PERFORMANCE REPORT 2021-22

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Supreme Audit Institution of India

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From the desk of Comptroller and Auditor General of India

I am pleased to present the Performance Report of the Supreme Audit Institution (SAI) of India for the year 2021-22. The report captures significant activities of SAI India during the year.

We function in accordance with the authority and mandate under the Constitution of India and its laws, which envisages a unique role for the Comptroller and Auditor General of India in enforcing the accountability of both the Union and the State Government Departments to the legislature. Apart from audit functions, we are also vested with accounting and entitlement responsibilities for the majority of the States.

For a second year in a row, we were compelled to contend with the challenges posed by COVID-19 pandemic. Learning from the previous year, we discharged our functions from remote locations by leveraging our infrastructure, our tools and above all, our knowledge. I am happy to report that we made significant improvements in achieving our strategic priorities. In fact, we outdid our previous performance by finalising 165 Audit Reports for presentation in the Parliament and State Legislatures during the year, of which 34 were for tabling in Parliament and 131 in State Legislatures. As a result of our concerted efforts, Finance and Appropriation Accounts of 27 out of 28 States for 2020-21 were compiled and certified by end March 2022.

We were honoured to have the Hon'ble Prime Minister of India, Shri Narendra Modi, unveiling the statue of Sardar Patel in our office premises and addressing us at the inauguration of our Audit Diwas celebration at 16th November 2021. A Compendium of new initiatives and good practices in SAI India, titled 'The Catalysts.... in pursuit of Good Governance' was also released to mark the occasion.

The first of the newly instituted 'CAG's Awards for Innovation and Excellence in Public Auditing and Accounting' were conferred on teams selected from our offices spread across the country. The awards recognised projects that reflected out of the box thinking and a passion to achieve high levels of quality and to streamline our systems. We also acknowledged teams that worked beyond the call of duty to ensure health and safety of our staff during the COVID outbreak.

SAI India is constantly engaged with studying and assimilating the changes in our functional environment and ensuring that we evolve and adapt our capacities and systems to keep pace with it. Against the backdrop of the pandemic, Governments moved faster towards e-governance solutions for delivery of public services using Direct Benefit Transfer (DBT) platform. We, in SAI India, also evolved our processes, infrastructure and capacities to ensure that the CAG's mandate is effectively discharged in the IT driven governance models. To streamline and optimise our audit management systems, development of our One-IAAD-One-System (OIOS) application, an end-to-end Audit Process and Knowledge Management System that will eventually lead to complete digitisation of our business processes in SAI India, gained momentum during the year and 102 offices were on boarded onto the platform. About 60 *per cent* of these offices are already at an advanced level of maturity in the use of OIOS.

An Appropriation Accounts dashboard,was developed and hosted on our website, which provides a bird's eye view of the budgets and actual expenditures of the State Governments. Electronic data transfer, information sharing through SMS services, e-authorisation and online complaint redressal mechanisms are some of the measures taken to improve the delivery of our entitlement services and ensure that we comply with the Citizens' Charter.

With increasing focus on enhancing good governance at the grass root level i.e. the *Panchayati Raj* Institutions and Urban Local Bodies, we engaged extensively with domain experts and stakeholders for capacity building and to further strengthen accountability and transparency. As a part of these engagements, we organised a panel discussion on 'Enhancing good governance through strengthening of Local Bodies Audit' with panelists comprising Secretaries to Government of India and members of the CAG's Audit Advisory Board. To aid the primary auditors of these institutions and to bring better clarity on the Financial/Certification Audit process and reporting requirements, we released updated guidelines for financial audit of *Panchayati Raj* Institutions.

SAI India also remains committed to the INTOSAI strategic objectives towards achievement of the Sustainable Development Goals. Audit of implementation of the SDGs has been an important part of our Performance Audits. Health, nutrition, clean water, education and environmental issues were some of the areas of our focus during the year.

During the year, we continued our journey of introducing Natural Resource Accounting in India. Our Concept Paper on Natural Resource Accounting (NRA) in India, prepared in July 2020, contains a three-term plan for implementing NRA in India in accordance with the System of Economic and Environmental Accounting – Central Framework of the United Nations. As per the plans and despite the pandemic, we managed to prepare the State-wise Asset Accounts on Mineral & Non-Renewable Energy Resources of almost all states of the country. A Consultative Committee comprising various stakeholders reviewed these Accounts and we are finalising the Accounts based on the suggestions received. The Natural Resource Accounts would be a first-of-its-kind endeavour presenting the information on the stock and the flows of Natural Resources of all the states. We are also developing a Dashboard on the Natural Resources Accounts, which will be very useful to both the common citizen and the policy makers.

We proactively participated in international fora and in the activities of International Organisation of Supreme Audit Institutions (INTOSAI) and Asian Organisation of Supreme Audit Institutions. We now audit five bodies of United Nations namely, the Food and Agriculture Organisation of the United Nations (2020-2025), World Health Organisation (2020-2023), Inter Parliamentary Union (2020-2022), Organisation for Prohibition of Chemical Weapons (2021-2023) and International Atomic Energy Agency (2022-2027). Our appointment as External Auditor to these bodies is a recognition of our standing among our peers as well as our professionalism and strong national credentials.

SAI India values collaborative partnerships with other SAIs for knowledge sharing towards gaining expertise in public sector audit and better professional practices. We have signed 15 Memorandums of Understanding (MOUs) with different SAIs. Our bilateral ties with these SAIs not only strengthen our relations with these countries but also serve to enhance mutual cooperation for the development of an improved audit quality regime.

Our achievements reflect the dedicated work of our employees. We invested significantly in their professional development. Various training programs were held under the aegis of SAI India to benefit both our employees and external stakeholders. Our International Training Centres at Noida and Jaipur provided quality training in IT and environment areas respectively, for both international and national participants.

This year also, we continued to improve our audit practices and methodologies, consistent with international best practices. To strengthen our Audit Quality framework, we revised our peer review guidelines. These guidelines are aligned with the national standards and international best practices and will be significant in improving our performance.

I hope this Performance Report helps our stakeholders, including legislators, executives, academia and members of the public to have an overall view of our work. I thank them all for their cooperation and contribution.

(Girish Chandra Murmu)
Comptroller & Auditor General of India

Table of Contents

Chapter	Contents	Page No.
	Preface	7

Chapter	Contents	Page No.

Section 4: Interaction with stakeholders

Section 5: International Relations

Preface

About this Performance Report

The Constitution of India has entrusted the Comptroller and Auditor General of India (CAG) with the responsibility of audit of accounts of the Union and States and other entities. CAG is the Supreme Audit Institution (SAI) of India and is expected to promote financial accountability and transparency in the affairs of the audited entities. SAI India is also mandated to advise Government on the format of accounts and compilation of State Government Accounts.

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 and accounts 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 Institution'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 organisation.

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

मेरा जीवन ही मेरा संदेश है

My Life is my message

SECTION 1

SAI India: Mandate and Structure

Chapter 1
Milestones in the evolution of the Supreme Audit Institution of India

Chapter 2
Mandate of SAI India

Chapter 3
Organisation of SAI India

Chapter 4
Training Infrastructure

Chapter 5
How we manage our resources

Chapter 1

Milestones in the evolution of the Supreme Audit Institution of India

1.1   Our legacy

The Supreme Audit Institution (SAI) of India is one of the oldest institutions of India. The role of the Comptroller and Auditor General of India (CAG) has evolved through legislature and practice. Just prior to the first war of Independence in 1857, a major administrative reorganisation was initiated by the then Governor General of India, Lord Cannings. This led to the setting up of, for the first time, a separate department with an Accountant General at the helm in May 1858. He was responsible for accounting and auditing of the financial transactions under the East India Company. After 1857, the British Crown took over the administration of India and passed the Government of India Act, 1858. This Act introduced a system of an annual budget of Imperial Income and Expenditure in 1860. The budgeting system laid the foundation stone of Imperial Audit. Sir Edward Drummond took charge on 16 November 1860 as the first Auditor General.

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

Post-Independence in 1947, these arrangements continued till the adoption of Constitution of India in 1950 which created the institution of the Comptroller and Auditor General of India. Mr. V. Narahari Rao was the first Comptroller and Auditor General of independent India. The passing of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act by the Parliament in 1971 further strengthened the position of SAI India as an independent constitutional authority with the overarching responsibility of oversight over public expenditure.

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

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

Genesis of our Institution
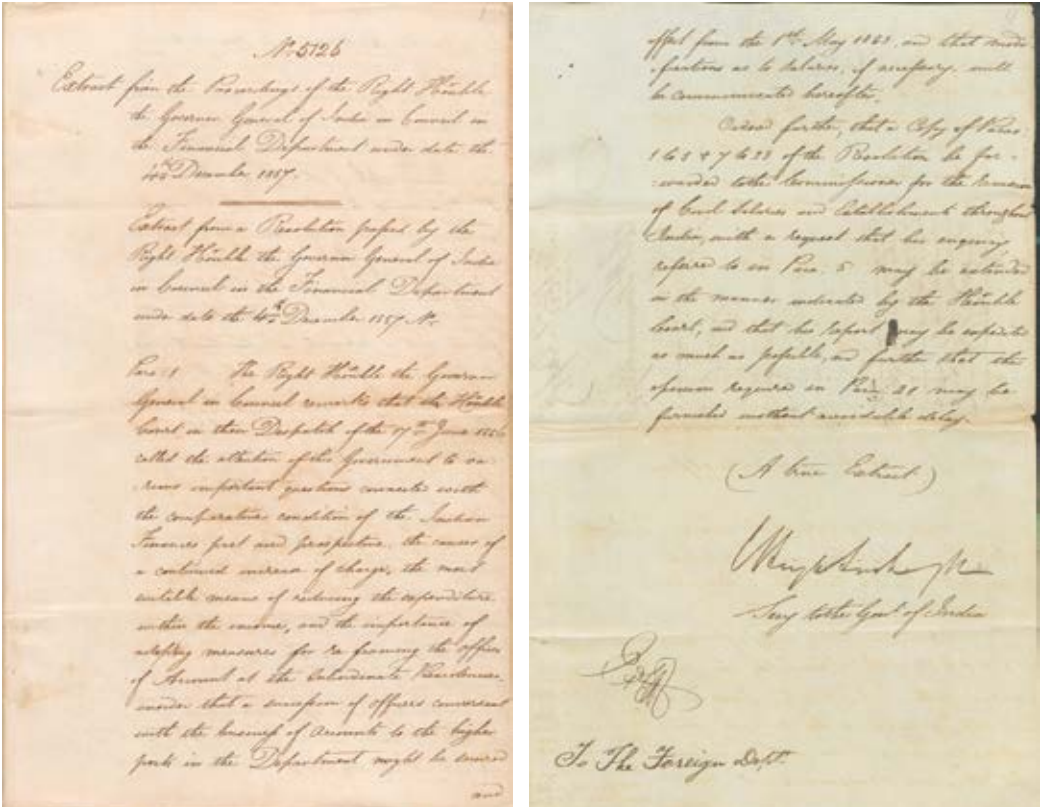
*Original excerpts of order for formation of General Department of
Accounts issued on 4 December 1857*

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been obtained by CAG office for specific purposes only.*

In the ancient Mauryan times, the post of State Auditor was known as *Akshapatala-Adhyaksha* presiding over various sub-auditors who were known as *Akshapatala*.

Sir Edmund Drummond was appointed as First Auditor General of India on 16 November 1860.

The Government of India Act 1919 gave statutory recognition to the CAG.

The Government of India Act 1935 strengthened the CAG's independence.

After Independence of India, the Constitution of India accorded a special status to the CAG to ensure accountability of the executive to the legislature.

Original excerpt of the Government of India Act 1935

Original excerpt of the Government of India Act 1919

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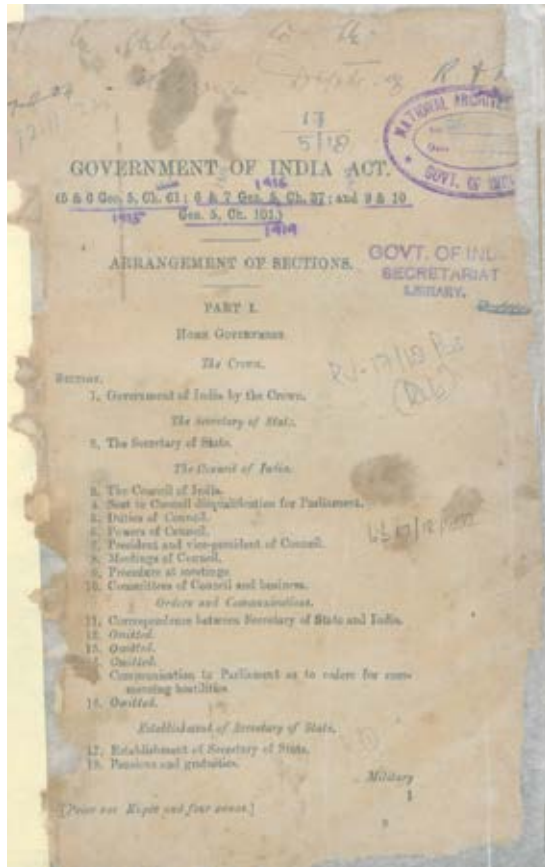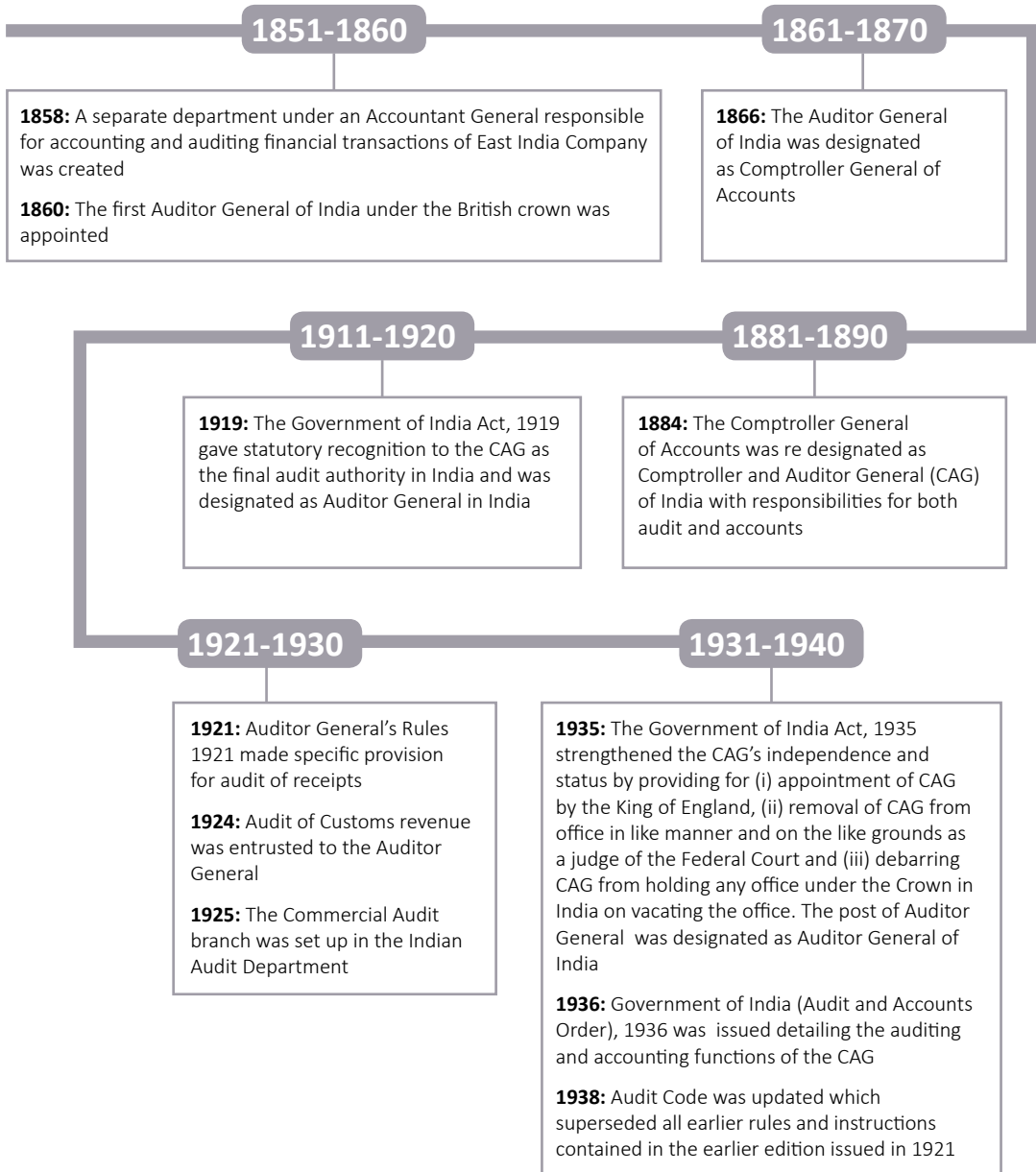
1.2 Important milestones in the evolution of SAI India

Pre-Independence (upto 1947)

1851-1860

1858: A separate department under an Accountant General responsible for accounting and auditing financial transactions of East India Company was created

1860: The first Auditor General of India under the British crown was appointed

1861-1870

1866: The Auditor General of India was designated as Comptroller General of Accounts

1911-1920

1919: The Government of India Act, 1919 gave statutory recognition to the CAG as the final audit authority in India and was designated as Auditor General in India

1881-1890

1884: The Comptroller General of Accounts was re designated as Comptroller and Auditor General (CAG) of India with responsibilities for both audit and accounts

1921-1930

1921: Auditor General's Rules 1921 made specific provision for audit of receipts

1924: Audit of Customs revenue was entrusted to the Auditor General

1925: The Commercial Audit branch was set up in the Indian Audit Department

1931-1940

1935: The Government of India Act, 1935 strengthened the CAG's independence and status by providing for (i) appointment of CAG by the King of England, (ii) removal of CAG from office in like manner and on the like grounds as a judge of the Federal Court and (iii) debarring CAG from holding any office under the Crown in India on vacating the office. The post of Auditor General was designated as Auditor General of India

1936: Government of India (Audit and Accounts Order), 1936 was issued detailing the auditing and accounting functions of the CAG

1938: Audit Code was updated which superseded all earlier rules and instructions contained in the earlier edition issued in 1921

Post-Independence (after 1947)

1947-1950

1947: Government of India (Audit and Accounts Order), 1936 was adopted by the Indian Provisional Constitution Order 1947

1948: Mr. V. Narahari Rao, the then Secretary to the Government of India, Finance Department, was appointed as the first Indian Auditor General of the free Dominion of India on 15 August 1948

1950: The Constitution of India provided for the Comptroller and Auditor General of India, entrusted with the accounting and auditing functions of the Union Government and the State Governments, including the centrally administered areas/Union Territories

1951-1960

1953: Comptroller and Auditor General (Conditions of Service Act) 1953 was promulgated

1956: The Indian Companies Act 1956 gave legal status to Government companies and provided for supplementary audit by CAG, who also advised Government on appointment of auditors to companies.

1960: A Memorandum of Understanding for audit of income tax receipts and refunds was agreed with Government of India

1961-1970

1962: In super session of Audit Code, a Manual of Standing Orders (Technical) in two volumes was issued

2011-2020

2012: Restructuring of Audit offices was implemented to introduce sectoral orientation in audit ● CAG became External Auditor of International Atomic Energy Agency for 2012-2016 and World Intellectual Property Organisation for 2012-2017

2014: Revised Performance Auditing Guidelines were issued ● CAG became Member of the UN Board of Auditors for 2014-2020

2016: Compliance Auditing Guidelines were issued

2017: CAG's Auditing Standards were revised and updated

2020: The Regulations on Audit and Accounts, 2007 were substituted by Regulations on Audit and Accounts (Amendments) 2020 ● Restructuring of Audit offices was implemented to complete the process of vertical and horizontal integration based on clusters/sectors ● CAG became External Auditor of Food and Agriculture Organisation for 2020-2025, World Health Organisation for 2020-2023 and Inter Parliamentary Union 2020-22

2001-2010

2002: Government Accounting Standards Advisory Board was set up with the support of the Government of India to establish and improve standards of Government accounting and financial reporting including enhancing accountability mechanism ● Manual of Standing Orders (Audit) was revised and updated ● The revised CAG's Auditing Standards were issued which suitably adopted restructured auditing standards issued by INTOSAI in 2001 ● CAG became External Auditor of Food and Agriculture Organisation for 2002-2008

2004: Performance Auditing Guidelines were issued which helped the SAI India to adopt the prevalent international standards of performance auditing ● CAG became External Auditor of World Health Organisation for 2004-2012

2007: Regulations on Audit and Accounts, 2007 were issued by CAG by using its powers to frame rules and regulations under the CAG's DPC Act

2010: CAG became External Auditor of World Food Programme and International Organisation for Migration for 2010-2016

1971-1980

1971: The CAG's DPC (Duties, Powers & Conditions of Service) Act, 1971, was passed under the Constitution to regulate the duties, powers and conditions of service of the CAG

1976: The CAG's DPC (Duties, Powers & Conditions of Service) Act, 1971 was amended to relieve the CAG of the duties and functions relating to maintenance of accounts of Government of India

1981-1990

1984: The Composite Accountants General offices were bifurcated into two distinct offices with separate cadres i.e. Accountant General (Audit) to deal with all audit work and Accountant General (A&E) to deal with all accounting and entitlement functions

1991-2000

1991: Manual of Standing Orders (Technical) was revised and updated with changed name Manual of Standing Orders (Audit)

1993: CAG became Member of the United Nations Board of Auditors for 1993-1999

1994: The first Auditing Standards were issued detailing the basic principles and practices which the Auditors should follow

1996: CAG became External Auditor of International Centre for Genetic Engineering and Biotechnology for 1996-2004

1997: CAG became External Auditor of Organisation for Prohibition of Chemical Weapons for 1997-2003

1998: SAI India was conferred the Jorg Kandutch Award by Congress of INTOSAI (INCOSAI) in recognition of important achievements and contributions made in the field of Government Audit by SAI India

1999: CAG constituted an Audit Advisory Board ● Voucher Level Computerisation was introduced

2000: CAG became External Auditor of International Maritime Organisation for 2000-2012 and UN World Tourism Organisation for 2000-2015

Chapter 2

Mandate of SAI India

The Comptroller & Auditor General of India (CAG) and the Indian Audit and Accounts Department (IA&AD), functioning under him together comprise the Supreme Audit Institution (SAI India) which is 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, the aim of which is to ascertain compliance with the accepted standards of prudent management of public finances. Senior functionaries of SAI India, representing the CAG in the States, are called Principal Accountants General/Accountants General.

