiences of SAIs from all INTOSAI regions against the backdrop of the "Auditing the SDGs" programme of IDI and the INTOSAI Knowledge Sharing Committee. The Comptroller and Auditor General was accompanied by Mr. Deepak Anurag, Director General (RC) for the meeting.

The INTOSAI General Secretariat, Austria, in cooperation with the United Nations (UN) and the Permanent Representations of Austria and Canada to the UN, also organized a side event on 18 July 2018, in the framework of the High-level Political Forum on Sustainable Development (HLPF). Mr. Deepak Anurag, Director General (RC) represented SAI India in the meeting. The event focused

on the results achieved in the framework of auditing the preparedness of national governments in implementation of the Sustainable Government Goals (SDGs). The stimulating discussions provided vital insights into the various approaches of SAIs in auditing the implementation of the SDGs.

- **CAROSAI 30<sup>th</sup> Anniversary Conference** was hosted by the Secretary General of CAROSAI and Auditor General of Jamaica, Pamela Monroe Ellis in Kingston, Jamaica, from 15 to 17 August 2018. The conference was entitled "Building the future on the foundation of the past". Mr. Purushottam Tiwary, Principal Director of Audit, Washington D.C. represented SAI India as KSC Chair in the meeting. The meeting was used to engage CAROSAI in the KSC activities particularly on INTOSAI Community Portal.
- **10<sup>th</sup> INTOSAI Steering Committee meeting of the Knowledge Sharing Committee (KSC)** was held in Kampala, Uganda from 20-22 August, 2018. The meeting was presided over by Deputy Comptroller & General on behalf of CAG of India and Chair of KSC.

The meeting included five discussion sessions on the following topics viz. Strategic Development Plan of IFPP, INTOSAI Community Portal, Emerging Issues, Engagement with Regions and Stakeholder engagement. The members



were briefed about the Quality Assurance paper on the non-IFPP documents.

- **Goal Chairs Collaboration Representatives meeting (GCC)** was hosted by SAI India in Goa, India from 11-13 March, 2019. The meeting discussed the development of Strategic Development Plan (SDP) 2020-2025, improvements in selection process of FIPP members, setting of the Technical Support Function, revisions in the Handbook for INTOSAI Committees, structure of INTOSAI Regions. Coordination Platform meeting and Quality Assurance procedure of non-IFPP Products. The representatives of PSC Chair, CBC Chair and their Vice Chairs participated in the meeting. The meeting was inaugurated by DAI (HR&LB) and was chaired by ADAI (IR).

### BILATERAL

- **Visit of four member delegation from SAI Sri Lanka to India, 2-10 May 2018 :** A four member delegation from the Audit Service Commission of SAI Sri Lanka consisting of Mr. V. Kandasamy, retired Deputy Auditor General, Justice Sunil Rajapaksa, Retired Judge of the Court of Appeal of Sri Lanka, Mr. W.A.S. Perera, Sri Lanka Administrative Service Officer (Retired) a Mr. Gamini abeyrathna, retired Deputy Auditor General visited India from 02 May to 10 May 2018 for an awareness program in SAI India establishment to gain some foreign exposure with regard to execution of matters related to management of audit service activities. During their visit the delegation met with the Senior Management of SAI India.
- **The delegation also visited the International Center for Information Systems and Audit (iCISA) at NOIDA, the International Center for Environment Audit and Sustainable Development (iCED) at Jaipur and National Academy of Audit and Accounts, Shimla.**
- **Nomination of IT Experts from SAI India to State Audit Bureau, Kuwait, 16 April to 3<sup>rd</sup> May 2018 and 23<sup>rd</sup> April to 4<sup>th</sup> October 2018 :** Two IT auditing experts were deputed from SAI India to SAB Kuwait delivering a theoretical and practical training course for duration of three weeks each to the Auditors of SAB Kuwait on IT Audit. The trainings were held at Kuwait from 16<sup>th</sup> April 2018 to 3<sup>rd</sup> May 2018 and 23<sup>rd</sup> September 2018 to 4<sup>th</sup> October 2018.
- **Visit of 6 member Chinese delegation led by Vice Chairman of the Budgetary Affairs Commission of the Standing committee of the National People's Congress of the People's Republic of China on 1<sup>st</sup> November, 2018 :** A 6 member Chinese delegation led by Mr. Zhu Mingchun (Minister level), Vice Chairman of the Budgetary Affairs Commission of the Standing Committee of the National People's Congress of the People's Republic of China visited India on 1 - 2 November 2018.



The Chinese delegation visited the CAG Office and had a meeting with the Senior Management on 1st November 2018 to discuss about the Audit practices and policies of SAI India.

- **Visit of a technical team from Office of the Auditor General (OAG), Kenya, 26-30 November 2018 :** A three member delegation from the office of the Auditor General, Kenya led by Mr. David Obwaya Gichana, Deputy Auditor General visited India from 26-30 November 2018 to learn from SAI India about Social Accountability Framework/Citizen Engagement Framework with an objective of enhancing government accountability. They met with the Senior Management of SAI 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 and Office of Principal Accountant General (General and Social Sector Audit), Jaipur for discussion on Social Audit.