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

Articles 148 to 151 of the Constitution of India prescribe a unique role for the CAG in assisting the Parliament in enforcing the legislative accountability of the Government

Departments. CAG audits the accounts of both, the Union and State Governments, and also compiles the accounts of the State Governments.

The role of CAG assumes great significance in view of our federal multi party democracy, wherein both the Union and State Governments are responsible for the formulation and implementation of a large number of schemes involving substantial public resources. There has also been a sustained emphasis, through the National e-Governance Plan (NeGP) and the Digital India Programme, on moving towards e-governance solutions, involving delivery of public services to citizens using the digital mode. Another paradigm shift is the Direct Benefit Transfer (DBT) platform of Government of India with the State Governments for direct transfer of benefits to beneficiaries under various Government Schemes and Programmes using Information and Communication Technology (ICT), with necessary process reengineering to minimise intermediary levels and to reduce delay in payments to intended beneficiaries with the objective of attenuating pilferage and duplication. In response, SAI India is also continuously engaged in reexamining and evolving our processes, infrastructure and capacities to ensure that the CAG's mandate is effectively discharged in the emerging governance models and information technology driven platforms.

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

भारतीय लेखापरीक्षा और लेखा विभाग · INDIAN AUDIT AND ACCOUNTS DEPARTMENT

सत्यमेव जयते

लोकहिताथं सत्यनिष्ठा
Dedicated to Truth in Public Interest

2.2 Our Vision, Mission and Core Values

VISION

Our Vision represents what we aspire to become: Continue to provide independent and credible assurance on public resources and be a global leader in public sector auditing.

MISSION

Our Mission enunciates our current role and describes what we are doing today: Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent and timely assurance to the Legislature, the Public and the Executive, that public funds are being collected and used effectively and efficiently.

CORE VALUES

Our Core Values are the fundamental beliefs that guide our institution and our people
Institutional values: Mandating professional standards, objective and balanced approach, independence and transparency.
People values: Ethical behaviour, integrity, professional competence, fairness and social awareness.

2.3   Independence of SAI India

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

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

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

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

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

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

2.4   Our Accounts Mandate

The CAG's (Duties, Powers and Conditions of Service) Act, 1971[1] (CAG's DPC Act, 1971), promulgated in exercise of powers conferred by the Constitution of India, provides for compilation of accounts of the State governments by CAG. Besides compiling the accounts, CAG is responsible for preparing and submitting the accounts to the President, Governors of States and Administrators of Union Territories (UTs) having Legislative Assemblies. He may also give information and render assistance, related to preparation of the accounts. CAG compiles 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 authorisation. We actively monitor expenditure patterns and issue advice on excesses, surrenders and lapses of funds.

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

2.5   Our Audit Mandate

2.5.1   CAG's DPC Act, 1971

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

- All receipts payable into and expenditure from the Consolidated Fund of the Union and the State Governments;
- All financial transactions in emergencies, outside the normal budget (called the Contingency Fund);
- Inflows and outflows of private monies of the public held by the Government as a trustee or banker (called Public Accounts), at the Central, as well as at the State levels;
- All trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts kept in any Government Department;

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

- All stores and stock accounts of all Government offices and Departments;
- Accounts of all Government companies and any other company as defined in the Companies Act 2013;
- Accounts of all Regulatory Bodies and other statutory authorities/ corporations, where the governing laws provide for their audit by the CAG;
- Accounts of all autonomous bodies and authorities substantially financed by the public exchequer;
- Accounts of a body or authority whose audit is specifically entrusted to CAG, in public interest, by the President/ Governor /Lt. Governor, under enabling provisions of the CAG's DPC Act, 1971.

The following special responsibilities have also been entrusted to the CAG:

- On the recommendations of successive Central Finance Commissions, the States have entrusted, to the CAG as per provisions of the CAG's DPC Act, the role of providing Technical Guidance and Support (TGS) to the Local Fund Audit Wings of State Governments, who are the Primary Auditors of Local Bodies (LBs). The components of TGS include *inter alia* support and hand holding of Primary Auditors for setting of auditing standards, audit planning, adoption of improved audit methodologies and capacity building. In addition, utilisation of funds received as grants-in-aid from Central/State Governments and implementation of Central/ State Schemes by LBs are also audited. Further, all receipts and expenditure of those LBs are audited which are either substantially financed from the Consolidated Fund of India/ States or where such audit has been entrusted by the State Governments.
- Conducting a review of the performance of the Union Government in meeting its obligations under the Fiscal Responsibility and Budget Management Act.
- Certifying the net proceeds of Central taxes/duties, which are shareable with the States.

2.5.2   Mandate through judicial pronouncement

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 17 April 2014 pertaining to the companies providing telecom services.

2.6   Our Powers

2.6.1   Powers to Audit

In carrying out the above mentioned duties, CAG has powers[2] to:

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

2.6.2   Powers of Delegation

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

2.6.3   Powers to make regulations

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

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

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[2]_Sections 18,21,22,23 & 24 of CAG's DPC Act 1971_

2.7   Different types of Audit conducted by SAI India

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

2.7.1   Financial Audit

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

2.7.2   Compliance Audit

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

2.7.3   Performance audit

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

Chapter 3

# Organisation of SAI India

3.1   Organisation of SAI India

The CAG discharges his duties through the Indian Audit & Accounts Department. SAI India is a knowledge based and human resource driven organisation. It consists of approximately 41,700 employees. The CAG's office located in New Delhi is the headquarters of SAI India. During 2021-22, it was supported by 137 field offices (132 offices spread across India and five offices located abroad). Three National Training Institutes and 12 Regional training Institutes/Centres provide the capacity building support.

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

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

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

Our verticals are structured according to the functions we perform *viz.* Audit of Union Government, Audit of State Government, Accounts and Entitlement and Training & Human Resources. The organisational set up is depicted in the diagram below:
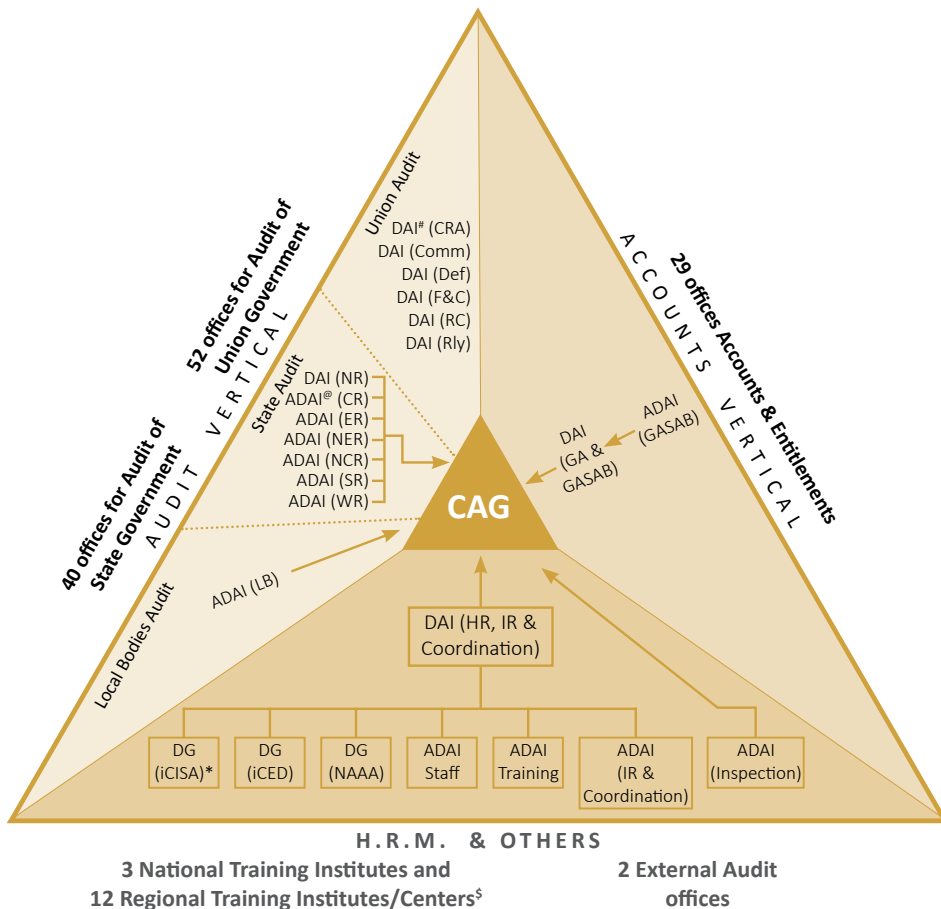
DAI: Deputy Comptroller and Auditor General
@ ADAI: Additional Deputy Comptroller and Auditor General
* ADAI (SR) is holding additional charge of DG (iCISA)
$ one RTC is not a separate office.

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

3.2   Comptroller and Auditor General's Audit Advisory Board

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

The Board consists of nominated external members who are eminent persons in diverse fields, as well as Deputy Comptroller and Auditors General of the SAI India. The members of the Board function in an honorary capacity. The Audit Advisory Board is reconstituted every two years. The first Audit Advisory Board was constituted in 1999. Since then, the Board has been reconstituted nine times (2001, 2003, 2006, 2009, 2011, 2013, 2015, 2018 and 2021). The tenth Audit Advisory Board constituted in April 2021 for the biennium 2021-23, has the following members:

Mr. Girish Chandra Murmu Comptroller and Auditor General of India	Ex-officio Chairman
Mr. Ashok Gulati Agricultural Economist	Member
Dr. Devi Prasad Shetty Chairman and Executive Director, Narayana Health	Member
Mr. H. K. Dash Retired IAS Officer	Member
Prof. Makarand R. Paranjape Academician	Member
Mr. Manish Sabharwal HR Consultant	Member
Mr. Maroof Raza Retired Indian Army Officer and National Security Analyst	Member
Mr. Nitin Desai Distinguished Fellow, TERI, UN retd.	Member
Dr. Ravinder H. Dholakia Economist	Member
Mr. S.M. Vijayanand Retired IAS officer	Member
Mr. Suresh N. Patel Central Vigilance Commissioner	Member
All Deputy C&AsG	Ex-officio Members

Members of the Tenth Audit Advisory Board of CAG

3.3   State Audit Advisory Boards

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

Chapter 4

Training Infrastructure

4.1 Training infrastructure of SAI India

The training infrastructure of SAI India comprises three Central Training Institutes, 10 Regional Training Institutes and two Regional Training Centres.

4.1.1 National Academy of Audit and Accounts, Shimla

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

NAAA, Shimla

NAAA nurtures the new recruits into a cadre of competent officers, well-versed with contemporary best practices in the field of auditing, accounting, public administration and

good governance. The residential induction training at the Academy lasting for 89 weeks commences around mid-December every year and is organised in a sandwich pattern of Phase-I, On the Job Training (OJT) and Phase-II training. Phase-I training is bifurcated into Semester-I & II with focus on different aspects of Government and Commercial Accounting; Public Audit including Compliance, Performance, Financial and Information Systems Audit; Public Finance and Policy; Administration and Public Expenditure; Costing and Financial Management. Classroom training is supplemented by On the Job training for 32 weeks in select field offices across the country for providing hands on experience of working in the field formations of SAI India.

The Officer Trainees are also sent to other academic institutions of excellence for domain specific knowledge including at Indian Institutes of Management, National Institute of Public Finance and Policy, Reserve Bank of India, NITI Aayog, Securities and Exchange Board of India, Tata Institute of Social Sciences and Parliamentary Research and Training Institute for Democracies.

During the training at the Academy, focus is also given on the development of interpersonal skills and personality development of the Officer Trainees through sports, cultural, social outreach, and other extra-curricular activities. There are various committees run by the Officer Trainees. Major activities organised by these committees

Yarrows, Shimla

include bringing out 'Academy Calling' and 'Yarrows Dew' magazines, organisation of annual photography cum short video competition cum exhibition for the entire SAI India known as 'Abhivyakti', annual debate competition 'Battle of Ideas', annual quiz competition 'Quiriosity', running of Crèche for children of migrant labourers, organisation of blood donation and health checkup camps, organising various sporting events and cultural programmes.

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

4.1.2 International Centre for Information Systems and Audit (iCISA)

iCISA, NOIDA

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

iCISA is mandated to impart quality training to officers of SAI India. In addition, iCISA trains senior officers from various services *viz.* Indian Administrative Service, Indian Forest Service, 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 Information Systems Audit and Control Association (ISACA) India chapter, leading audit firms, Indian Computer Emergency Response Team (CERT-In), Data Security Council of India (DSCI) and Standardisation Testing and Quality Certification (STQC) Directorate of Ministry of Electronics & Information Technology. An MOU has been signed with STQC Directorate for capacity building on Information Systems Security for SAI India officials.

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

- To promote bilateral co-operation between the Government of India, which funds these training programmes, and other Governments;
- 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; and
- 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 various SAIs and officers of Governments of countries in Africa, Central Asia, South East Asia, Far East, Middle East, Pacific and East European region participate in these international training programmes.

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

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

iCED at Jaipur was established in May 2013 and is a recognised Global Training Facility of the INTOSAI on Environment Audit. Its campus has the unique distinction of

being the country's first ever GRIHA (Green Rating for Integrated Habitat Assessment) **five-star rated green building**.

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

iCED, Jaipur

iCED Campus
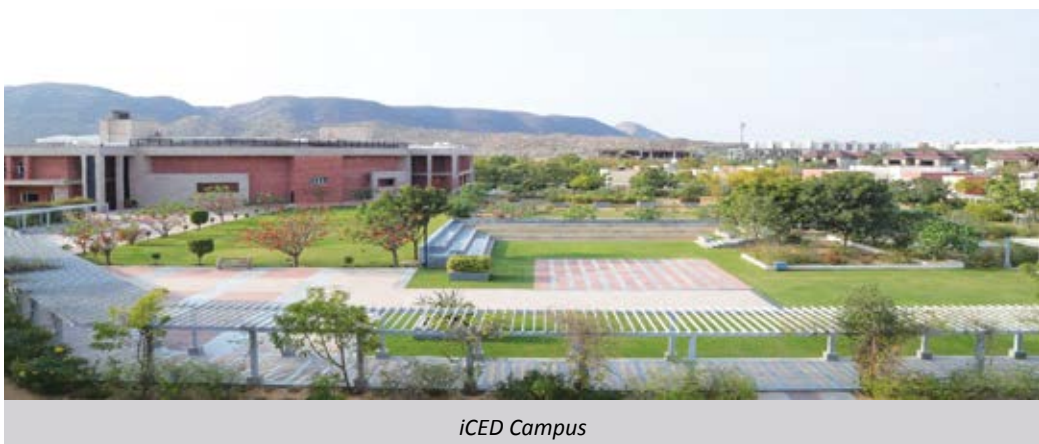
4.1.4   Regional Training Institutes/Centres

SAI India has 10 Regional Training Institutes (RTIs) and two Regional Training Centres (RTCs) located across the country to provide extensive training in Accounts, Audit, Administration, Management and Information Technology for Senior Audit/Accounts Officers, Group B and C cadres of SAI India which constitute Supervisory cadre and Audit & Accounts Staff cadre. The institutes are located in Chennai, Hyderabad, Jaipur, Jammu, Kolkata, Mumbai, Nagpur, Prayagraj, Ranchi and Shillong. Two RTCs are located in Bengaluru and Delhi.

The RTIs/RTCs function as Knowledge Centres in respect of the specific areas of specialisation 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 their designated areas of specialisation. They conduct All India Training Programmes in the area of specialisation allotted to them.

RTI Shillong

RTI Nagpur

RTI Mumbai

RTI Prayagraj
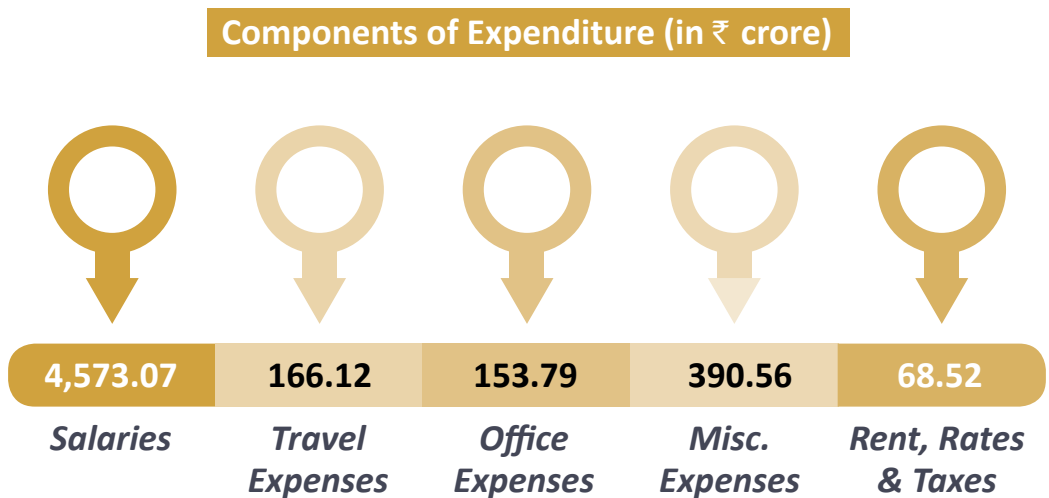

RTI Jammu

RTI Jaipur

Chapter # 5

How we manage our resources

5.1   Financial Management - Components of Expenditure

We spent ₹5,352.06 crore in 2021-22. A major share of total expenditure (88.55 *per cent*) was incurred directly on our human resources – 85.45 *per cent* on 'Salaries' and 3.10 *per cent* on 'Travel'. Component wise details of expenditure are given below:

Components of Expenditure (in ₹ crore)

4,573.07	166.12	153.79	390.56	68.52
Salaries	*Travel Expenses*	*Office Expenses*	*Misc. Expenses*	*Rent, Rates & Taxes*

5.1.1 Expenditure pattern on functional basis

Civil Audit Offices accounted for the largest share of expenditure followed by Civil Accounts and Entitlement Offices. Overall we spent about 65.03 *per cent* on Audit (excluding Headquarters). The total expenditure on the Civil Accounts Offices was approximately 29.85 *per cent*.

Table I.5.1

| Category of office	Actual Expenditure (₹ in crore)	Percentage of Expenditure
Headquarters office	187.98	3.51
Civil Audit Offices	2650.34	49.52
Commercial Audit Offices	236.50	4.42
Finance & Communication Audit Offices	154.72	2.89
Railway Audit Offices	273.96	5.12
Defence Audit Offices	127.95	2.39
Civil Accounts offices	1597.44	29.85
UN Audit(Office of Directors of External Audit at UN New York, WHO-Geneva and FAO-Rome)	4.18	0.08
Overseas Audit offices	32.62	0.61
NAAA, Shimla	17.32	0.32
iCED, Jaipur	10.81	0.20
iCISA, NOIDA	9.42	0.18
Regional Training Institutes	34.84	0.65
Departmental Canteen	13.98	0.26
Total	**5352.06**	**100**

5.2   Human Resources Management

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

Our manpower is broadly classified into four categories:

Category	Numbers of Officers/Staff (as on 1 March 2022)
IA&AS	553
Supervisory Cadre	17,745
Audit & Accounts Staff	20,320
Multi-Tasking Staff	3,057
Total	**41,675**

Against a sanctioned strength of 61,121, 68.18 *per cent* of the staff is presently working in the Department. In SAI India, 43.91 *per cent* people are at different managerial and supervisory levels and 48.75 *per cent* people constitute audit and accounts staff. Only 7.34 *per cent* of the total strength provides support function.
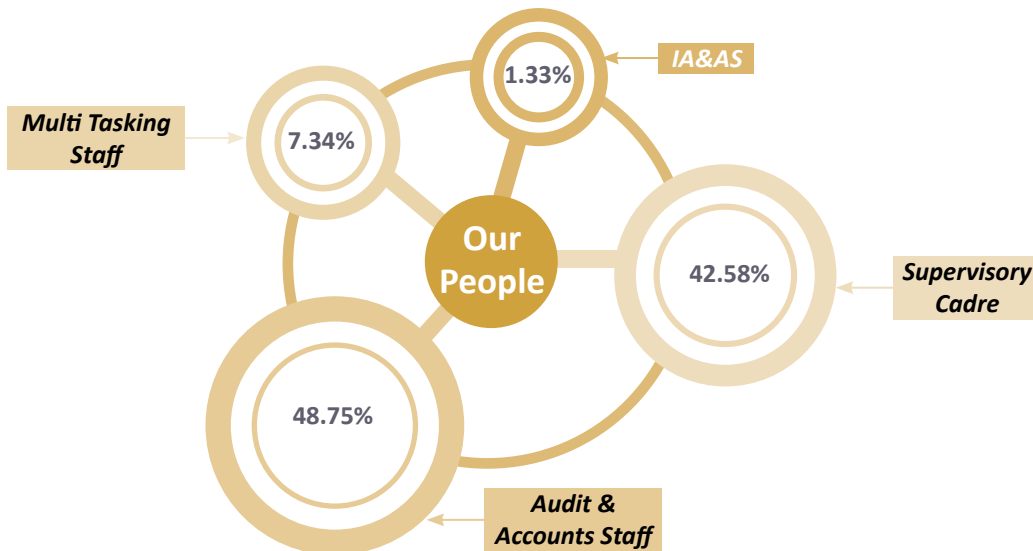
Indian Audit & Accounts Service (IA&AS) Officers are recruited through Union Public Service Commission. The top, senior and middle management levels of SAI India are manned by officers from this service. In addition, Senior Audit/Accounts Officers are also inducted into this service by promotions. Together they constitute the Group A service in Government of India.

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

Audit & Accounts Staff - Data Entry Operators (DEOs), Clerks, Auditors/ Accountants, Senior Auditors/Senior Accountants and Assistant Supervisors form this cadre and constitute 50 *per cent* of our total manpower. They are recruited by the Staff Selection Commission or promoted from feeder cadre.

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

5.2.1 Qualifications

The IA&AS cadre has 14 doctorates, 274 post graduates and 260 graduates. Out of them 87 are professionally qualified[1] officers. Officers and staff in the non-IA&AS cadre of Group 'A', 'B' & 'C' are also well qualified. We have 68 doctorates, 4,019 professionally qualified personnel, 5,116 post graduates and 22,324 graduates in these cadres.

5.2.2 Recruitments

Optimal staffing in the field offices continued to be a focus of the department during 2021-22. Requisitions placed with Staff Selection Commission for direct recruitment to the posts of Assistant Audit Officers, Divisional Accountants, Junior Hindi Translators,

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[1]*Engineers, Doctors, MBA, CA, ICWA, CFE, CIA, CISA etc.*

Auditors, Accountants, Stenographers have materialised during 2021-22. This resulted in addressing the deficiency in Group 'B' and 'C' cadre to a considerable extent.

- We recruited 788 persons in 2021-22. The largest number of recruitments took place for Assistant Audit Officers (296), Auditors (199), Divisional Accountants (150), Stenographer Grade-II (50), Data Entry Operator Grade 'A' (48) and Stenographer (45).
- 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.

5.2.3   Gender Balance

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

Category	Women	Men	Percentage of women
IA&AS	159	394	28.75
Supervisory Cadre & Audit/ Accounts Staff	6,129	31,936	16.10
Multi-Tasking Staff	471	2,586	15.41
Total	**6,759**	**34,916**	**16.22**

While the proportion of women was 16.10 and 15.41 *per cent* in case of supervisory cadre and Multi-Tasking Staff respectively, it was higher in IA&AS at 28.75 *per cent*.

5.2.4   Staff Associations

We have 225 Staff Associations and five All India Federations representing audit and accounts staff and supervisory cadres. State level meetings were periodically held by the Principal Accountants General/Accountants General with the concerned field level Service Associations.

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

Chapter 1

Fulfilling our Audit Mandate

1.1   Our Audit Process

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

- **Strategic Audit Plan**
- **Annual Audit Plans**
- **Planning Individual Audits**
- **Conducting Audits**
- **Reporting on Audits**

The Strategic Plan provides the overarching framework for planning in the SAI India on all significant areas for a longer time horizon. For preparing the Strategic Plan for SAI India for 2023-30, a Committee has been constituted in February 2022.

Annual Audit Plans developed by each field office contain the details of the individual audits planned to be carried out during the annual audit cycle. The annual plan exercise takes into account the periodicity of audit, as determined by audit mandate; risk assessment; and other relevant parameters, including significance of the issue or unit and human resources. The selection of topics for Performance Audit is guided by various considerations such as risk assessment, materiality and significance, visibility of the subject, past audits, estimated impact, coverage and stage of the programme development, etc.

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

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

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

The Audit Committees constituted by audited entities are a mechanism for follow up of audit findings. The Audit Committees, consisting of officials from the audited

entity and the SAI India, monitor the follow-up process, so as to bridge any perception gaps and to increase levels of communication, besides discussing and resolving outstanding audit observations.

1.2   Highlights of the Annual Audit Plan 2021-22

The Annual Audit Plan 2021-22 accorded priority to the mandatory Financial Attest Audit related assignments. Our coverage of Compliance and Performance audits was guided by risk assessment and optimal utilisation of our remaining resources, with emphasis on quality and timeliness of Audit Report.

After holding several interactions with stakeholders and experts, All India Performance Audits on 'Swadesh Darshan Scheme' and 'Pre-Post Matric Scholarship Scheme /NSAP' were initiated during the year. Besides this, we took up a cross cutting audit on Public health infrastructure and management of health services across States. We also continued with the cross cutting audits such as Audit of efficacy of implementation of the 74th Constitutional Amendment Act, Performance of Discoms- pre and post UDAY and Waste Management in Urban Areas/Smart cities in some States.

1.3   Key Results and Achievements in Audit

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

The main outputs of these audits are Inspection Reports and Audit Certificates with Separate Audit Reports that are issued to the management of the audited entity. Significant audit observations reported in these audit products are included in Audit Reports of the CAG, which are placed before the Parliament/State Legislatures under provisions of Article 151 of the Constitution of India. Ensuring the quality and timeliness of these audit products is a key result area of the SAI India. In the following paragraphs, we report on the audits performed by us and the highlights of our audit products during 2021-22.

1.3.1 Financial Attest Audit

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

During 2021-22, we examined 7,912 accounts of Union and State Governments, PSUs, Autonomous Bodies, externally aided projects and other entities and issued an audit certificate for each account. We issued 4,911 audit certificates within the prescribed time frame.

Accounts relating to	No. of accounts examined	On time Audit Certification
Central/State Government	298	267
PSUs (Central/State)	1,664	1,032
Autonomous Bodies (Central/State)	1,386	386
Externally Aided Projects (Central/State)	201	142
Others (Central/States)[1]	4,363	3,084
Total	**7,912**	**4,911**

The delays in certification of accounts were on account of receipt of incomplete accounts; revision of accounts; late receipt of accounts from Autonomous Bodies, 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. COVID-19 outbreak also contributed to the delays.

1.3.2 Compliance Audits

1.3.2.1 Audit Coverage

A total of 32,884 units were planned for audit during 2021-22. Against this, 28,964 units were audited during the year. The graph below shows that 89.23 *per cent* of the planned audits at the Union level and 87.40 *per cent* of the planned audits at the State level were completed.

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

Audit Coverage

	Union	States
Units Planned	12105	20779
Units Audited	10802	18162
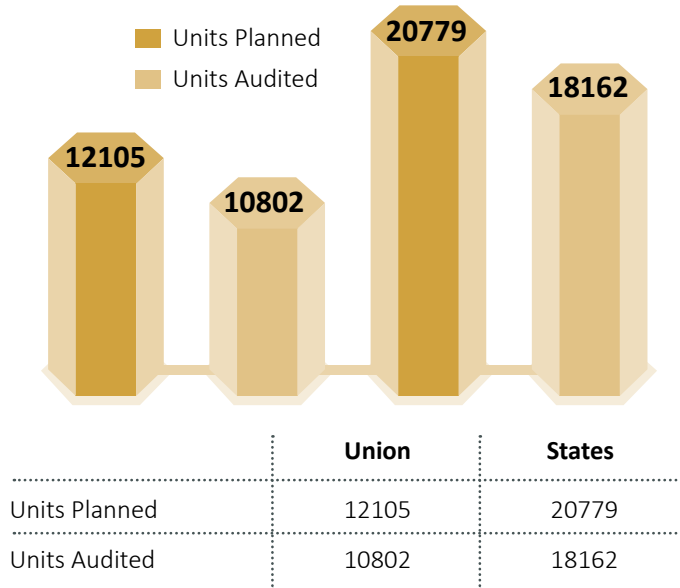
1.3.2.2   Inspection Reports

Inspection Reports (IRs) are issued on completion of every audit to the audited entity. Of the 28,964 units audited during the year, IRs in case of 15,417 units (53.23 *per cent*) were issued in 2021-22. In addition, 3,241 IRs were also issued for the units audited prior to 2021-22.

At the Union level, 99.66 *per cent* of the IRs were issued on time, i.e., within 30 days, while at the State level, the on-time performance was 73.32 *per cent*.

	Inspection Reports issued for Units actually audited during the year	Inspection Reports issued for units audited prior to 2021-22	Total Inspection Reports issued during the year	Inspection Reports issued within 30 days	Percentage of Inspection Reports issued within 30 days
Union	5,680	879	6,559	6,537	99.66
States	9,737	2,362	12,099	8,872	73.32
Total	**15,417**	**3,241**	**18,658**	**15,409**	**82.59**

Significant audit observations made during compliance audit are included in the Compliance Audit Reports of CAG. A total of 2,547 audit observations (849 in the Union Audit Reports and 1,698 in the State Audit Reports) were included in the Audit Reports approved during 2021-22. Important topics for Standalone Compliance Audit Reports were Water Injection Operations in Western Offshore in ONGC and Administration of Nazul Lands by Land and Development Office.

At the Union level, 362 of the 849 audit observations were accepted and 27 were partially accepted by the audited entities. At the State level, of the 1,698 audit observations, 434 were accepted and 112 were partially accepted by the audited entities.

1.3.3 Performance Audits

Continuing with the approach adopted in 2020-21, the areas of audit which were outcome focused were identified and selected centrally. As mentioned in Para 1.2, the important topics taken up for audit were 'Swadesh Darshan Scheme', 'Pre-Post Matric Scholarship Scheme/NSAP', Public Health Infrastructure and management of health services across States, Audit of efficacy of implementation of the 74th Constitutional Amendment Act, Performance of Discoms - pre and post UDAY and Waste Management in Urban Areas/Smart cities.

In addition, Performance Audits were conducted on Ground Water Management and Regulation, Setting up of new Indian Institutes of Technology (IITs), Advance Authorisation Scheme, Implementation of Phase-III, Delhi Mass Rapid Transit System by DMRC, Material and Components Group of Ordnance Factories, Selection and Training of Officers in Indian Army, Inventory Management in Ordnance Services, Construction and Estate Management in DRDO, Functioning of UIDAI, Functioning of District Hospitals, Functioning of Karnataka State Road Safety Authority, Dial 100 Emergency Response System, Land Acquisition and Allotment of Properties, Centralised Information Technology Billing System Being Operated by State Power Utilities, Prime Minister's Development Package, Preparedness and Response to Floods in Kerala and Management of Storm Water in Urban area.

1.3.4 Audit Reports of the CAG

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.

Between 2018-21, CAG approved, on an average, 105 Audit Reports annually for laying in the Parliament/State Legislatures. During 2021-22, 165 Audit Reports, of which 34 Reports were to be tabled in the Parliament and 131 in the State Legislatures, were approved. Out of 165 Audit Reports, 21 Union Audit Reports and 119 State Audit Reports were presented to the Parliament and the State Legislatures respectively, during 2021-22. Further, one Union Audit Report and 45 State Audit Reports approved in 2020-21 were also presented to the Parliament and State Legislatures respectively during 2021-22.

The Reports of the C&AG, after they are tabled in the Parliament/State Legislatures, are placed in public domain at *https://cag.gov.in/audit-reports*.

1.3.5   Impact of Audit

1.3.5.1   Acceptance of Recommendations made by Audit

The status of recommendations made in the 165 Audit Reports approved during 2021-22 was as under:

Audit Reports	No. of Audit Reports approved during the year	Recommendations made	Recommendations accepted
Union Government	34	422	83
State&Union Territory Governments	131	1,722	475
Total	**165**	**2,144**	**558**

Thus, 2,144 recommendations were made in the 165 Audit Reports approved during 2021-22 of which 558 recommendations were accepted by the audited entities.

1.3.5.2   Recoveries at the instance of Audit

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

(₹ in crore)

	Recoveries accepted	Recoveries effected
Union Government	16,777.06	1,113.29
State Government	8,793.68	1,861.73
Total	**25,570.74**	**2,975.02**

1.3.5.3 Impact of the Audit of Annual Accounts of PSUs

(i) Financial impact

In case of annual accounts of Government companies and corporations, we conduct supplementary audit, under section 143(6) of the Companies Act, 2013. Supplementary audit of accounts of 1,351 companies and corporations (both Union and States) was conducted during 2021-22 and the impact of these audits on the accounts was: (a) amendment to Notes to the Accounts: ₹49,089.53 crore (b) classification mistakes: ₹32,015.80 crore (c) changes in profit and loss: ₹13,694.18 crore and (d) changes in assets and liabilities: ₹1,07,340.76 crore.

(ii) Revision in the Statutory Auditor's Report

Based on audit enquiries issued during certification audit for the year 2020-21, the Statutory Auditor's Reports were revised in case of **Bharat Electronics Limited (BEL), BEL Thales Systems Limited, Bharat Dynamics Limited (BDL), Bharat Earth Movers Limited (BEML), Mishra Dhatu Nigam Limited (MIDHANI) and Utkarsha Aluminium Dhatu Nigam Limited (UADNL)**.

(iii) Changes in Accounting Policies/Notes to Accounts (Central Public Sector Undertakings)

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

• Based on Management letter issued in October 2020, the Financial statements of **Hindustan Organic Chemicals Limited** for the year 2020-21 were approved by the Board of Directors in June 2021 after (i) excluding the accrued income in the cash flow statement, and (ii) complying with the disclosure requirement of borrowing as per Schedule III of Companies Act, 2013.

• Based on Management letter issued in January 2022, **Haridwar Natural Gas Private Limited** adopted Policy of Useful life of an asset with regard

to depreciation in line with provision of Companies Act, 2013.

- **BEL Thales Systems Limited** made disclosure of (i) deemed cost and method of depreciation adopted and (ii) information related to inventory in Notes to Accounts.

- **BEML** adopted/changed the Accounting policy regarding obsolescence provision for R&D products.

- **MIDHANI** prepared the working guidelines for the accounting units for capitalisation of assets.

- **Hindustan Aeronautics Limited (HAL)** prepared the Accounting Policy on provision for Trade Receivable and Claims Receivable Outstanding for more than five years.

- Guidelines were issued by **BEL** to all the Units for (i) maintaining uniformity in methodology for creating provision for performance warranty, and (ii) creating provision for accounting Exchange Rate Variation claims.

- **BEL Optronic Devices Limited** made disclosure in Notes to Accounts regarding (i) movement of provision of Corporate Social Responsibility and (ii) adjustment under salaries and allowances.

- Based on the Management Letter issued in September 2020, on the Financial Statements of **Eastern Coalfields Limited (ECL)** for the year 2019-20, Coal India Limited (CIL) formulated (March 2021) a uniform accounting policy/ methodology of calculation of coal quality variance to be followed by all subsidiaries.

- **HMT Limited** changed the Accounting Policy for considering all highly liquid financial instruments which were readily convertible into known amount of cash that are subject to an insignificant risk of changing in value and having original maturities of three months or less from the date of purchase, to be cash equivalents in place of 12 months or less from the date of purchase. The company also adopted accounting policy on non-moving inventory from the year ended 31 March 2021.

- **Bhagyanagar Gas Limited** made specific policy on non-moving stores and spares for the year ended 31 March 2021.

- **HMT Machine Tools Limited** adopted accounting policy on non-moving inventory for the year ended 31 March 2021 in line with the accounting policy of holding company.

(iv) Changes in Accounting Policies/Notes to Accounts (States PSUs)

(a) Madhya Pradesh

- Based on the comments in Supplementary Audit of **MP Paschim Kshetra Vidyut Vitaran Company Limited, Indore,** the amount of interest paid to Rural Electrification Corporation on behalf of the Government of Madhya Pradesh was started to be correctly shown under Current Receivables from the Financial Year 2021-22.

- Based on the comments in Supplementary Audit of **MP Madhya Kshetra Vidyut Vitaran Company Limited,** impact of ex-power purchase cost per unit decided by MPERC was started to be disclosed under Notes to Accounts from the Financial Year 2021-22.

(b) Tripura

Based on the Supplementary audit comments on the accounts of **Tripura State Electricity Corporation Limited** for the year ended 31 March 2019, the management agreed to comply with the requirement of (i) classification and disclosure of Fair Value Measurement of Financial Assets and Financial Liabilities as per the requirement of Ind AS-107, and (ii) disclosure of disaggregated revenue and disclosure of opening balance of receivables, contract assets and contract liabilities as per the requirement of Ind AS-115.

1.3.5.4   Changes in Policies, Laws and Rules and Procedures at the instance of audit

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

1.3.5.4.1 Union Audit

(i) Direct Taxes - Report No. 14 of 2020 – Performance Audit of "Search and Seizure assessments in Income Tax Department"

Based on the audit observations included in the Audit Report, the Finance Bill, 2022, introduced the following amendments to the Income Tax Act:

a) *Insertion of a New section 79A* providing that no set off of losses, whether brought forward or otherwise, or unabsorbed depreciation,

shall be allowed to assessee against undisclosed income consequent to a search under section 132 or a requisition under section 132A or a survey under section 133A other than under sub-section (2A) of the Income Tax Act.

b) *Insertion of section 153(f) in explanation 1 (xii)* providing that the appraisal report along with seized material be handed over to assessment wing within the period not exceeding one hundred and eighty days after the end of search and seizure.

c) *Insertion of sub-section (1A) in section 149* providing that where the income chargeable to tax represented in the form of an asset or expenditure escaped the assessment and the investment in such asset or expenditure in relation to such event or occasion has been made or incurred, in more than one previous years relevant to the assessment years, a notice under section 148 shall be issued for every such assessment year for assessment, reassessment or recomputation, as the case may be.

(ii) Railways Audit

Report No.19 of 2019 (Compliance Audit)

(a) **Paragraph No.7.1** – Audit raised an observation that South Eastern Railways had purchased stores items at higher rates without considering the rates of procurement by neighbouring Zonal Railways that was readily available in the Integrated Material Management Information System (iMMIS).

In view of this, Ministry of Railways (Railway Board) issued instructions that the information/data captured on real-time basis should be proactively used by utilising various functionalities available in these systems, to enhance the efficiency of procurement including consideration of bids.

(b) **Paragraph No.4.1** – It was observed that COFMOW did not have any mechanism to track the progress of installation and commissioning of the machines. Based on audit observation, changes were made in policies for monitoring the installation and commissioning of machines.

(c) In response to **Paragraph No.6.5** regarding avoidable expenditure due to delay in completion of work of Traction Sub Station (TSS) at

Limkheda in Ratlam Division of Western Railways, changes were made in policies for construction and commissioning of TSS.

(d) In response to **Paragraph 2.2** regarding working of Automatic Ticket Vending Machines (ATVMs) in Indian Railways, changes were made in policies for monitoring of working of ATVMs.

(iii) Commercial Audit

a) In **Paragraph No.13.5 of Report No. 18 of 2020 (Compliance Audit),** it was pointed out that Rourkela Steel Plant (RSP) of Steel Authority of India Limited (SAIL) did not comply with Industrial Policy Resolutions of Government of Odisha regarding availing exemption from payment of electricity duty on captive power generation leading to avoidable payment, based on which SAIL adopted a new Standard Operating Procedure (SOP) for obtaining statutory clearances, permissions, exemptions etc. relating to new electric power generation system.

b) In **Report no. 11 of 2021 - Performance Audit on "Implementation of Phase-III Delhi Mass Rapid Transit System by DMRC",** the audit *inter alia* pointed out that (i) DMRC did not have any approved policy for selection of type of corridor i.e., elevated, at grade or underground; (ii) there was also no monitoring of compensatory afforestation locations and disposal of wood as per permission letters of Forest Department, Government of National Capital Territory of Delhi; and (iii) DMRC did not conduct any water audits at its stations, depots and construction sites from 2011 till date, based on which following corrective actions were taken by DMRC:

- For preparation of DPRs, DMRC formulated a policy for selection of type of Metro corridor
- A system of monitoring of actual tree cutting, transplantation and disposal of wood obtained on tree cutting was evolved which would be done by DMRC against each permission received from Forest department, Government of National Capital Territory of Delhi.
- Water audit was made an integral part in Phase-IV project.

1.3.5.4.2 State Audit

(i) Madhya Pradesh

a) **(Para No. 4.4.6.1 of Report No. 4 of 2021 on PSUs, for the year 2018-19 tabled in legislature in December 2021)** Due to non-incorporating of price fall back clause and 50 *per cent* quantity reduction clause in the agreement, the MP Power Transmission Company Limited could not avail of the benefit of reduced price and had to incur extra expenditure. Based on Audit observations, the Company made necessary provision for price fall back for balance quantity of supply tender bidding documents.

(ii) Tamil Nadu

Report No.8 of year 2020-21 on Performance Audit on "Implementation of 74th Constitutional Amendment Act"

The State Government took the following actions on the audit observations appearing in the Report:

- Local Body election in Tamil Nadu was conducted in February 2022.
- Property Tax revision was effected in all Urban Local Bodies in Tamil Nadu in April 2022.

Para 3/IIA of Inspection Report No. 27-07/2021-22 in respect of O/o the Commissioner of Handlooms and Textiles, Chennai

On pointing out that the claim of the GST by M/s Co-optex towards the handling charges in respect of O/o the Commissioner of Handlooms and Textiles was inadmissible, the Commissionerate office addressed the Authority for Advance rulings under section 98 of GST tax 2017. The ruling came in favour of the Handlooms and Textiles Department upholding the view of Audit. Accordingly, the Government Order was issued in December 2021 under the proceedings of the Authority for Advance ruling U/s 98 of the GST Act, 2017.