### Multilateral

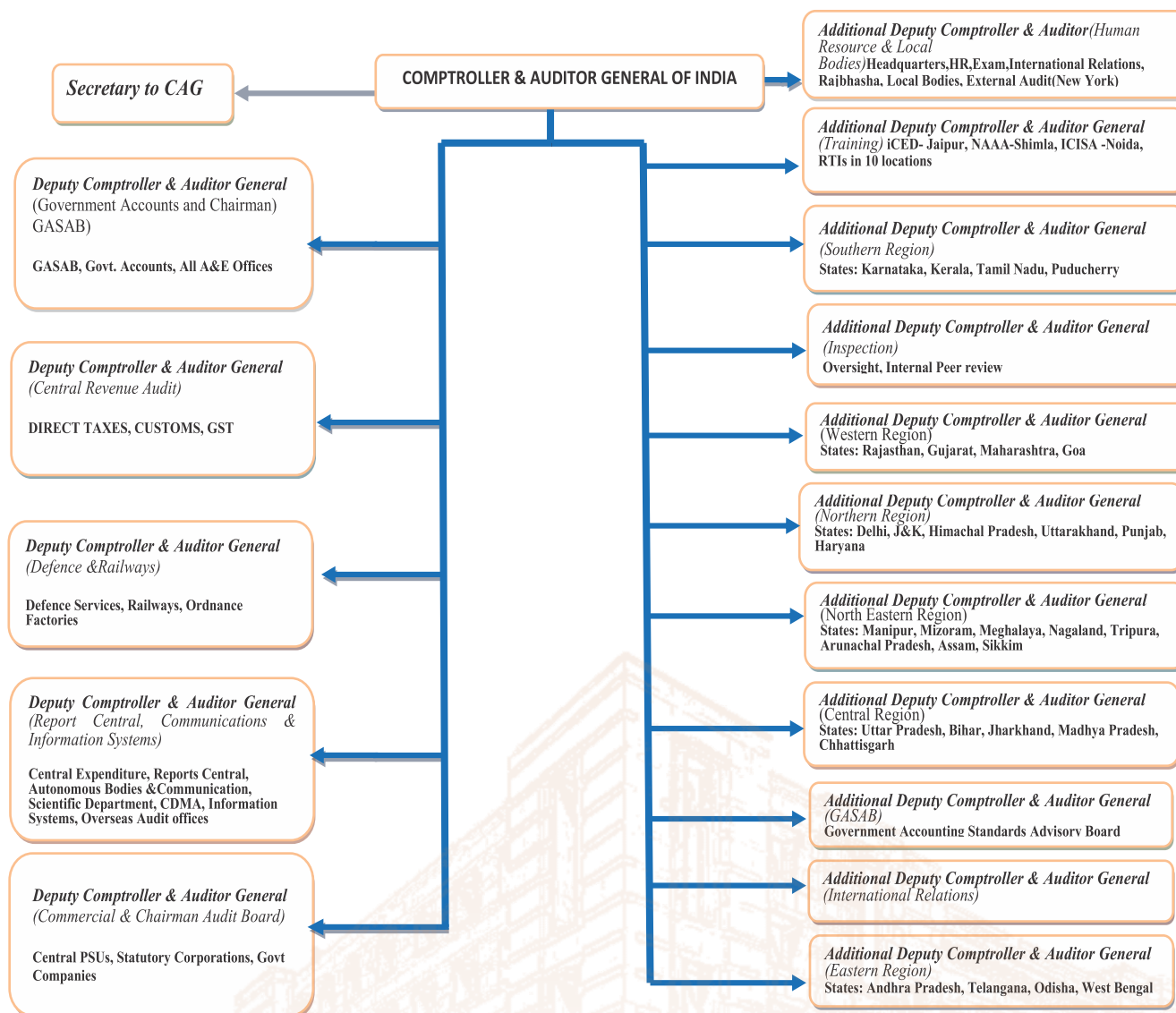
- **15<sup>th</sup> meeting of the Compliance Audit Subcommittee (CAS) held at Luxembourg on 9-10 October 2018 :** Comptroller & Auditor General of India is the Chair of Compliance Audit Subcommittee CAS). CAS has 20 members: India (chair), Azerbaijan, Brazil, China, European Court of Auditors, France, Georgia, Hungary, Lithuania, Mexico, Namibia, Norway, Portugal, Qatar,

Romania, Russia, Saudi Arabia, Slovakia, South Africa and Tunisia. The 15<sup>th</sup> meeting of the Compliance Audit Subcommittee under the Professional Standards Committee of INTOSAI was held at Luxembourg on 9-10 October 2018. The meeting was attended by 17 SAIs out of 20 member SAIs of CAS, apart from IDI and AFROSAI (E) who are observers. Mr. V. Kurian, ADAI chaired the meeting on behalf of the CAG.

The members deliberated on the status of two ongoing projects under the Strategic Plan of INTOSAI Framework for Professional Pronouncement (IFPP) and revision of Terms of Reference of CAS. There were also presentations by member SAIs on compliance audit of public procurement, principles adopted in development of a risk analysis framework for compliance audit in SAI India, annual audit report of the European Union budget for 2017, audit of contracting arrangements of public services, activities of IDI with regard to compliance audit and progress of the works of the Forum of Jurisdictional SAIs.



## Annexure-I Organizational Chart as on 31<sup>st</sup> March 2019





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