IR.NO. C-20-020/2020-21 (O/o District Educational Officer (DEO), Ariyalur district)

Based on the audit recommendation, the Government of Tamil Nadu issued a G.O. in November 2021 directing the Director of Matriculation Schools to restrict the reimbursement of fees to 75 *per cent* of the annual school fees

for the year 2020-21 to the private schools who admitted children belonging to the disadvantaged groups and weaker section under section 12(1)(c) of the Right of Children to Free and Compulsory Education (RTE) Act, 2009.

(iii) Rajasthan

Report (Local Bodies) for the year ended 2020 Audit pointed out a fraudulent payment of ₹10 lakh for the incomplete construction of community hall near Government Primary School, Chaukhal Bara, PS Jhadol, ZP Udaipur for which Completion Certificate of work was issued by using the picture of other community hall and expenditure was adjusted by ZP. Government of Rajasthan informed (September 2021) that instructions had been issued to BDO, Jhadol to initiate action for recovery, FIR or disciplinary action against the concerned officers, as required.

Para 2.8 of Report (Local Bodies) for the year ended 2020 on Fraudulent payment to contractors Audit observed that fraudulent payment of ₹1.06 crore was made to five firms without availability of duly verified bills. Such payment was possible only if the digital signatories (the Maker and the Checker of the FTOs) share their authority with others who collude with such firms. Government of Rajasthan issued guidelines to all District Collectors **(January 2021)** to ensure that government officers responsible for payment do not share their digital signature certificate with any contractual person and in no case, a contractual person is authorised to make payments

(iv) Uttar Pradesh

Report No.6 of 2021 - Performance Audit on 'Land Acquisition and Allotment of Properties in NOIDA' Out of 27 recommendations regarding policies/Rules, in the Performance Audit Report, 23 recommendations were accepted by the Government of Uttar Pradesh

Report No.3 of 2021 - Performance Audit on 'Centralised Information Technology Billing System being operated by State Power Utilities'- Out of eight recommendations regarding policies/Rules, seven recommendations were accepted by the Government.

1.3.6   Follow Up on Audit Findings and Recommendations

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

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

During 2021-22, 3,034 ATNs were received from the Ministries/Departments of the Union (1,560 ATNs) and State Governments (1,474 ATNs) of which 2,649 ATNs (1,468 ATNs from Union Government and 1,181 ATNs from State Government) were vetted by offices of SAI India. 992 ATNs (472 ATNs from Union Government and 520 ATNs from State Government) were settled during the year.

ATNs on 16,032 Audit Paragraphs (1,070 pertaining to Union Government and 14,962 pertaining to State Governments) were pending for submission by the Union and the State Governments. Of these, ATNs on 9,323 paragraphs (Union Government-505, State Governments-8,818) were not submitted even once by the Governments. Consequently, Audit could not verify the remedial action taken or proposed to be taken to avoid recurrence of similar lapses in future.

Chapter 2

Fulfilling our Accounts Mandate

The duties and powers of the CAG, in relation to the accounts of the Union and States, are laid down in Article 149 of the Constitution of India read with Sections 10, 11 and 12 of the CAG's DPC Act, 1971. The CAG is responsible for compilation and preparation of accounts of State Governments (other than NCT of Delhi and Goa), maintenance of General Provident Fund (GPF) accounts in 20 States, authorisation of pension payments of State Government employees in 19 States and Gazetted Entitlement (GE) functions in nine States. Details are furnished in **Table II.2.1** at the end of this Chapter.

2.1 Performance related to Accounts function

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

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

2.1.3 Timeliness of Accounts

i. Finance and Appropriation Accounts

The Finance and Appropriation Accounts of 27 States for 2020-21 were certified by end March 2022 of which Accounts of 17 States for 2020-21 were placed in the State Legislatures by end of Budget Session for 2022. Accounts of Himachal Pradesh for 2020-21 were under finalisation.

ii. Monthly Civil Accounts

256 out of 364[1] monthly civil accounts were rendered by the A&E Offices on time during 2021-22. There were delays in rendering the remaining accounts which were mainly due to late receipt of accounts from Treasuries/ Divisions/other accounts rendering units of State Governments and in few cases due to COVID-19 Pandemic induced lockdowns during 2021-22.

2.1.4 Completeness of Accounts

The Monthly Civil Accounts rendered to the State Governments during 2021-22 were complete in all respects. No accounts were excluded in the States' Annual Finance Accounts 2020-21.

2.1.5 Combined Finance and Revenue Accounts

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

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

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[1] *28 States x 13 Accounts in a year including March (Supplementary) Accounts*

The CFRA for 2019-20 was at an advanced stage of finalisation at the end of March 2022. The dashboard hosts CFRA data for a period of five years up to 2019-20 for the Union/States and UTs on the CAG website[2].

2.1.6   Reserve Bank Deposits (RBD) reconciliation and timely remittances of Government revenue – Initiatives taken

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

It was observed that cash balance of the State Governments as reported in the Accounts by AG (A&E) was not in agreement with the cash balance reported by RBI and the same was being commented in Notes to Accounts of each State's Finance Accounts.

In order to streamline the cash balance reconciliation process and timely remittances of Government revenue, a Standard Operating Procedure (SOP) on RBD reconciliation has been issued in August 2021 for adherence by all PAsG/AsG (A&E).

2.1.7   Treasury Inspections

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

During 2021-22, inspections of 1,481 treasuries/sub-treasuries were carried out against the total planned 1,870 treasuries/sub-treasuries. The shortfall in inspection was due to COVID-19 outbreak. As a result of these inspections, 1,200 Inspection Reports were issued wherein 3,195 recommendations were made.

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[2]*http://cag.gov.in→Accounts→ Dashboard for Union and State Finances*

2.1.7.1   Results of treasury inspections

The treasury inspections revealed a number of deviations relating to compliance with State's financial/entitlement rules, pointing towards fault lines in the internal control systems which impact the financial management of the States. A few instances are given below:

- In **Meghalaya**, contribution towards New Pension Scheme was not deducted in 824 cases and compulsory deduction of General Provident Fund subscription was not made in 311 cases.

- In **Rajasthan**, non-recovery of overpayment of departmental dues was noticed in 15 Treasuries, non-recovery of Tax Deducted at Source (TDS) from taxable pension arrear was detected in 11 Treasuries and cases of irregular/overpayment of Social Security Pension to ineligible persons was pointed out in nine Treasuries.

- In **Jammu and Kashmir**, excess payment of pension/family pension to the tune of ₹25.54 lakh approximately was noticed in 13 Treasuries/Sub-Treasuries.

- In **Andhra Pradesh**, we noticed drawal of ₹41,043.08 crore in the form of Special Bills by passing codal provisions, fraudulent drawal of vehicle bills of ₹97.35 lakh by DDOs and double drawal of different types of bills to the tune of ₹38.38 lakh.

- In **Jharkhand**, excess payment of death-cum-retirement gratuity was noticed.

- In **Bihar**, non-deduction of TDS from pension paid was noticed.

2.2   Performance with regard to Entitlement Functions

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

2.2.1   Information related to Entitlement functions

Information relating to the status of pension, GPF and GE functions is available on the websites of respective AG offices and through SMS based services where details have been provided by the employees of the State Governments to the offices. This enables the concerned stakeholders and other visitors to view information uploaded on the respective State AG's websites and receive intimation through SMS as well.

2.2.2   Pension cases finalised

The function of pension authorisation is being carried out by 20 A&E offices. These offices finalised total 6,16,698 cases of Original and Pension Revision during 2021-22. The State-wise total pension cases received and finalised during 2021-22 are given in **Table II.2.2** at the end of the chapter. As per the Citizens' Charter, original pension cases are to be finalised within 30 working days from the receipt of the case complete in all respects in the AG office. The average time taken for finalisation of pension cases was within the prescribed timeline in Andhra Pradesh, Assam, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Kerala, Meghalaya, Nagaland, Punjab, Telangana and Tripura. In remaining States, average time taken in finalisation of a Pension case was more than 30 days mainly due to wanting information from the Departments concerned or other operational hindrances due to COVID-19 lockdowns.

2.2.3   Maintenance of GPF Accounts

In 20 States, 22 A&E offices are responsible for the maintenance of GPF accounts of the State Government employees. During 2021-22, 26,93,856 GPF accounts were maintained by these offices. Due to introduction of National Pension Scheme by the State Governments, with effect from 2004 onwards, there has been a reduction of 5.18 *per cent* subscribers (last year total number of subscribers were 28,41,122) in comparison to the previous year.

2.2.4   Finalisation of GPF Final Payment cases

During 2021-22, out of 1,94,902 cases due for final payment of GPF, the A&E Offices finalised 1,84,658 cases (94.74 *per cent*) within the prescribed time limit.

No. of GPF final payment cases due in 2021-22	No. of final payment cases finalised
1,94,902	1,84,658

2.2.5   Proactive engagement with stakeholders

During 2020-21, Adalats/Workshops/Lokvani/Samvaad for pensioners/ subscribers were convened at site and virtually as well, due to COVID-19 pandemic. Few instances of such interactions are described below:

Haryana, Karnataka & Telangana

AG (A&E) Haryana conducted a Pension Adalat on 30 March 2022 in which apart from Pensioners/Family Pensioners, representatives from Treasury & Accounts Departments and Banks were also present. In view of the COVID pandemic, AG (A&E) Telangana conducted a Virtual Pension Adalat in respect of Agriculture Department on 27 August 2021. Out of 16 pending pension cases taken up at Adalat, seven cases were finalised immediately on receipt of replies from Pension Sanctioning Authorities. Similarly, AG (A&E) Karnataka also conducted Pension Adalat on 24 February 2022 through Video Conference.

Pension Adalat organised by Pr. AG (A&E) office, Karnataka

Uttar Pradesh

Six Treasury Workshops were organised at different places in Uttar Pradesh between October 2021 to December 2021 with an objective to sensitise the Treasury Officers/DDOs regarding GPF minus balances cases, clearance of un-posted and missing credit items.

Himachal Pradesh

Like previous year, during 2021-22 Himachal Pradesh Office initiated quarterly participation in a Live Phone-in programme of All India Radio (AIR) - *'Lok Vani'* to interact with pensioners/subscribers as a part of the pro-active initiative to increase the outreach for pension related issues, to offer convenient and inexpensive redressal mechanism/ confidence building measures. In this programme, citizens are invited to call the AIR Centre to discuss their issues and seek clarifications pertaining to Pension and GPF. The officers of the AG(A&E) office are present at the venue during the programme and redress the grievances of pensioners and GPF subscribers on the spot to the maximum extent possible. Besides the programme on AIR, a *'Janvani'* programme was also telecasted by Doordarshan Kendra, Shimla on monthly basis to apprise the public about the entitlement functions of AG Office.

Maharashtra

Owing to the COVID-19 pandemic, AG(A&E)-I, Maharashtra held online Pension Adalat for Nasik Treasury and named as *'Pension Samvaad'* with the pensioners through WhatsApp to address their issues.

After registration for the Samvaad, a link was shared on the *'Sevaarth'* and *'Nivruttivetanwahini'* portal of the State Government. Posters were also hosted on the website for wide publicity. The first such Online Pension/GPF Samvaad was held on 2 March 2022 through WhatsApp Video call. Though, it was meant for the pensioners from Nasik Treasury, applications were also received from various other Treasuries. WhatsApp video calls were made to the pensioners and queries were addressed to their satisfaction.

Online Pension & GPF Samvaad organised by Pr.AG(A&E)-I, Maharashtra

Workshop cum Adalat on Pension, Provident Fund & Accounts for DDOs organised by Pr.AG(A&E)-I, Maharashtra

Tamil Nadu

Missing credit clearance drive (MCCD) was initiated for clearance of missing credits by AG(A&E) Tamil Nadu. Officials were deputed to visit five to six Treasuries/Pay and Accounts Offices since October 2021 to collect the details for the missing credits. Prior to the visit of the officials, DDO wise list of missing credits were sent to the Treasury officers/Pay and Accounts Officers concerned. So far, 19 out of 41 Treasuries/PAOs have been covered and it is proposed to cover the rest of the Treasuries/PAOs by April 2022 as a first round of collection of recovery details to clear the missing credits prior to the upload of Annual Account statements for the year 2021-22. Due to the MCCD initiative, 40,600 missing credits of 9,065 subscribers have been cleared in five months.

Workshop organised by AG(A&E), Tamil Nadu for clearance of Missing credits

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

There is a centralised Web-based Grievance Redressal Mechanism for registering grievances online. GPF subscribers/Pensioners can register complaints online or through e-mails to the concerned A&E office. In case, a subscriber/pensioner is not convinced with the reply of the AG office then complainant may also register grievance with the Complaint Wing of the CAG office. All the links related to grievance redressal system are available on CAG's website[3]. On lodging the grievance, the system automatically generates a unique registration number of the grievance and sends an SMS to the complainant for future reference.

During 2021- 22, 2,353 grievances were received in CAG office from State pensioners/subscribers of which, 2,233 were redressed within the timeframe of the Citizens' Charter. There were 120 grievances pending for disposal which were within the prescribed period (30 working days) of Citizen Charter. A report on grievances received and redressed is submitted to higher authorities on monthly and quarterly basis.

2.3 Evaluation of performance of A&E Office through quarterly KRA reports

Government Accounts Wing is evaluating performance of Accounts & Entitlement functions of all the A&E offices on quarterly basis through in-house developed grading scheme of Key Reporting Areas.

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[3]*https://cag.gov.in/en/page-entitlement-grievance*

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

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

Note: *These offices are composite offices for A&E and audit functions.
$ Madhya Pradesh, Maharashtra and Uttar Pradesh have two A&E offices. AG (A&E)-II, Madhya Pradesh has only GPF functions

Table II.2.2 **State-wise finalisation of Pension cases and Revision of Pension cases during 2021-22**

Sl. No.	Offices	Original Pension		Revision of Pension	
		No. of cases received (including opening balance)	No. of cases settled	No. of cases received (including opening balance)	No. of cases settled
1	Andhra Pradesh	12,015	11,274	5,376	4,812
2	Assam	14,759	13,437	979	893
3	Bihar	28,473	25,077	23,330	20,162
4	Haryana	11,960	11,960	30,504	30,504
5	Himachal Pradesh	12,439	11,778	2,261	1,866
6	Jammu & Kashmir	16,057	16,047	25,673	25,544
7	Jharkhand	10,458	10,089	31,543	24,966
8	Karnataka	23,932	23,886	9,713	9,658
9	Kerala	19,072	18,945	32,612	31,204
10	Maharashtra-I	28,628	28,628	36,335	33,363
11	Maharashtra-II	18,006	18,006	32,473	32,473
12	Manipur	5,558	3,837	7,528	4,796
13	Meghalaya	3,208	3,160	221	214
14	Nagaland	3,738	3,699	5,567	5,551
15	Odisha	13,432	12,521	3,281	2,906
16	Punjab	15,729	15,729	43,725	41,286
17	Tamil Nadu	12,703	11,936	9,824	9,357
18	Telangana	2,602	2,444	27,116	27,023
19	Tripura	4,442	4,150	56	54
20	West Bengal	22,566	17,803	51,477	45,660
TOTAL		**2,79,777**	**2,64,406**	**3,79,594**	**3,52,292**
Total cases received (Original Pension cases and Revision pension cases)		**6,59,371**			
Total cases settled		**6,16,698**			

Statue of Sardar Vallabh Bhai Patel in the CAG office premises

Chapter 1

Development of Guidances

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

1.1 Government Accounting Standards Advisory Board (GASAB)

The CAG, in consultation with Government of India, constituted the Government Accounting Standards Advisory Board (GASAB) in August 2002. 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 and transparency in public spending instead of just identifying resources for public scheme funding.

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

a. To establish and improve transparency in government accounting and financial reporting in order to enhance accountability mechanisms.

b. To identify and consider significant areas of accounting and financial reporting that can be improved through the standard setting process.

c. To formulate and propose Government Accounting Standards that improve the usefulness of financial statements based on the needs of all stakeholders.

d. To provide training on implementation of Government Accounting Standards.

e. To review, at regular intervals, the Government Accounting Standards from the point of view of acceptance or changed conditions, and, if necessary, revise the same.

f. To issue other pronouncements e.g. issuance of Guidance Notes, which provide guidance on issues in financial reporting in government.

g. To carry out such other general functions related to financial reporting, e.g., publishing of research papers etc. and

h. To examine how far the relevant International Government Accounting Standards such as International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC) can be adapted while formulating the Government Accounting Standards given the conditions and practices prevailing in India.

GASAB develops two kinds of standards:

(i) Indian Government Accounting Standards (IGAS) based on cash based accounting system which are mandatory for application by Union, States and the Union Territories with legislature from the date of notification by the Government; and

(ii) Indian Government Financial Reporting Standards (IGFRS) based on accrual based accounting systems which are recommendatory.

These standards, developed in consultation with stakeholders, are forwarded to Ministry of Finance (MOF) for notification in accordance with Article 150 of the Constitution of India, which specifies that the accounts of the Union and of the States shall be kept in such form as the President may, on the advice of the Comptroller and Auditor General of India, prescribe.

1.1.1   Accounting Standards notified by the Government of India

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

1.1.2   Accounting Standards/Guidance Notes approved and sent for notification to MOF – yet to be notified as on March 2022

- Modified IGAS 2: Accounting of Grants-in-aid
- Modified IGAS 3: Accounting of Loans and Advances
- Guidance Note on accounting of fixed assets
- 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

1.2   Progress on Accounting Standards/ Disclosure Statements during 2021-22

1.2.1   Review of un-notified Standards

a. The Modified Standards *viz.* IGAS 2 & IGAS 3 were forwarded to MOF for finalising the notification in June 2019. The related documents are being reviewed again for revision.

b. SAI India had proposed to review the existing pronouncements every three years to update, modify, keep the pronouncements current and reflect the changes in the government accounting environment. In view of the time gap since the draft Standards were sent to MOF and subsequent pendency of these Standards for the purpose of notification, it was decided to revise the following three Standards, *suo motu*:

   i. IGAS 7: Foreign Currency transactions and loss or gain by Exchange Rate Variations;

   ii. IGAS 9: Government Investments in Equity; and

   iii. IGAS 10: Public Debt and Other Liabilities of Governments.

The revised drafts for all the Standards were prepared during the year and were circulated among the members for vetting and comments/suggestions. The suggestions/ comments were incorporated in the Standards. All the above draft Standards are under revision.

1.2.2   Other Standards

1.2.2.1   Draft Standard on Reserve Funds

Reserve Funds are accumulation of funds created for specific purpose for the future and are non-lapsable. They are included under Sector- 'J' of the book of 'List of Major and Minor Heads of Account of Union and States' and accounted under Public Account. The source of funding of Reserve funds is through Contributions, Grants and Appropriations from the Consolidated Fund of India/States, cess, surcharge fees collected from tax payers, users of infrastructure activities and charges recoverable from other parties for specific purpose for rehabilitation, conservation etc.

The objective of this standard is to provide guidance on the manner in which accounting of Reserve Funds and its financial reporting is to be carried out so that information on the quantum of balances under the funds, transfer of monies including interest, (wherever applicable) into the Reserve Funds, inoperative funds, are disclosed properly. Also, the purpose is to report whether the funds have been utilised for the purpose for which they were created. The first Concept Paper was shared in June 2020 with the Technical Advisors (TAs).

Comments on draft standards received from stakeholders were collated for further study. A need was felt for re-working the draft. Accordingly, the re-written draft has now been circulated to all TAs in March 2022 for their comments.

1.2.2.2   Revision of Due Process

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

In the backdrop of fast paced developments happening all around, GASAB is geared up to handle greater responsibilities which not only includes endeavor towards traditional spheres like Governmental accounting and financial reporting but also other new areas like assisting the country towards implementing environmental accounting. It is required that standards, guidance notes and advisories are issued with a specific time frame in mind and the members are given full supervision of the Technical Advisors to make it possible. To serve the above objectives, GASAB has further revised the 'Due Process' in 2022. The revised 'Due Process' was circulated to all the members and discussed in a virtual meeting in February 2022. Based on the comments, the document was revised, finalised and got approved by Deputy CAG & Chairperson (GASAB) and will be placed before the upcoming Board meeting for approval.

1.2.2.3   Standards/Disclosure Statements based on Cash Basis IPSAS

IPSAS Board formed by IFAC (an umbrella body of professional accounting standards setting bodies) has prescribed IPSAS standards for accounting & financial reporting for public sector/government/bodies. IPSASB encourages entities to present financial statements that comply with the requirements of the accrual basis IPSAS. The Cash Basis IPSAS has been developed as an intermediate step to assist in the transition to the accrual basis of financial reporting and adoption of accrual based IPSASs. The Cash Basis IPSAS play an important role in enhancing the quality of financial reporting by entities. Reporting on the cash basis of accounting supports an entity's transition to the accrual basis of accounting. CAG has approved in principle to follow the IPSAS Cash basis of accounting.

GASAB, in collaboration with the Institute of Chartered Accountants of India (ICAI), has identified the following three topics for preparation of cash based IPSAS standards/disclosure statements:

(i)   Contingent Liabilities;

(ii)   Correction of Prior Period Errors; and

(iii) Recipients of External Assistance

Preparation of three draft Standards has been completed and pilot studies have been conducted. On the basis of the results of these pilot studies, the documents were revised and forwarded to TAs for their comments/suggestions. The Standards at

(i) and (iii) are being modified further on the basis of comments forwarded by the TAs. The Standard at (ii) has been finalised for placement before the Board for approval and implementation.

1.2.2.4   Collaboration with IMF-SARTTAC and adoption of Cash Basis IPSAS

GASAB collaborated with the IMF-SARTTAC (South Asia Regional Training and Technical Assistance Center) for a gap analysis project on Indian Finance Accounts with the Cash Based IPSAS. Gap analysis report was generated and issued by the IMF headquarters. Further, it was decided to involve IPSAS Board to take our endeavour on adoption of Cash Basis IPSAS forward. A meeting was held with IPSAS Board.

As a way forward, it was decided:

a.   to form a committee of Chartered Accountants with the help of ICAI to study Cash Basis IPSAS and the Finance Accounts for gap analysis. As a result of regular meetings, the group has developed a questionnaire status of Cash Basis IPSAS adoption.

b.   to form an empowered committee of 10 PAsG with two SAOs/AAOs per office for adoption/adaption of Cash Basis IPSAS with five stage implementation plan.

The State field offices have been requested to get the views/comments of the State Governments on adoption/adaption of Cash Basis IPSAS. Meetings are being regularly conducted with core committees to monitor and to take the periodic updates. Pilot Studies on the IMF model have been conducted by four States- Karnataka, Rajasthan, West Bengal and Tamil Nadu, which have been examined and forwarded to all States for comments. Based on the Pilot Studies, a detailed note was prepared on the way forward on adoption of Cash Basis IPSAS in SAI India and got approved by the CAG of India.

1.3   Natural Resource Accounting in India

The GASAB Secretariat in CAG's Office prepared a Concept Paper on Natural Resource Accounting(NRA) in India in July 2020 which, inter-alia, envisaged a three-term plan for implementation of NRA in India in consonance with the strategy enshrined in the System of Economic and Environmental Accounting – Central Framework of the United Nations (UN) as depicted below:

Short term goals	Mid-term goals	Long term goals
• Preparation of Asset Accounts on mineral and energy resources in States • Initiation and preparation of disclosure statement on revenues and expenditure related to NRA *(2019-20 to 2021-22)*	• Preparation of National Asset Accounts on mineral and energy resources • Preparation of Asset Accounts in respect of other three resources namely water, land and forest resources in the States • Preparation of supply and use tables in physical and monetary terms showing flow of natural resource inputs, products and residuals *(2022-23 to 2024-25)*	• Preparation of the economic accounts highlighting depletion adjusted economic aggregates • Preparation of functional accounts recording transactions and other information about economic activities undertaken for environmental purposes *(2025-26 onwards)*

NRA Cells were constituted in the States and a Consultative Committee was constituted in headquarters of GASAB to steer the implementation process of NRA in India. Concept Paper suggested the templates for preparation of Asset Accounts on Mineral & Non-Renewable Energy Resources. Pilot studies were initiated in five States, for preparing the model Asset Account on Mineral and Non-renewable Energy Resources in the States.

The formats were reviewed based on the results of pilot studies and circulated among the members of Central NRA Cell for review and inputs/comments. In order to take the States on board, the Deputy CAG & Chairperson (GASAB) wrote DO letters to all the Chief Secretaries of States informing them about the endeavour, works done, achievements and way forward. Virtual presentations were made to all the States on the above and their views/comments were taken into consideration while finalising the templates. The formats were updated/modified based on the inputs received during the meeting and re-circulated to the members. A follow up meeting of the Consultative Committee was also held virtually on 20 September 2021. Based on the views/suggestions received, the templates for Asset Accounts on Mineral and Non-Renewable Energy Resources were finalised and issued as a Booklet in October 2021. The target was to commence with the preparation of Asset Accounts on Mineral and Non-Renewable Energy Resources for the year 2020-21 in the States to be completed by March 2022.

This exercise would aid in evidence-based good governance in the States and have the following specific advantages:

- A one pager document on State-wise resources;
- Compilation of physical and monetary values to enable cross verification of revenues vis-à-vis actual extractions;
- Consolidation of information over the years to provide pace of exploitation;
- Analysis of revenue vis-à-vis market value/export value to make it easier to assess and review the royalty rates, arrest windfall gains and protect State's revenue interests;
- To bring out sustainability of resources;
- Enable assessment of revenue streams for the future;
- To help in identifying alternate resources (energy/ economic); and
- Close monitoring on illegal mining

In order to monitor the progress of preparation of Asset Accounts on Mineral and Non-Renewable Energy Resources in the States for the year 2020-21 by March 2022, monthly meetings were held with each of the 30 States/UTs in which the project was being run. As on 31 March 2022, 26 States/1 UT out of 30 States/UTs, reported to have prepared the first draft of Asset Accounts, while two States reported to be in partial stages of completion and Delhi has reported that it does not possess any mineral and non-renewable energy resources.

In order to ensure continuity of the exercise, suggestive guideline/ Standard Operation Procedures (SOPs) were prepared and circulated automating the system of capturing the physical flows of resources at the source, i.e. the district mining/petroleum/ forest office levels and continuously building up the Asset Accounts at the directorates as well as the Accountants General Offices, the cross verification mechanism, monitoring the carbon emission per State and per capita along with progress of generation of renewable energy resources, and geo-spatial mineral and energy resources mapping with reference to Asset Accounts. The Guidelines were circulated to all Additional Chief Secretaries/ Principal Secretaries, Department of Mines of all State Governments where the project is being run.

A virtual meeting with the National Remote Sensing Centre (NRSC) was held to get them onboard to assist the States with geo-enabled data-sets to help in detecting

illegal mining. Besides, NRSC would also help in other GPS enabled data for our audit offices and endeavours. Also, efforts are being made to embed the system of monitoring the progress on adopting renewable energy with an eye on generating information on the progress made towards National Declaration at COP26 which says that India would generate 500 GW of renewable energy and also make efforts to generate half of the energy needs through renewable energy and also reduce the projected carbon emission by 50 *per cent* by 2030.

In the international platform, the Concept Paper on NRA was also shared with Government of Maldives and SAI, Maldives by the CAG during visit to Maldives (October 2021).

Progress made on this arena has featured in the Journal of ASOSAI (Asian Organisation of Supreme Audit Institutions) issued in October 2021.

1.4   Audit methodology and guidance

1.4.1   Peer Review Guidelines 2021

Peer Review is a mechanism for assessment and identifying opportunities for improvement in the organisational structures and processes for strengthening performance and accountability. A 'Quality Assurance through Peer Review Monograph was first brought out by the Department in 2009, which lays down the guidelines for conduct of peer review of SAI India.

Due to considerable change in our structures and processes, the Peer Review Monograph was revisited and the Peer Review Guidelines were issued in November 2021. These guidelines are concise, focused and provide assurance of the peer reviewed office's adherence to national standards and international best practices.

The guidelines are applicable to the functioning of the Audit Offices of SAI India and are designed to assess adherence by Field Offices to the CAG's Auditing Standards, Guidelines and the directions issued from time to time to identify areas which need attention.

1.4.2 Guidelines for Financial Audit of Panchayati Raj Institutions (PRIs)

'Guidelines for Financial Audit of Panchayati Raj Institutions' were developed for use by the Local Fund Auditors who are the Primary Auditors of Panchayati Raj Institution (PRIs). It was released by the CAG on 17 November 2021 as part of Audit Diwas celebrations. The Guidelines contains step-by-step guidance to help the Local Fund Auditors to conduct Financial Audit of PRIs. They also contain Audit Working Papers which are intended to help the auditors to check the various registers maintained by PRIs based on Model Accounting System (MAS) and guide them to forming and audit opinion and issue Audit Certificate.

Guidelines for Financial Audit of Panchayati Raj Institutions released by CAG

1.4.3 District Centric Audit of Local Bodies

As a part of efforts of SAI India for strengthening of Local Bodies Audit, conduct of District Centric Audit of Local Bodies is being conceptualised. In order to gather insights on appropriate processes and methodologies to be adopted for the same, Pilot Studies have been taken up in 25 States covering 46 districts.

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

While addressing the Conclave of Accountants General and Deputy Accountants General on 21 November 2019, the Hon'ble Prime Minister had said that "this organisation

cannot be limited to just statistics and procedures, but really has to come forward as a catalyst of good governance." Subsequently, in September 2020, CAG decided that it would be very useful to compile instances where Governments/audited entities had acted on audit recommendations; and prepare a compilation of best practices. It is another step in keeping with our vision of becoming a global leader and initiator of national and international best practices in public sector auditing and accounting.

Keeping in view the vision of the Prime Minister and the CAG of India, a Compendium of new initiatives and good practices in SAI India titled 'The Catalysts.... in pursuit of Good Governance' was released by CAG on 'Audit Diwas' – 16 November 2021. This Compendium is a compilation of new initiatives and best practices undertaken by various offices of SAI India and the functional wings in CAG office. These best practices emerge from a wide gamut of our activities and processes, such as use of Technology tools for audit planning, evidence gathering and reporting; Strides in audit methodology and significant impact; Introduction of Technology in Business processes; Creating stakeholder value; International Relations and Good Practices; and Welfare initiatives.

Release of 'The Catalysts.... in pursuit of Good Governance' by CAG

The compendium showcases the efforts of SAI India in promoting accountability, transparency and good governance through improved techniques and affirms our commitment to establish financial accountability and increase efficiency, effectiveness and transparency of public finance management.

Chapter 2

Capacity Building

2.1 Introduction

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

2.2 Capacity Building in SAI India

Capacity building involves intensive training and knowledge sharing. The objectives of capacity building are:
- Improving domain knowledge and its translation into training material
- Sharing of knowledge and information
- Improving teaching and learning environment
- Improving learning outcomes

2.3 Training Methodology and Processes

i. **Central Training Advisory Committee (CTAC)** annually reviews all training activities and programmes in the SAI to ensure an integrated approach to training. The training

calendars of 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 for imparting trainings, which are regularly updated and peer reviewed. The contents for training modules are developed by a team of officers who are subject matter experts.

As on 31 March 2022, 68 STMs have been developed, peer reviewed and disseminated to RTIs/RTCs for training purposes. Following STMs were developed during 2021-22:
- Fundamentals of Public Debt Management and Expenditure Management
- Legal Matters handled by IAAD
- Data Analytics with R
- Financial Attest Audit Guidelines for State Government Accounts and preparation of State Finances Audit Report

iv. **Development of Case Studies/Research Papers**

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

A workshop was conducted in conjunction with Indian Institute of Management, Ahmedabad and Indian School of Business, Hyderabad, on preparation of case studies. Detailed guidelines were issued to all RTIs/RTCs 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 Sensitisation.

Three case studies on 'Place of Supply under Goods & Services', 'Vitiation in Works Contracts' and 'Forest Receipts' were developed during 2021-22.

2.4   Training at Institutes of SAI India

The training infrastructure of SAI India comprises of three Central Training Institutes, 10 Regional Training Institutes and two Regional Training Centres.

2.4.1   Trainings at Central Training Institutes

2.4.1.1   National Academy of Audit and Accounts (NAAA)

During 2021, a Memorandum of Understating was signed between Jawaharlal Lal Nehru University and NAAA to award Master's degree in Public Sector Auditing, Accounting and Financial Management to our Officer Trainees on successful completion of the Induction Training at the Academy.

During 2021-22, NAAA conducted various phases of induction training programme for Officer Trainees of 2019, 2020 and 2021 batches in which 59 IA&AS Officer Trainees and six officers from Royal Audit Authority of Bhutan had undergone/undergoing training at the Academy. 15 IA&AS Officer Trainees of 2019 batch successfully completed their training at the Academy in August 2021 and 25 IA&AS Officer Trainees of 2020 batch who completed their Phase-I training at the Academy are currently in field offices for their On-the-Job Training. 19 IA&AS Officer Trainees of 2021 Batch and two officers from Royal Audit Authority Bhutan have joined their Induction Training at the Academy in March 2022 and are currently undergoing their Phase-I training at the Academy.

Besides the above, during 2021-22, 13 in-service courses including one workshop on 'Role of Audit in Good Governance' were conducted at the Academy, in which 225 officers participated. Apart from this, a two-day National Seminar on 'Accountability in Education' was also organised at the Academy.

2.4.1.2   International Centre for Information Systems and Audit (iCISA)

Apart from conducting international training programmes[1], iCISA went ahead with a mix of online as well as onsite National Training Programmes (NTPs) in view of COVID-19 pandemic during 2021-22. iCISA conducted 36 NTPs and four workshops which were attended by 1,032 participants in the areas of Information Systems, Data Analytics and other audits.

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[1]_Also refer Section 5 Chapter 5 Para 5.2_

iCISA publishes a bi-annual e-Journal-PursuIT, which is circulated through email to all field offices and hosted on the iCISA website. iCISA has also developed a toolkit for collecting details of IT Applications used by audited entities, which has been shared with all field audit offices.

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

During 2021-22, in addition to its international capacity building commitments[2], iCED also conducted 11 in-service training programmes and five seminars for 399 officers which included two Officer Trainees from Royal Audit Authority, Bhutan[3] in the field of Environment Audit.

iCED releases a quarterly newsletter "Green Files" by combining inputs from various Environmental Audit reports and other related content which is greatly appreciated in SAI India and outside. In 2021-22, iCED continued to strive to enhance the quality of 'Green Files', by introducing new content areas.

iCED also enhanced the Risk Assessment Template for Environment Audit within SAI India with inclusion of more refined criterion and parameters.

2.4.2 Trainings at Regional Training Institutes/Centres/In-house training

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

During 2021-22, RTIs/RTCs conducted 575 courses and trained 14,140 officers. During the same period, field offices conducted 417 in-house courses and trained 8,330 officers.

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[2]*Also refer Section 5 Chapter 5 Para 5.3*
[3]*Also refer Section 5 Chapter 5 Para 5.1*

Training Activities 2021-22

14,140

■ No. of courses
■ No. of officers trained

8,330

575

417

RTIs/RTCs   In-house (Field offices)
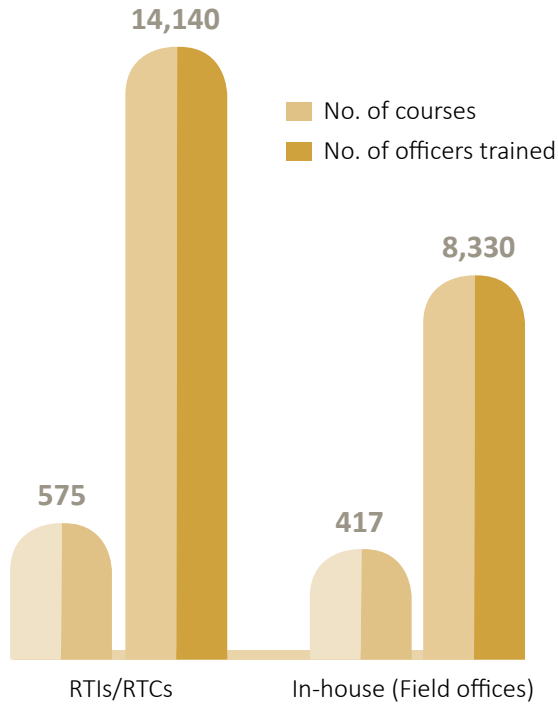
These training courses were conducted on various subjects such as GST, Works Audit, Compliance Audit, Performance Audit, Financial Attest Audit and IT subjects such as Data Analytics, Audit in IT environment, Oracle and Computer Assisted Audit Techniques.
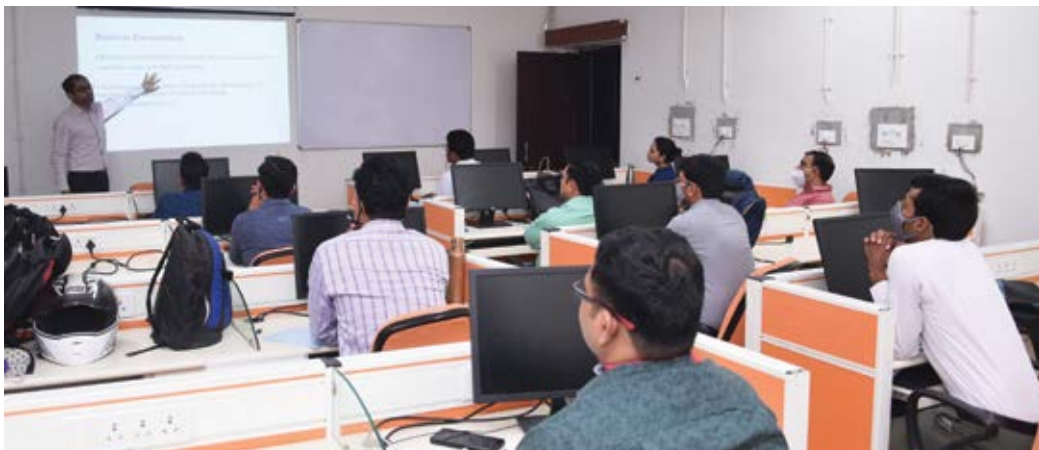
Training Session at RTI Jaipur

Training session at RTI Mumbai   *Training session at RTI Prayagraj*

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

The Mid Career Training Programme (MCTP) for Group 'A' officers was revised as per DoPT orders issued in May 2016. Currently it includes:

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

ii) **Management Development Programme for IA&AS Officers with 14-16 years of service** to widen exposure and technical inputs, strengthen analytical tools, management acumen, and interpersonal skills.

iii) **Advanced Management Development Programme for IA&AS Officers with 26-28 years of service** to widen exposure to multi-dimensional issues faced by senior managers including policy development, performance management, organisational design, negotiation and leadership.

MCTPs were, however, not organised during 2021-22 due to COVID pandemic.

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

During 2021-22, two online trainings on "Training Needs Analysis" and "Insolvency & Bankruptcy" were organised at OP Jindal Global University in which 73 SAOs/AAOs were trained.

2.7   Training on Fiscal Risk Assessment

Fiscal Risk Assessment is of critical importance for identifying appropriate risk mitigation measures adopted by the State Governments for effective governance and enhancing fiscal transparency in public finance management. Identification and measurement of individual fiscal risk, qualitative and quantitative analysis of the identified fiscal risk, risk mitigation measures and finally devising suitable disclosure of the residual risk are the important aspects of fiscal risk management in Government.

Five virtual training programmes on Fiscal Risk Assessment covering all A&E offices were organised during July 2021 to March 2022 in collaboration with the International Monetary Fund - South Asia Regional Training and Technical Assistance Centre (IMF-SARTTAC). The training enhanced the skills, capabilities and knowledge of the officials of A&E offices in understanding Fiscal Risks for better financial reporting/ disclosure in the accounts. The training was imparted to Sr. DAsG/DAsG (A&E), SAOs and AAOs.

2.8   Training on Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS)

Under the G-20 Data Gaps initiatives, India had committed to provide Government Finance Statistics and Public Sector Debt Statistics data for Union Government and State Government on a quarterly basis by 2021. It was decided that CAG office would provide 15-digit data electronically for the States in respect of Government Finance Statistics and Public Sector Debt Statistics as per the classification prescribed in IMF's Government Finance Statistics Manual-2014 (GFSM-2014) and Public Sector Debt Statistics Guide for Compilers and Users 2011 (Debt Guide) framework.

A virtual training programme covering all A&E offices was organised during November 2021-December 2021 in collaboration with the International Monetary Fund-South Asia Regional Training and Technical Assistance Centre (IMF-SARTTAC) The training was imparted to 65 Sr. AOs/AAOs, who are responsible for compiling data. The training enhanced the skill and knowledge of officers of Accounts and Entitlements offices of CAG in understanding the accounting/classification structure of Government Finance Statistics Manual-2014 (GFSM-2014) and Public Sector Debt Statistics Guide for Compilers and Users 2011 (Debt Guide) framework for smooth translation of States' fiscal data into GFSM-2014 classification.

2.9   Workshop on review of Annual Accounts, finalisation of time schedule and fiscal indicators

To further strengthen the process of finalisation of States' Annual Accounts, a one day Workshop on review of Annual Accounts, finalisation of time schedule and fiscal indicators, was organised on 26 November 2021 at iCED, Jaipur. This workshop was attended by 15 IA&AS Officers (including HQr's officers) and all Desk Officers of Government Accounts Wing.

2.10   Other trainings/lectures for capacity building

(i)   In Kerala, online meetings were conducted with eminent faculty from various departments of the State Government on topics such as Valuation of Building under CPWD, Early detection of PSU sickness and its remedial measures etc.

(ii)   In Tamil Nadu, lectures were organised to impart training on the latest developments in various subjects such as Goods and Service Tax, Audit of HT billing in TANGEDCO, Indian Accounting Standards, Hindu Religious and Charitable Endowments Department etc. for performing the audit functions.

(iii)   In Uttarakhand, lectures were organised through guest speakers on topics such as Works Audit, Audit of Procurement, GST etc.

2.11   Special achievements during 2021-22

Other milestones in capacity buildings also achieved during 2021-22 were as follows:

i)   **Mid-Career Training Program for SAOs & AAOs**

A five level Mid-Career Training Program for SAOs & AAOs was approved in April 2021 and Standard Operating Procedure (SOP) for its implementation was developed in August 2021. In March 2022, MCTPs have commenced for SAOs/AAOs at RTIs, RTCs and Arun Jaitley National Institute of Financial Management (AJNIFM). During 2021-22, 11 MCTPs (10 Level 2 MCTPs at RTIs/RTCs and one Level 5 MCTP at AJNIFM) were conducted and 293 SAOs/AAOs were trained.

ii)   **Self-Nomination Scheme for SAOs/AAOs**

The self-nomination scheme was revised in November 2021 to enable SAOs/AAOs to participate in online trainings conducted by Indian Institutes of Management (IIM) as well.

During 2021-22, 15 SAOs/AAOs were trained in three courses i.e, one at IIM Kolkata & two at IIM Indore.

iii)   **System Automation Initiative (SAI) Training Application**

SAI Training application has entered into the third phase of development during which E-circulars, query/ feedback module and MCTP module for AAOs/SAOs were added. The Login Module and dashboard was redesigned to make it more user friendly as well as more responsive.

iv)   **Pre-examination Trainings for Continuous Professional Development (CPD) Examination**

Besides in-house training arrangements by field offices and iCISA Noida, external training partners like Arun Jaitley National Institute of Financial Management and O.P. Jindal Global University have been engaged for CPD pre-examination training for SAOs/AAOs/Sr. DAOs/DAO-I. During 2021-22, 5,338 SAOs/AAOs were trained in these programmes.

v)   **Information Technology Survey**

An online IT Training Needs Survey of SAI India was conducted through SAI Training application, obtaining responses from over 77 *per cent* employees of SAI India. The results of the survey were made available to all offices as well as training institutes to enable them to analyse knowledge gaps in the domain of information technology and accordingly prepare annual training calendars.

vi) **Self-Learning Modules (SLMs)**

To equip all the officials of SAI India with optimum functional knowledge of IT, Self-Learning Modules were developed in-house through RTIs on MS-Word, Ms-Excel, MS-Access, MS-Power Point, E-Mailing, E-office, PFMS, BEMS and SPARROW (through NIC). These modules were made available to all the employees through SAI Training Portal. Field offices have been requested to conduct a periodical in-house evaluation examination on these SLMs, passing of which should culminate in certification of the successful candidates. The first such examination was conducted in March 2022 by 67 offices in which 4,944 employees took the examination and 4,005 employees were declared as successful.

(vii) **A Handbook for Induction Training**

A handbook for Induction Training for on-boarding newly recruited AAOs was developed for implementation from 2022-23. The handbook will help in standardising the induction training module across all RTIs/RTCs.

2.12   Performance Monitoring Framework

Considerable resources were allocated to the RTIs for modernising and upgrading their infrastructure as per the Medium-Term Road map for Strengthening Regional Training Capability of SAI India. The upgradation required a proper monitoring system in place. To address this, a Performance Monitoring Framework (PMF) for RTIs with quantitative parameters was designed and introduced in 2015-16. The PMF envisages to internalise and institutionalise 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 scores allotted by the RTIs and its user offices are verified by conducting physical inspection of the RTIs. The PMF verification matrix was revised based on the deliberations of the Conclave of Heads of RTISs/RTCs held in August 2019. The PMF verification for the years 2019-20 and 2020-21 in respect of nine RTIs/RTCs was completed during 2021-22 using the revised parametres.

Chapter 3

Internal Controls and Quality Assessment

3.1   Quality Management through Inspections

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

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

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

   a. To make the process of inspection open and participative, the wing has endeavored to improve and sustain synergy with all stakeholders through regular dialogue with the heads of the respective functional wings;

   b. The inspection teams conduct desk studies of available material like earlier peer review reports/Inspection reports, detailed information called for from the offices planned for inspection and periodical returns/inputs obtained

from functional wings on a regular basis. Teams go through briefing and debriefing sessions at the highest level before commencement and after completion of field assignments;

c.   Reports are prepared in standard formats and are concise, and carry recommendations to engage stakeholders in a constructive manner;

d.   Check list on inspection of field offices and on specific issues and functional verticals prepared in consultation with respective groups are used by the inspection teams;

e.   All the Inspection Reports(IRs) are issued in digital form and also uploaded under Knowledge Management System (KMS) portal in the CAG's website. The IRs for the years 2014-15 to 2020-21 are available in the KMS portal and uploading work of IRs for the year 2021-22 is under process.

f.   Compliance to the observations is called for from field offices under two categories *viz.* (i) Category-A- where compliance is to be done by the office itself in a time-bound manner, and (ii) Category-B- where compliance is dependent on action taken by external agencies like State Governments, PSUs etc. Individual offices have been advised to fix a time frame within which all the observations raised in the IRs are to be complied with.

3.2   Activities during the year 2021-22

- During 2021-22 (affected by the COVID-19 pandemic like 2020-21), Inspection was conducted by modifying the methodology, in which a team of Headquarters remotely conducted the preliminary desk reviews, based on information called for and scanned documents received from the field offices. Several inspection memos were then issued to the field offices by the Headquarters team. Thereafter verification of the information and examination of records of the office was done physically by a team headed by a Group officer from that station. Inspection reports were then finalised in coordination, by the Inspection teams at the field and concerned officers at Headquarters and issued by the Director General (Inspection).

- During 2021-22, inspection of 15 field offices was planned and completed. Details of observations raised, settled and outstanding are tabulated below:-

No. of Inspections planned	No. of Inspections carried out	No. of IRs/ observations issued during 2021-22		No. of observations settled during 2021-22	No. of paras/ IRs outstanding at the end of March 2022	
		IRs	Paras		No. of paras	No. of IRs
15	15	24	2324	1336	1632	37

- A booklet containing the observations (categorised as Major and Minor) that featured in the Inspection Reports for the years 2018-19 and 2019-20 was prepared and circulated to all field offices to take remedial action in case any of the observations were relevant to their office.

- Capacity Building Programme for the inspection personnel was organised with a view to quality enhancement of Inspection Reports.

3.3   Internal Peer Reviews

IPR Wing organises Peer Review of offices in SAI India as part of Quality Assurance mechanism. These are governed by the guidelines on "Quality Assurance through Peer Review". To align with the SAI Performance Measurement Framework (SAI-PMF), these guidelines were revised during the year and titled 'Peer Review Guidelines for Audit Offices 2021'. The scope of these guidelines is confined to review of audit offices.

- During the year 2021-22, 15 offices (A&E offices-03 and Audit offices-12) were planned for Peer Review. Out of three A&E Offices, peer review of one office has been completed and peer review is in progress in remaining two. Out of the 12 audit offices, five were selected initially on pilot basis to be conducted as per the new Peer Review guidelines. These peer reviews are under progress.

- To make the system more effective and ensure greater utility of peer review reports, a new initiative of dissemination of important points/lessons learnt from peer review reports was introduced from this year onwards. All-important observations of the peer review reports from 2017-18 to 2020-21 were collated and issued to all field offices of SAI India so that the observations relevant to their offices were used for corrective action, wherever appropriate.

Chapter 4

Our IT initiatives

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

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

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

- Designing and rolling out new IT applications
- Supporting existing IT applications, especially in relation to Accounting & Entitlement functions
- Management and maintenance of supporting IT infrastructure
- Serve as a resource centre for Data Analytics to assist in planning and execution of Audit assignments
- Audit of IT Systems of Governments and other auditee entities

4.1 Recent Initiatives and Developments

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

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

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

4.1.1 One IA&AD One System

4.1.1.1 Design, development and roll-out of OIOS

SAI India is a large organisation- employing around 45,000 people, out of which around 29,000 employees (posted across its 150+ offices) are involved in its core audit function.

In 2019, SAI India initiated the development, implementation and roll-out of a comprehensive IT system for audit process automation and knowledge management, called One IA&AD One System (OIOS). It is a work flow-based IT application where all the activities are carried out end-to-end in real-time within the application itself. The solution consists of three main components:

A. Business process management system through which activities relating to audit planning, audit design, audit execution, audit reporting and follow-up can be performed. This covers all types of audits (financial, compliance and performance audits).

B. Knowledge Management System in which the unstructured information relating to auditees (such as policy notes, Government Orders, reports, act, rules, circulars, instructions, guidelines, etc.) and audit processes (mandate, regulation, standing orders, guidelines, guidance notes, practice notes etc.) are maintained.

C. Reporting module in which MIS reports and dashboards can be created and managed.

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

The process of design and development of OIOS application is based on the Agile Scrum Methodology for iterative development.
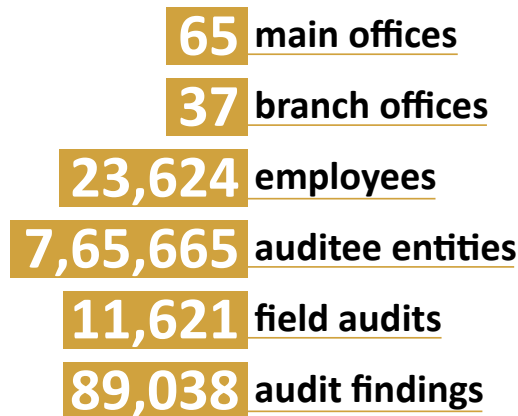
4.1.1.2 Status of OIOS Application Development and roll-out

The application development for OIOS is ongoing. Primary functional modules (Audit Planning, Audit execution by field Audit parties, Review and finalisation of Audit Products- Inspection Reports, Audit Report material) have been developed. The Mobile Scanner app and the Offline app have also been launched.
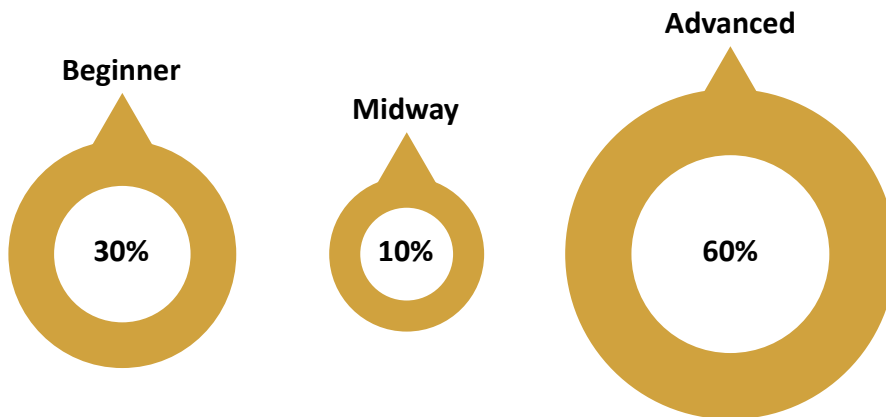
The process of rolling out and implementation in each field audit office or branch office consists of the various broad activities *viz.,* initial engagement; base camp (involving master data capture and associated activities); training and capacity building; and phased implementation.

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

The roll out of OIOS in offices of SAI India began in November 2020 and it is currently being used by 102 audit offices (65 main and 37 branch audit offices). The overall implementation indicators are depicted below. The usage and implementation are at various stage of maturity.

65 main offices

37 branch offices

23,624 employees

7,65,665 auditee entities

11,621 field audits

89,038 audit findings

Maturity index of 102 audit offices.

Beginner 30%

Midway 10%

Advanced 60%

It is envisaged that OIOS would be fully rolled out by 2023.

4.1.1.3   Status of Data Centre and Other Technical Services

OIOS embeds rigorous controls for maintaining the confidentiality, integrity and availability of our data. The application is hosted in a Tier-3 co-located data centre and deploys advance security architecture, managed by professional services. To ensure

continuity of service, all business-critical components are configured in high-availability mode and a disaster recovery centre with fail over approach is also included. Adequate redundancy in infrastructure, including Internet Service Providers, has been provisioned.

The Data Centre for OIOS Project has been set-up in the NCR region and the Disaster Recovery Data Centre near Chennai, both of which have been commissioned. To reduce the Data loss (maximum 15 minutes) and resumption of business (within 4 hours) in the event of a disaster, two nearline data centres have also been set-up. Six-monthly Disaster Recovery (DR) drills are being conducted to ensure readiness of DR set-up.

4.1.2   Implementation of secured IAAD VLAN

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

Given that more of the office functioning is moving to web-based applications, it is important to have secured access to IAAD-Net. Hence, a project for revamping the existing LAN infrastructure and setting up a secured IAAD VLAN, and Wi-Fi access has been taken up. The project has been grouped into four Phases (1, 2A, 2B and 3) in terms of coverage of field offices. Further, to finalise the Centralised configuration (which would be replicated across offices), five offices were chosen for pilot implementation and final testing of the configuration was completed in December 2021.

The process of onboarding of offices on the new network has started. The work for Phase-1 and 2A offices (32 offices each) is in advanced stages. 14 Phase-1 offices have already been onboarded.

4.1.3   Human Resource Management System (e-HRMS)

In order to digitise the Service Records of employees of SAI India and automate the HR/ Administration related activities, a project for HR management IT application (e-HRMS) has been initiated. The e-HRMS application has been designed by NIC. It would maintain the employee records in electronic form, from joining to retirement.

CAG Headquarters office has been taken up for pilot implementation. The Project scope includes digitisation of legacy Service Records and capturing the process work flow for different administrative actions. A NICSI empanelled agency was engaged for creating Digital legacy Service Books (scanning and data entry). The employee service books have been scanned and their data has been entered in digital service books. Officials have started to apply for and process leave requests through e-HRMS.

4.1.4 Implementation of e-Office

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

Currently, 74 offices are using e-office to various degrees and more than 18,000 users have been created and around 49,000 files have been processed through e-office.

4.2 Management and maintenance of supporting IT infrastructure

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

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

Centre for Data Management and Analytics (CDMA) is the nodal point for data analytic related activities in SAI India. It provides guidance to the field offices on data analytics for selected audit assignments, imparts necessary trainings to officials and works on the strategy for identifying future scope of data analytics in SAI India.

The vision for CDMA is to serve as a platform for supporting field offices through centrally hosting of the data collected from various sources and designing sector-specific data analytics models for assisting field offices and the objective is to move from disparate/episodic data analysis to standardised/ replicable models.

CDMA has started taking up independent audit assignments as pilots in addition to field audit assignments. Under the category of episodic projects, flagship government schemes were taken up for desk review and results of data analytics were shared with the concerned field offices. The reports include identification of high-risk entities/transactions, which were then selected for detailed investigation/verification in field audit.

CDMA also periodically collects All India data of various centralised IT systems. The data so received is analysed and possible risk areas are drawn and compiled. It also provides necessary technical support, on request, to field audit offices in restoration of specific auditee datasets.

CDMA has also been organising capacity building programmes on various tools and technologies through both in-house and outsourced training programmes.

Besides CDMA, Headquarters Office also has a separate IT audit unit, which conducts risk assessment and prioritisation of auditee IT systems for IT audits by field audit offices, provides guidance in the planning and design of individual IT audits, conducts mid-term reviews and also conducts vetting and Quality Assurance/Quality Control of the draft IT audit reports.

4.4   IT initiatives for entitlement functions

4.4.1   Pilot project for issuance of electronic PPO (e-PPO) in respect of Original Pension cases

In order to reduce the time consumed in physical signatures of the pension authorities on PPOs and their postal dispatch thereafter, a pilot study to issue electronic pension authorities was initiated by AG (A&E)-I Maharashtra.

The issue of pension authorities in e-PPO has commenced from January 2022 for pensioners of all departments drawing pension from the PAO, Mumbai. The procedure

of downloading the e-PPO authorities on mobile phone was explained to the pensioners by office IT team. The pensioners are now using authority downloading facility on their registered mobile numbers through SAI Portal on the link provided.

4.4.2   Pension Sewa Patra and GPF Sewa Patra

In the month of May-June 2021, the mechanism of Online Drop Boxes through the **Pension Sewa Patra** (*https://cag.gov.in/ae/mumbai/en/page-ae-mumbai-pension-sewa-patra* and **GPF Sewa Patra** (*https://cag.gov.in/ae/mumbai/en/page-ae-mumbai-gpf-sewa-patra*) were initiated by AG (A&E)-I Maharashtra, so as to help pensioners and subscribers avoid in-person visits to office during the Pandemic and ensure a timely response to all requests, queries and grievances received. These online drop boxes add another layer of service delivery to the existing offline systems already in place. These two Sewa Patras/Online Drop Boxes are regularly monitored to provide better services to pensioners and GPF subscribers.

4.4.3   E-authorisation of Special Pension Cases

Special Pension cases were also brought into E-authorisations for the first time by AG (A&E) Tamil Nadu. 1,000 cases received in bulk were processed as E-authorisation in July 2021 and this process is now continuing for bulk receipts of such Special Pension Cases.

4.4.4   Feedback Mechanism

Provision has been made in the website for the pensioners and GPF subscribers to leave their feedback or client satisfaction survey and also rate the quality of service offered by the office of the AG (A&E) West Bengal. The feedback and rating are reviewed at the supervisory level including pull-down of data in excel format for detailed analysis. During the period from April 2021 to March 2022, 62 *per cent* of the Pensioners and 80 *per cent* subscribers who had used the services graded the office performance with 5/4 stars.

4.4.5   Payslips, Leave Accounts etc. through AG Portal for GE Officers

29,047 (84 *per cent*) out of total 34,598 officers serving in Gazetted Entitlement (GE) Group in Karnataka State, have already registered on this portal. Registered officers can view their payslips /leave accounts/other authorisations and generated digitally signed in GEMS application through this portal and also receive notifications through SMS on their registered mobile numbers on real time basis. Physical issue of payslips and leave slips has been replaced by issuing of digitally signed documents through online Portal.

4.5   Status on Accounts & Entitlement functions' IT projects

4.5.1   Project for Development and Implementation of Web and SMS based Services for Entitlement Functions in field A&E offices

The Project was conceived to render real time services to State Government employees in respect of entitlement functions (Pension, GPF and GE). The status of IT applications for entitlement function was studied for all the States. Based on this assessment, 12 Web based services and four SMS based services were included in the project scope. The project covered 21 field offices having entitlement functions.

Out of 21 A&E offices, 20 offices of Haryana, Uttarakhand, West Bengal, Tripura, Uttar Pradesh-I, Uttar Pradesh-II, Madhya Pradesh-II, Assam, Bihar, Jharkhand, Kerala, Chhattisgarh, Punjab, Himachal Pradesh, Meghalaya, Gujarat, Jammu & Kashmir, Karnataka, Maharashtra-II and Manipur have already gone live. Nagaland office is in the process of going live.

4.5.2   Project on Digitisation of records of Entitlement functions

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

The Project was conceived for digitisation of approximately 10 crore pages in nine field offices. The project was awarded in February 2021 and the demo on the Proof of Concept(POC) has been completed at four sites. The work of digitisation of records is in progress at all the sites and likely to be completed within two years from the date of award of contract.

Office-wise present status of digitisation of records is given in **Table III.4.1** at the end of Chapter.

4.5.3   Project on Appropriation Accounts Dashboard

Appropriation Accounts dashboard project has been undertaken in-house with the purpose of depiction of Grant wise expenditure up to the object head level using Tableau. The project was started in January 2021 and Appropriation Accounts dashboards for all the Five years (2014-15 to 2018-19) have been prepared and linked to CAGs website (September 2021). The process of annual and regular updation of these dashboards is being designed.

4.6   Integrated Financial Management System

The Integrated Financial Management System (IFMS) is an e-governance initiative of the Union Government, undertaken as a Mission Mode Project (MMP), encompassing computerisation 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. IFMS envisages integration with Treasuries, Agency Banks, Accountant General (A&E) office, Reserve Bank of India, Government Departments.

The implementation of IFMS is at different stages in different States and none of the States has implemented IFMS fully. A&E offices in 17 States are receiving digital data from the IFMS portal of the State Governments. With the introduction of IFMS, the State Governments are gradually moving towards e-vouchers. At present, the State Government of Bihar, Madhya Pradesh and Rajasthan have moved towards e-vouchers and sending of physical vouchers to A&E offices have been discontinued by Madhya Pradesh and Rajasthan.

Table-III.4.1

Name of the field office	No of pages to be digitised	No. of pages scanned till 31.03.2022
Kerala	3,68,62,000	15,31,504
Karnataka	2,68,62,219	25,11,873
Assam	1,30,00,000	Yet to be started
Manipur	10,75,000	Yet to be started
Tripura	12,75,000	1,80,000
Madhya Pradesh-II	78,59,670	6,66,168
West Bengal	1,89,51,571	2,75,730
Uttarakhand	5,55,020	1,21,755
J&K	1,00,00,000	9,47,620
Total	**11,64,40,480**	**62,34,650**

Chapter 5
Audit Diwas

5.1 Significance

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

We celebrated 16 November as *'Audit Diwas'* to mark this history.

The following activities marked the celebration of *'Audit Diwas'* 2021

5.1.1 Unveiling of the Statue of Sardar Vallabh Bhai Patel

Hon'ble Prime Minister of India, Mr. Narendra Modi, visited the office of the Comptroller and Auditor General of India on the occasion of celebration of the *Audit Diwas* on 16 November 2021. To mark the event, Hon'ble Prime Minister unveiled the statue of Sardar Vallabh Bhai Patel, the first Deputy Prime Minister and Minister of Home Affairs of independent India.

Hon'ble Prime Minister unveiling the statue of Sardar Vallabh Bhai Patel

5.1.2   Hon'ble Prime Minister's Address on the occasion

Hon'ble Prime Minister addressed the officers and staff of SAI India on the occasion. He congratulated the SAI India for constantly reshaping its relevance. Acknowledging the legacy of the institution, the Hon'ble Prime Minister said that it had become stronger and mature with passage of time.

The Hon'ble Prime Minister recalled that in his last visit to CAG office, the nation was celebrating the 150th birth anniversary of Mahatma Gandhi and *Bapu's* statue was unveiled at that event. And when the important event of *Audit Day* was being held, the country is celebrating the *Amrit Mahotsav* on 75 years of its independence. It was a privilege, he said, to unveil the statue of Sardar Patel. The Prime Minister observed that be it Gandhiji, Sardar Patel or Babasaheb Ambedkar, they serve as a source of a great inspiration for CAG and for all countrymen. These heroes teach us a lot about how to set big goals for the country and achieve them.

Hon'ble Prime Minister addressing the officers of SAI India

The Prime Minister applauded the changes brought in by SAI India in modernising its processes like using advanced analytics tools, geo-spatial data and satellite imagery. He also appreciated SAI India's efforts to engage with the auditees in a proactive manner.

Appreciating the role of audit, the Hon'ble Prime Minister observed that today audit is no longer seen as the adversary of the executive but is considered an important part of value addition. He stated that with the advantage of an outsider viewpoint assessing the performance of the government, the suggestions of CAG bring systemic improvements. The government heeds its counsel, for example on the fiscal deficit. Recognising the value to its comprehensive assessments, the Prime Minister said that many aspects of governance raised by SAI India could have been missed even by the experts.

The Prime Minister commended the healthy practice of sharing the preliminary findings with the departments and SAI's interface with the auditees and stakeholders. He observed that the stronger and more scientific the auditing, the more transparent and strong our systems will be.

He expressed the hope that the CAG would assess the efforts of the government to bring basic services such as affordable housing, drinking water facility, electricity connection, toilets, treatment facilities to the poor. Such an account, he believed will be a manifestation of the collective efforts of the country, a living document of the country's potential and confidence. The Prime Minister drew CAG's attention to the good practices followed in the country's fight against the COVID pandemic. He expressed the hope that when the country completes hundred years of independence, CAG's reports will become an important reference for India to look at its history and learn from it.

Concluding his speech, the Prime Minister hoped that CAG's contribution will continue to give impetus to the development of the country.

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

In July 2021, the CAG instituted the scheme 'CAG's Awards for Innovation and Excellence in Public Auditing and Accounting', to recognise and reward the extraordinary and innovative work done by the officers and staff of the SAI India in the areas of public auditing, accounting, entitlement and support functions. These awards seek to promote innovation and excellence backed by demonstrated exceptional performance and initiatives taken in the field of functional areas, working environment and welfare including:

- Auditing processes
- Stakeholder engagement
- Audit Reports and other audit products
- Communication and follow up of Audit Reports/products
- Accounting processes and financial reporting
- Entitlement processes and settlement of claims
- IT driven and IT led initiatives
- Human Resources and Capacity Building
- Administrative efficiency
- Grievance Redressal Mechanism
- Staff Welfare
- Any other area that contributes to achievement of the overall mission of SAI India

The first year of introduction of the scheme witnessed an encouraging response, with a total of 59 eligible applications received from various field offices of SAI India and wings in the office of CAG. Eight teams were declared as the winners of the Awards for the year 2021. The Awards were conferred by CAG on the award winners on 'Audit Diwas' – 16 November 2021.

The award winning projects (in alphabetical order) and the team members were:

Sl. No.	Title of the Awarded Project	Office	Team
1.	Cross verification in Compliance Audit to check evasion of excise duty	Office of the Principal Accountant General (Audit-II), Uttar Pradesh	1. Shri Jayant Sinha, IA&AS 2. Shri Raj Kumar, IA&AS 3. Shri Sudhir Kumar Shukla, Sr. Audit Officer 4. Shri Goverdhan Lal, Asst. Audit Officer 5. Shri B K Singh, Supervisor
2.	Debt Sustainability Analysis in State Finances Audit Report	Office of the Principal Accountant General (Audit-I), Maharashtra	1. Shri Saurav Kumar Jaipuriyar, IA&AS 2. Shri Karan Vohra, IA&AS 3. Ms. Binu Matthews, Sr. Audit Officer 4. Shri Unnikrishnan Nambisan, Asst. Audit Officer
3.	Interactive Digital Audit Report	Customs Audit Wing at CAG Headquarters	1. Ms. Shefali Andaleeb, IA&AS 2. Shri Deepak Mathews, IA&AS 3. Shri N N Subramanian, IA&AS 4. Shri Rajneesh Sharma, Sr. Audit Officer 5. Shri Soumendra Saran, Sr. Audit Officer 6. Ms. M Maragathavalli, Sr. Audit Officer 7. Shri M K Leingaklemba, Asst. Audit Officer
4.	IT enabled settlement of pension revision cases	Office of the Accountant General (Accounts & Entitlements), Haryana	1. Shri Vishal Bansal, IA&AS 2. Ms. Dhanlaxmi Chourasia, IA&AS 3. Shri Sumeet Kumar, IA&AS 4. Shri Vijay Garg, Asst. Accounts Officer 5. Shri Pawan Kumar, Sr. Accountant

Sl. No.	Title of the Awarded Project	Office	Team
5.	Performance Audit of Hospital Management	Office of the Principal Accountant General (Audit-I), Uttar Pradesh	1. Shri Sarit Jafa, IA&AS 2. Shri Sandeep Dabur, IA&AS 3. Shri Deepak Kumar Srivastava, Sr. Audit Officer 4. Shri Ram Kumar, Sr. Audit Officer 5. Shri V.B. Singh, Sr. Audit Officer 6. Shri Ganesh Chandra Jha, Sr. Audit Officer 7. Late Shri Sheshadri Shankar Pandey, Asst. Audit Officer 8. Shri Sajal Kumar Ghosh, Asst. Audit Officer
6.	Performance Audit of Management of Storm Water	Office of the Principal Accountant General (Audit-I), Karnataka	1. Ms. E P Nivedita, IA&AS 2. Ms. A J Amitha, IA&AS 3. Shri K L Balakrishna, Sr. Audit Officer 4. Shri U Ravikumar, Sr. Audit Officer 5. Shri P Mohan Herle, Supervisor 6. Shri Rai Abhilash, Auditor
7.	Planning and conduct of Outcome Based Audit in Higher Education	Office of the Principal Accountant General (Audit-I), Rajasthan	1. Shri Akshay Gopal, IA&AS 2. Shri Satish Chand Gupta, Sr. Audit Officer 3. Shri James K C, Sr. Audit Officer 4. Shri Hemant Sharma, Sr. Audit Officer 5. Shri R S Dusad, Sr. Audit Officer 6. Shri Ravindra Kumar Jangid, Asst. Audit Officer 7. Shri Prasenjit Dutta, Asst. Audit Officer

Sl. No.	Title of the Awarded Project	Office	Team
8.	System Automation Initiative Training Application	Training Wing at CAG Headquarters	1. Ms. Alka Rehani Bhardwaj, IA&AS 2. Ms. Jaya Bhagat, IA&AS 3. Shri Avinash Nilankar, IA&AS 4. Ms. Sowmini S, Sr. Audit Officer 5. Ms. Vardha Teena, Asst. Audit Officer 6. Shri Joydeep Mukherjee, Asst. Audit Officer

CAG of India with winners of 'CAG's Awards for Innovation and Excellence in Public Auditing and Accounting'

5.1.4 Recognition for welfare (COVID-19 activities)

The disruption caused by COVID-19 pandemic was unprecedented in contemporary history. It affected people from all walks of life and threw lifestyles out of gear. The pressure of lockdown measures further added to the woes of the population. But the pandemic also demonstrated the resilience of human beings and how people come together and fight the diverse challenges thrown at humankind. Response of SAI India was no different. Groups of people took it upon themselves to provide safety to their colleagues and their community during these trying times. This group not only ensured observance of COVID protocols in the work place, access to medical facilities,

vaccines for all age groups as soon as they were rolled out but also provided help and aid to the larger disadvantaged community. The exceptional efforts of the staff of the Offices of PAG Audit-II Gujarat and PAG (Audit) Uttarakhand, CAG Headquarters and iCISA were acknowledged by CAG by awarding them with 'Certificates of Appreciation for the Exemplary and Selfless Efforts made during COVID-19 pandemic' on *Audit Diwas*.

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

A Compendium of new initiatives and good practices in the CAG's organisation, titled 'The Catalysts.... in pursuit of Good Governance' was released by the CAG on 'Audit Diwas' – 16 November 2021. This Compendium is a compilation of innovations and best practices undertaken by various offices of SAI India and the functional wings in CAG office. (Also refer Section III, Chapter 1, para 1.5).

5.1.6 Panel Discussion on 'Enhancing Good Governance through Strengthening of Local Bodies Audit' and Release of 'Guidelines for Financial Audit of Panchayati Raj Institutions (PRIs)'

As a part of Audit Day celebrations, a Panel Discussion on 'Enhancing Good governance through Strengthening of Local Bodies Audit' was organised on 17 November 2021 and Guidelines for Financial Audit of Panchayati Raj Institutions' were also released. [Also refer Section III, Chapter 1, para 1.4.2; Section IV, Chapter 3 para 3.4.1(i)]

Chapter 6

Other activities, no less important

6.1 Efforts to promote Rajbhasha

6.1.1 Publication

During 2021-22, three issues (135th to 137th) of the quarterly E-Patrika of *Rajbhasha* section (Headquarters office), *"Lekha Pariksha Prakash"*, were published. Field offices are also regularly publishing their own *Rajbhasha* Magazines to promote the official language.

6.1.2 Implementation of Official Language

a) In each quarter, a meeting of Official Language Implementation Committee is required to be conducted under the chairmanship of the DAI/ADAI holding the charge of *Rajbhasha*, to review the usage of *Rajbhasha* in the Headquarters office. During the year, 175th, 176th, 177th and 178th Quarterly meetings were conducted to review the usage of *Rajbhasha* in the Headquarters office. Due to pandemic situation three meetings were conducted online and one (178th) meeting was conducted offline.

b) As per the Annual Programme of the Government of India, Department of Official Language, Ministry of Home Affairs for 2021-22, to create an encouraging atmosphere for the implementation of the Official Language Policy and to decrease the hesitation of officials in doing Government work in Hindi, a one-day Hindi

Workshop was organised online on 25 February 2022 for officers/staff of this office. Approximately 100 officers/staff members were nominated for this workshop.

c) In order to promote usage of *Rajbhasha*, Headquarters office organised the *'Hindi Pakhwada'* online from 14 to 28 September 2021. During this period, various competitions like Noting & Drafting, *shrutlekh*, Essay Writing in Hindi etc., were organised online. More than 90 officers/officials participated during this *Hindi Pakhwada*. It was organised successfully in other field offices of SAI India also.

d) The progressive use of Hindi in the Central Government offices is reviewed by the Third Committee of the Parliament on Official Language. In 2021-22, the inspection of the two offices of SAI India was conducted by the Third Sub-Committee of Parliament on Official Language.

e) In order to review the compliance of the Official Language Acts/rules etc, the 43rd Annual Meeting was organised by the Department of Official Language (Ministry of Home Affairs) on 17 February 2022. The Principal Director (*Rajbhasha*) represented the office of Comptroller and Auditor General of India in this meeting.

f) Quarterly Progress Reports of our office were submitted by *Rajbhasha* Section to Department of Official Language online in each quarter within the target date of 30 days from the completion of each quarter.

6.1.3   Inspection of Field offices and Sections of Headquarters

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

In 2021-22, inspection of 53 field offices and 16 sections of Headquarters office was planned completed. The inspections were conducted online for all the field offices and offline for 16 sections of Headquarter office.

6.1.4   Translation

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

(a) Audit Reports (Commercial, Railway, Direct and Indirect Taxes) to be laid before a House or the Houses of the Parliament.

(b) Performance Report, press communiques, general orders, rules, contracts and agreements and tender notices.

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

The SAI India has been awarded the first prize in the category of Supreme Official Language *Kirti Puraskaar* for the best implementation of the Official Language Policy for the year 2020-21 by the Department of Official Languages, Ministry of Home Affairs. This award was given by the Hon'ble Minister of Home Affairs, Government of India to our representatives Sh. Manish Kumar (Director General) and Sh. J.P.N. Singh (Director General) on the occasion of *Hindi Diwas i.e.* 14 September 2021.

6.1.6 Functioning of *Rajbhasha* Section during Pandemic Situation

During the COVID-19 pandemic, various digital modes were successfully adopted to conduct the work of *Rajbhasha* Section like digital file system, e-magazine publication, online inspection, online quarterly meeting, online workshop etc.

Adopting various digital modes of working in *Rajbhasha* Section during pandemic not only helped in achieving the targets of the section but it has increased the efficiency and effectiveness of *Rajbhasha* Section also to promote the Official Language.

6.2 Infrastructure development

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

6.2.1 The following projects were completed during the year:
i. Bhubaneswar- Construction of office building at Kesari nagar.
ii. Jaipur- Construction of Type-III quarters at Bajaj Nagar.

6.2.2 The following projects are under construction:
i. Aizawl- Construction of residential complex.
ii. Bengaluru- Construction of office building at H. Siddaiah Road.

  iii. Kolkata- Construction of residential complex at Ultadanga.

  iv. Mumbai- Construction of residential complex at Bhandup.

  v. Ranchi- Construction of Sport complex.

  vi. Ranchi- Construction of office building for MAB.

  vii. Shimla- Repair, rehabilitation and strengthening of Chadwik House.

  viii. Shimla- Restoration work of Gorton Castle building.

6.2.3 The following projects are at planning stage:

  i. Amravati- Construction of office-cum-residential Complex.

  ii. Goa- Construction of Annexe building.

  iii. Imphal- Construction of additional quarters.

  iv. Patna- Construction of office cum Residential Complex at Gardanibagh.

  v. Puri- Restoration of Dhenkanal House.

  vi. Thiruvananthapuram-Construction of residential quarters

6.3 Participation and Achievement in Sports

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

In **Cricket**, the team was the Runner-up in Lakshya Champions Trophy held at Gorakhpur and was the Winner of 1st Assam Cricket Association Inter-Institution Cricket Tournament.

The **Hockey** team reached Quarter finals in Obaidullah Gold Cup at Bhopal, Senior National Championship at Bangalore, Nehru Gold Cup at Secunderabad and Surjeet Hockey Tournament at Jalandhar.

The **Football** team was the Semi-finalist in Chief Ministers' Cup held at Balia.

The **Badminton** team won a Gold medal, five silver medals and four bronze medals in Individual events in Veterans Nationals at Goa. The team also participated in Veterans World Championship held at Spain and won one bronze medal in Individual category.

In **Carrom**, CAG's Women's team was Runner-up in Inter-Institution Championship at Puducherry.

6.4   COVID management through welfare activities

Due to the unprecedented onslaught of COVID-19 pandemic, the whole world was caught unprepared. The same held true for India. During the 1st and 2nd wave, employees, family members and near relatives of SAI India were severely affected, as the rest of the population. The ensuing lockdowns and restrictions on activities badly affected normal functioning of SAI India offices throughout the country. Measures to manage, control and mitigate the effects of the pandemic continued during 2021-22.

The administrative and welfare wings of various office of SAI India, in collaboration with the local health authorities, arranged for Rapid Antigen Testing/ RTPCR tests and vaccination of the employees and their families. These included:

i.   Conducting more than 3,500 RTPCR/Rapid Antigen tests in the office of CAG of India as well as at residences of staff of CAG office. This helped to identify and isolate COVID-19 positive employees and prevent further spread of the disease.

ii. Right before the second wave, mass vaccination drive was taken up in the CAG office in coordination with the State Government authorities and private hospitals for vaccinating all staff and the family members of SAI India.

iii. Two isolation centres with six beds each, equipped with basic medical facilities were setup in Delhi and Noida, UP.

iv. Assistance was provided to the employees of SAI India for arranging hospitalisation, ambulance, medicines, Tests, oxygen cylinders/ concentrators etc.

v.   During the peak of second wave, an online session was organised in May 2021 for all employees of SAI India posted in Delhi/National Capital Region to assist them in dealing with Mental Health issues caused by COVID-19 pandemic. The recorded video of online session was also uploaded on CAG's web site for the benefits of others.

vi.   In July 2021, antibody testing camp was organised for staff.

vii. Videos for increasing awareness about Mucormycosis, Mental Health and Role of good sleep in maintaining healthy life-style were uploaded on CAG website.

The offices of SAI India also made their efforts to lend their helping hand in tough times of COVID.

Office of PAG Audit-II Gujarat provided free *Kadha* and homeopathic tablets as Immunity Boosters, medicines, organised Rapid Antigen Tests and vaccination camps for the staff and their families. A database of blood groups of all employees was prepared to provide help in case of any emergency requirement. Similarly, Office of PAG (Audit) Uttarakhand, through a group initiative named *'Sahyog',* arranged food, rations to families of daily wage earners and labourers, school fees for the children of contractual staff, guards, sweepers, garbage collectors, etc. working in the office, text books for needy children from a local school, blankets to the homeless people of the city, etc. The group also supported an orphanage for girls and an autism welfare society by providing them with rations. The office arranged for oxygen concentrators along with required consumables, medical consultation and vaccines for the staff of the office.

RTPCR testing of staff at CAG office

SECTION 4

Interaction with
stakeholders

Headquarters of SAI India

Chapter 1
Our interaction with Legislative Committees

Chapter 2
Audit Advisory Board

Chapter 3
Climbing the learning curve

Chapter 1

Our interaction with Legislative Committees

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

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

1.1   Interaction with Public Accounts Committee and Committee on Public Undertakings

The Public Accounts Committees (PAC) and Committees on Public Undertakings (COPU), at the Union and State levels are our main partners in ensuring public financial accountability. 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 their 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 thereon. Both the Action Taken Reports and the Action Taken Notes are duly vetted by Audit before they are furnished to the Committees.

During 2021-22, the Central PAC/COPU held 80 meetings wherein 35 Audit Paras/Performance Audit topics were discussed. The Wing-wise position of meetings and Audit Paras/ Performance Audit topics discussed in the PAC/COPU are shown below:

Name of Wing	No. of Meetings of PAC/ COPU held during 2021-22	No. of Audit Paras/ Performance Audit topics discussed during 2021-22
Commercial	18	9
Customs	9	1
Defence	6	6
Direct Taxes	9	5
Finance &Communication	10	2
Goods and Services Tax	4	1
Railways	5	2
ReportCentral	19	9
Total	**80**	**35**

The PAC/COPU in States met on 574 occasions during 2021-22 and discussed 1,324 Audit Paras/Performance Audit topics, as indicated below:

Name of State	No. of Meetings of PAC/COPU held during 2021-22	No. of Audit Paras/Performance Audit topics discussed during 2021-22
Andhra Pradesh	2	5
Arunachal Pradesh	3	5
Assam	12	148
Bihar	35	127
Chhattisgarh	21	39
Goa	3	1
Gujarat	33	27
Haryana	120	61
Himachal Pradesh	10	46
Jharkhand	24	84
Karnataka	50	130
Kerala	50	78
Madhya Pradesh	20	12
Maharashtra	18	24
Meghalaya	4	6
Mizoram	8	20
Nagaland	2	16
Punjab	49	339
Rajasthan	19	49
Sikkim	2	5
Tamil Nadu	11	28
Telangana	7	36
Uttar Pradesh	64	32
West Bengal	7	6
Total	**574**	**1,324**

1.2 Orientation Programme for the newly elected Honourable Members of PAC and COPU in Tamil Nadu

An orientation programme for the newly elected Members of PAC and COPU in Tamil Nadu was conducted on 27 August 2021. The programme was attended by the Speaker and Deputy Speaker of the Tamil Nadu Legislative Assembly, Minister for Finance and Human Resource Management, Chairpersons of the PAC, COPU and the Estimates Committee, Members of the Committees and the Secretary of Tamil Nadu Legislative Assembly along with officials of the Secretariat.

A newly elected Member of PAC and COPU at the orientation programme

The programme aimed at familiarising the members with the role of CAG in ensuring accountability and transparency in governance, powers and roles of PAC and COPU in examining the Audit Report and the processes relating to the audit planning, audit execution, various stages involved in finalisation of Audit Report and opportunities given to the Audit units to respond to the audit findings, constraints faced by the Audit and possible remedies to resolve the issues.

The Members of PAC and COPU interacted positively and raised various queries regarding the functioning of the SAI India, methodology in finalisation of Audit Reports, CAG's Mandate and role of the Committees, etc. The programme created awareness among the Members and enlightened them about their role in the functioning of the Committees.

Chapter 2
Audit Advisory Board

2.1 CAG's Audit Advisory Board

An Audit Advisory Board (AAB) advises the CAG in matters relating to audit including coverage, scope and prioritisation of audits together with suggestions on audit approaches and techniques within the framework of the constitutional and statutory mandate of the CAG.

First meeting of the Tenth Audit Advisory Board

The members of AAB function in an honorary capacity. The Board consists of eminent persons in diverse fields and Deputy Comptroller and Auditors General from the Department. The first AAB was constituted in 1999. Since then, the Board has been reconstituted nine times (2001, 2003, 2006, 2009, 2011, 2013, 2015, 2018 and 2021). The constitution of the Tenth AAB was notified in April 2021. The Board will have a term of two years. The list of external members of AAB is given in Chapter 2 of Section 1 of this report.

First meeting of the Tenth AAB was held in September 2021 wherein discussions on two subjects: (i) 'Mandate and Functions of the CAG of India' and (ii) 'Integrating Audit at the grassroots: A way forward' was taken up.

2.2   State Audit Advisory Boards

State Audit Advisory Boards (SAAB) are similarly constituted in the States. The SAABs serve to enhance the effectiveness of our audits by leveraging from discussions with experienced professionals from varied fields. During 2021-22, the meetings of the SAABs were held in the States of Bihar, Gujarat, Haryana, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Nagaland, Odisha, Rajasthan and Tamil Nadu.

State Audit Advisory Board Tamil Nadu

Chapter 3

Climbing the learning curve

3.1   Interaction with audited Entities

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

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

3.1.1   Pan India interactions

(i)   **Virtual Regional Conferences of Director Local Fund Audit (DLFA)of the States and Principal Accountants Genera/Accountants General** - Seven virtual regional conferences were organised during February-March 2022 with DLFAs, PAsG/

AsG of the States and the senior officer of their controlling wings in the CAG office. The DLFAs of each State gave presentation on their staffing issues, status of Certification of LB accounts and future plans considering the requirement of 15th Finance Commission for issuing grants to Rural Local Bodies (RLBs); their Training requirements and expectations from SAI India; issues regarding follow up on DLFA Reports and other Technical Guidance and Supervision (TGS) support required from SAI India.

(ii)   Discussions were held to assess where intervention/support of SAI India was required for capacity building of DLFAs and to promote synergy between the two Audit organisations i.e. DLFA and SAI India.

3.1.2   State specific interactions

Madhya Pradesh

In order to develop understanding of working of Departments of the State Government and get an oversight of the schemes under them, meetings/presentations with Heads of the Departments, Head of the field units, PSUs etc. were initiated which helped us in prioritising the focus areas for audit in the upcoming audit plan. Under this initiative, 28 meetings with 13 Departments were conducted.

Jharkhand and Sikkim

A proactive meeting was held with Primary Auditor i.e. DLFA, Local Bodies, Jharkhand to discuss various issues arising in the course of audit of Local Bodies by DLFA and to provide technical support to primary auditor under Technical Guidance and Support.

In Sikkim also, a seminar was held to discuss the TGS arrangement with DLFA, Sikkim.

Tamil Nadu

(i)   State Level Apex Committee meeting was held under the Chairmanship of Chief Secretary to the Government of Tamil Nadu for discussing the pending status of Inspection Reports, Explanatory Notes and Action Taken Notes. Principal Accountant General (Audit-I), Tamil Nadu, Accountant General (Audit-II), Tamil Nadu & Puducherry, Additional Chief Secretaries/Principal Secretaries/Secretaries to Government participated in the meeting. The Chief Secretary to Government

instructed all Secretaries to conduct Departmental Audit committee meetings regularly and clear the pending Inspection Report paragraphs and include the same in the All-Secretary's monthly review meeting. The Departmental Secretaries assured to take necessary action for reducing the pendency.

(ii) To have an insight on the implementation of the Marriage Assistance scheme and Chief Minister's Girl Child Protection scheme, a conference was held with the Assistant Director, Social Welfare Department.

3.2 Interaction with academic and professional institutions

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

3.3 Interaction with Media

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

We undertake a range of actions to communicate audit messages to our clients after audit reports are presented to Parliament and State Legislature. A press conference

is usually held after the audit reports are tabled in the Parliament/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.

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.

3.4   Workshops, Lectures and other events

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

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

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

(i) **Panel Discussion on 'Enhancing Good Governance through Strengthening of Local Bodies Audit'**- As a part of Audit Day celebrations, a Panel Discussion on 'Enhancing Good governance through Strengthening of Local Bodies Audit' was organised on 17 November 2021. It was chaired by the CAG and the panel consisted of Secretaries of the Ministries of Rural Development and Panchayati Raj; Controller General of Accounts; Shri H.K. Dash and Shri S. M. Vijayanand, the Members of the CAG's Audit Advisory Board; and Deputy CAG (Local Bodies). During the Panel Discussion, issues related to accounting and audit of Local Bodies, capacity building and training of DLFAs and the way forward for audit of Local Bodies were discussed by the Panelists. All officers of the level of HoD and above attended.

Shri S.M. Vijayanand, a Member of the CAG's Audit Advisory Board during discussions in Panel Discussion

(ii)   A lecture on **'The New Balance Sheet for the Exponential Knowledge Economy – Opportunities, Threats and Uncertainities'** was delivered by Prof. Solomon Darwin, Professor of Business and Director of the Garwood Centre for Corporate Innovation and the Executive Director of the Centre for Growth Markets at the Haas School of Business at University of California, Berkeley on 28 March, 2022 which was also attended by all Pr. AsG/AsG in field offices of SAI India through webcast.

(iii)   iCISA, Noida conducted Executive programme on **Artificial Intelligence & Machine Learning** in collaboration with National Institute for Smart Government (NISG). The Executive Programme was delivered through blended learning approach consisting of both online and offline components. Professor Shivendu (IAS 1984 Retd.) the Ph.D program coordinator in the School of Information Systems and Management at the University of South Florida led the executive programme and workshop on Artificial Intelligence & Machine Learning.

Workshop on Artificial Intelligence & Machine Learning in collaboration with National Institute for Smart Government (NISG)

(iv)   In Tamil Nadu, to get insight into the issues relating to GST and Registration, Chartered Accountants, retired IRS officers and the officers from the Department were invited to explain various facets of GST and registration.

(v)   In Maharashtra, the experts from NEERI and AcCSIR, the two institutions of CSIR, and retired IFS officer were invited to provide training for better understanding of the Forest Management, environment/ ecosystem, various pollutants, its cause and effect.

(vi)   In Delhi, a two day workshop on "Sexual Harassment of Women at Workplace" organised by National Productivity Council was attended by staff of AG (Audit) Delhi.

(vii)   A Consultation/Workshop on Health Services was organised in the Office of the Principal Accountant General (Audit I), Uttar Pradesh, Prayagraj in which Principal of M L N Medical College, Shri S P Singh, Joint Director, State Health Agency Dr. Rajendra Kumar, and doctors of renowned hospitals of Prayagraj participated.

(viii)   A lecture by an IRS Superintendent of Police (CBI), ACB on Theme-'Independent India @75: Self Reliance with Integrity' was organised as part of Vigilance Awareness Week by the office of the Director General of Audit, Home, Education and Skills Development, New Delhi.

(ix)   Two Workshops at Nagpur and Pune were held in the month of March 2022 with the officials of Forest Divisions on various issues related to accounts of the Forest Divisions.

International
Relations

National Academy of Audit and Accounts, Shimla

Chapter 1
Our Engagement with the United Nations Organisations

Chapter 2
Our Engagement with the International Organisation of Supreme Audit Institutions

Chapter 3
Our Engagement with the Asian Organisation of Supreme Audit Institutions

Chapter 4
Bilateral/Multilateral Interactions

Chapter 5
International Training Programmes

Chapter 1

Our Engagement with the United Nations Organisations

1.1   Audit of International Organisations

CAG of India has been the External Auditor of various United Nations (UN) organisations over the years. During 2021-2022, SAI India performed the audit of following UN organisations:

1.1.1   World Health Organisation (WHO)

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

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

The six organisations, including five Non-Consolidated entities, under CAG's audit are:

i.   WHO;

ii.   Staff Health Insurance;

iii.   International Agency for Research on Cancer;

iv.   Joint United Nations Programme on HIV/AIDS (UNAIDS);

v.   International Computing Centre and

vi.   UNITAID (a Global health initiative that works with partners to bring about innovations to prevent, diagnose and treat major diseases)

Six audit teams conducted Financial, Performance and Compliance audit of WHO Headquarters, its Regional/Country offices and its Non-Consolidated Entities. These audits engagements were performed through remote audits during October 2021-February 2022 and onsite audits were performed during March-April 2022.

1.1.2 Food and Agriculture Organisation (FAO)

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

CAG is the External Auditor of FAO for the period 2020-2025, starting from financial period ending December 2020.

Five audit teams conducted Financial, Performance and Compliance audit of FAO Headquarters and its Regional/Country offices. These audits commenced in a remote audit format from October/November 2021 onwards. The financial audit of FAO will be conducted onsite in May 2022.

1.1.3 Inter Parliamentary Union (IPU)

IPU is the global organisation of national Parliaments. It empowers Parliaments and Parliamentarians to promote peace, democracy and sustainable development.

CAG is engaged as External Auditor of IPU for three years from 2020 to 2022, starting from the financial period ending in December 2020.

Audit of IPU was conducted in a remote audit format in February 2022.

1.2 Entrustment of External audit of UN organisations

During 2021-2022, CAG of India was appointed as the external auditor of following organisations:

1.2.1 Organisation for Prohibition of Chemical Weapons (OPCW)

CAG of India has been appointed as the External Auditor of OPCW for the period 2021-2023. OPCW has headquarters at Hague, Netherlands and is the implementing body for the Chemical Weapons Convention, which entered into force w.e.f.

29 April 1997. The OPCW oversees the global endeavor to permanently and verifiably eliminate chemical weapons. The external audit of OPCW for the year ending December 2021 will be performed during May-June 2022.

1.2.2   International Atomic Energy Agency (IAEA)

CAG of India, has been elected as External Auditor of the IAEA for a six-year term from 2022 to 2027. IAEA has headquarters in Vienna and is the world's centre for cooperation in the nuclear field. It was set up as the world's "Atoms for Peace" organisation within UN family. The Agency works with its Member States and multiple partners worldwide to promote the safe, secure and peaceful use of nuclear technologies.

1.3   Major events involving the active participation of SAI India

CAG of India, participating in the 61st Session of the Panel at UN Headquarters New York as Chair of the UN Panel of External Auditors

1.3.1   UN Panel of External Auditors

CAG chaired the 61st regular session of the UN Panel of External Auditors held on 6 and 7 December 2021 as a hybrid session, hosted by the UN Headquarters, New York. The meeting was attended by representatives from Canada, Chile, China, France, Germany, Ghana, India, Indonesia, Italy, Philippines, Russia, Switzerland, United Kingdom and Tanzania (as observer).

Important issues discussed in this session were:

- **Impact of COVID on the internal controls of UN organisations**

Panel Members emphasised that despite the pandemic, it is essential to strengthen the controls in place; establishing appropriate and comprehensive levels of assurance and monitoring to ensure that the use of resources can be appropriately controlled and scrutinised.

- **Financial issues**
  - Impact of COVID on assumptions used for preparation of Financial Statements;
  - Transition from IPSAS 29 (Financial Instruments: Recognition and Measurement) to IPSAS 41 (Financial Instruments);
  - Implementation of IPSAS 23 (Revenue from Non-Exchange Transactions); and
  - Refinement of accounting policy implementation of budget consolidation in relation of IPSAS 24 (Presentation of Budget Information in Financial Statements) and IPSAS 35 (Consolidated Financial Statements).
- The Panel emphasised on the need to work collectively with UN Finance & Budget Network (FBN) and UN Task Force on Accounting Standards to understand how the system is approaching the adoption and consistent application of the new and existing standards.
- **Other issues**
  - Outsourcing of services-hiring of non-staff by third parties;
  - Supply chain management;
  - Implementation of common back offices; and
  - Environmental & social governance in the context of the United Nations.

1.3.2   Meeting with the UN Secretary General

On 7 December 2021, CAG and Panel members met the UN Secretary General Mr. António Guterres and briefed him about the output of the Panel's Session.

CAG of India, in the capacity of Chair of Panel, also wrote a letter to UN Secretary General summarising the deliberations held during the session on the topics covering outsourcing of services, hiring on non-staff by third parties, supply chain management, implementation of common back offices and environmental & social governance in the context of United Nations. (Letter is available at *https://www.un.org/en/auditors/ panel/docs/Letter%20from%20Chairman%20of%20the%20Panel%20of%20External%20 Auditors%20to%20the%20Secretary-General%202021.pdf*)

1.3.3   Meeting of Technical Group of UN Panel of External Auditors

The UN Panel established its Technical Group (TG) at its 26th session in 1984. The Group comprises the Directors of External Audit, or equivalent, and the Executive Secretary of the Panel. Much of the Panel's work is undertaken by the Technical Group which is mandated to research and review specific topics of interest to the Panel. The

Technical Group reports to the Panel at its regular meeting on the topics reviewed and its recommendations.

A meeting of the TG was held in New York from 1 to 3 December 2021. During the meeting, detailed discussions were held on the topics; (a) Impact of COVID, (b) Accounting Standards Updates, (c) UNBOA audit findings, and (d) Management Audit Issues. SAI India led the sessions on two sub-topics 'Impact of COVID-19 on Supply Chain Management' and 'Issues in auditing Investments of UN Entities'.

Chapter 2

Our Engagement with the International Organisation of Supreme Audit Institutions

2.1   Overview of INTOSAI

The International Organisation of Supreme Audit Institutions (INTOSAI) operates as an umbrella organisation for the external government audit community. Founded in 1953, INTOSAI has 196 full members, five associate members and two affiliate members. INTOSAI is an autonomous, independent and non-political organisation with special consultative status with the Economic and Social Council (ECOSOC) of the UN. INTOSAI's motto is, *'Mutual Experience, Benefits All'*.

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

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

2.2   INTOSAI Knowledge Sharing Committee (KSC)

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

KSC is instrumental in developing guidance documents, handbooks, best practices and research papers in all aspects of public sector audit in addition to disseminating knowledge through seminars, workshops, training programmes and through its dedicated website – INTOSAI Community Portal. KSC has 12 Working Groups specialising in various domains of public sector audit. Links to the webpages of these working groups are available at: *https://cag.gov.in/en/page-involvement-with-intosai*. SAI India resource persons are representing SAI India in all the Working Groups.

2.3   13th annual meeting of Knowledge Sharing and Knowledge Services – (KSC) and its Steering Committee (KSC SC)

13th Meeting of KSC SC was held virtually on 16 September 2021 and inaugurated by the CAG of India in his capacity as the Chair of KSC. CAG, in his inaugural address, underlined the role of knowledge as the strategic asset in the increasingly complex and challenging environment of today. He pointed out that sharing and disseminating knowledge should also inspire and

CAG of India, the KSC Chair, inaugurating 13th KSC SC meeting on 16 September 2021

instill confidence towards positive action. Innovative thinking, fast decision-making, collaborative action, and meaningful reforms are the ideals that knowledge dissemination should aim to address.

2.4   Knowledge Development Activities

2.4.1   INTOSAI pronouncements

KSC has placed three INTOSAI pronouncements in the INTOSAI Framework for Professional Pronouncements (IFPP) *viz.* Guidance on auditing public debt (GUID 5250), Guidance on auditing disaster management (GUID 5330) and Guidance on performance audit of privatisation (GUID 5320).

Four more pronouncements *viz.* Guidance on auditing public private partnerships, public procurement audit, implementation of INTOSAI P-50 and Information Systems Security Audit are under process.

2.4.2   Crosscutting Research Projects

CAG, as KSC Chair, encourages internal and external research projects in public audit. Currently, two research projects on "SAI Independence" and "Audit Communication and Reporting of Audit Results" are in process.

2.5   Generation and dissemination of knowledge and experience

2.5.1   SAI India, as the KSC Chair, oversees the activities of the KSC working groups which are actively engaged in bringing out research papers, conducting and participating in training programs, seminars/webinars, and publishing newsletters and articles.

2.5.2   INTOSAI Community Portal as a Knowledge Sharing Platform

In order to facilitate continuous interaction in the INTOSAI community, SAI India, as KSC chair, has developed an INTOSAI Community Portal. The portal can be accessed at www.intosaicommunity.net or www.intosaiportal.org.

With the intention of making the portal a forum of regular interaction and discussion, the facility of creating Communities of Practice (CoPs) has been created. This facility is intended to enable wide exchange of information and materials and enable auditors to tap into the expertise of our member SAIs. Currently, the portal hosts CoPs on Public Debt, Audit of Extractive Industries, ARABOSAI[1], AFROSAI[2] - E, Goal Chair Collaboration, ASOSAI Projects, INTOSAI Regions Coordination Platform, Sustainable Development Goals, Data Analytics etc. This section was recently enhanced with features to add sub-threads which provide for better organisation of material. This also enables better tagging and easy accessibility.

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[1]*Arab Organisation of Supreme Audit Institutions*
[2]*African Organisation of Supreme Audit Institutions*

KSC recently launched the CoP on SDGs considering the prime importance of turning the efforts to aiding the implementation of the Agenda 2030. KSC has reached out to SAIs to participate in this initiative by nominating members to this CoP. A webinar series to promote the effective use of the facilities of the portal has been introduced. A webinar under this series was conducted in October 2021 for the members of INTOSAI Working Group on Audit of Extractive Industries (WGEI).

2.6   INTOSAI Strategic Plan 2023-2028

INTOSAI Strategic Plan (ISP) is a document that articulates its mission, vision, values, organisational priorities, and strategic goals for the period of six years. INTOSAI has established a Task Force for Strategic Planning (TFSP) to formulate the next ISP for the period from 2023 to 2028. SAI India is a member of the TFSP by virtue of it being the Chair of KSC of INTOSAI. The TFSP is chaired by SAI USA.

Through multiple meetings of the task force, the ISP 2023-28 has taken shape and final draft was discussed in the December meeting of TFSP. The final plan will be submitted for approval by the INTOSAI Congress in November 2022. The plan outlines strategic objectives to be adopted by the four goals of INTOSAI, for the next six years and also identifies the priorities to be adopted by INTOSAI during the period. The priorities identified aim to support SAI Independence, contribute to the achievement of the UN 2030 Agenda, support SAI Resilience, Equality and Inclusiveness and enhance Strategic Partnerships.

2.7   INTOSAI Strategic Development Plan of IFPP (SDP) 2023-26

INTOSAI Professional Pronouncements are the formal and authoritative announcements of INTOSAI which draw on the collective professional expertise of INTOSAI's members and provide INTOSAI's official statements on audit-related matters. All the pronouncements are organised and numbered according to their status and purpose in a single framework. The Strategic Development Plan of IFPP (SDP) of INTOSAI is a document that identifies projects that would lead to the development of professional pronouncements.

The current SDP term comes to an end in 2022. The process of preparation of the new Strategic Development Plan for the period 2023-26 has been kick started during the meeting of the Forum for INTOSAI Professional Pronouncements (FIPP) in February 2022. SAI India, as Chair of KSC, is an active participant in the formulation of the plan and contributes projects to the plan through its 12 Working Groups on different domain specific subjects. It has been decided that the new plan will be prepared after the widest possible consultations within and outside the INTOSAI Community to incorporate projects which are of topical importance and reflect the changing environment in which public auditors are called upon to exercise their mandate. The plan will be presented for approval during the meeting of the INTOSAI Governing Board in 2023.

2.8 Goal Chair Collaboration (GCC)

GCC is an informal collaboration arrangement of the three Goal committees, *viz.,* Professional Standards Committee, Capacity Building Committee and Knowledge Sharing and Knowledge Services Committee. Under GCC, these committees arrive at a consensus on various important INTOSAI issues and present a joint statement to INTOSAI Governing Board. Goal Chairs' representatives met online to discuss various issues of INTOSAI where they are independently and jointly responsible, like INTOSAI Strategic Plan 2023-28 and INTOSAI Strategic Development Plan of IFPP (SDP) 2023-26.

2.9 INTOSAI Working Group on IT Audit (WGITA)

CAG is the chair of WGITA since its inception in 1989. WGITA aims to support SAIs in developing their knowledge and skills in the use and audit of IT. Presently, WGITA has 57 members, including SAI India, and six Observers.

2.9.1 30th annual meeting of WGITA

On 1 September 2021, 30th annual meeting of WGITA was hosted virtually by SAI India, which acted as the Secretariat of WGITA. CAG of India, as the Chair of WGITA, inaugurated the meeting.

While inaugurating the meeting, CAG pointed out that the success of every government and organisation in imminent days will be measured by their agility in the swift deployment of efficient and effective backend IT systems and solutions. This would result in enhanced responsibilities for SAIs to identify emerging IT risks, make constructive recommendations to their respective governments, and ensure public trust in governmental IT spending.

CAG of India, the WGITA Chair, DAI (HR&IR) and PD(IR) at the 30th WGITA meeting on 1 September 2021

2.9.2   Knowledge development activities of WGITA

As per current work plan for the period 2020-22, WGITA is developing guidelines on cyber-security and data protection challenges, audit of IT Management functions – including IT Governance, Contract Management and Sustainability, performance evaluation of Information Systems. The projects are at different stages of completion with the aim of completion by 2022/ 2023.

A project for development of GUID 5101 on Information Systems Security Audit of IFPP was taken up under the leadership of SAI India, as per INTOSAI Strategic Development Plan of IFPP. Mr. K.R. Sriram, Deputy Comptroller and Auditor General and Chief Technology Officer, as the project lead, is working on the revision of GUID 5101 with assistance from Mr. Vikash Kumar, Director.

WGITA, in collaboration with the INTOSAI Development Initiative (IDI), developed an IT Audit Handbook in October 2013. The United States Government Accountability Office (US GAO), a WGITA member, is currently leading the revision of the Handbook which is in final stage of completion and aimed for submission to INTOSAI Governing Board in November 2022.

2.9.3 Knowledge sharing activities of WGITA

2.9.3.1 WGITA has taken up a project for creation and maintenance of a Global IT Audit Database in the WGITA webpage. Pursuant to this ongoing WGITA project, 193 IT audit reports shared by member SAIs have been uploaded on the WGITA webpage of the INTOSAI Community Portal.

2.9.3.2 SAI USA hosted the WGITA webinar on "Auditing Legacy IT systems" on 11 August 2021. The report identified the most critical U.S. legacy systems in need of modernisation, evaluated the plans for modernising them and identified instances of successful legacy system modernisation initiatives in the last 5 years.

2.9.3.3 WGITA e-seminar on "IT Audit in the Era of Industrial Revolution 4.0: Opportunities and Challenges"

As is the practice of hosting a seminar/webinar in conjunction with the WGITA meetings, the 30th WGITA meeting was followed by an e-seminar on "IT Audit in the Era of Industrial Revolution 4.0: Opportunities and Challenges", hosted virtually on 2 September 2021, by the Audit Board of the Republic of Indonesia. The CAG of India, as the Chair of WGITA, graced the occasion with his welcome address, during the meeting.

WGITA e-seminar on "IT Audit in the Era of Industrial Revolution 4.0: Opportunities and Challenges" on 2 September 2021

CAG, while welcoming the participants in the above virtual event, pointed out that the fourth Industrial Revolution has created an excellent opportunity for INTOSAI and WGITA to equip its members with practical knowledge and work procedures for addressing the emerging IT risks.

2.9.4 Capacity building activities

As per the present workplan for 2020-22, WGITA is developing a Global Curriculum for IT Audits. The project is being led by Mr. K.R. Sriram, DAI and CTO, SAI India.

2.10   INTOSAI Compliance Audit Subcommittee (CAS)

Since 2017, the CAG of India is the Chair of the CAS, under INTOSAI's first goal *viz.* the Professional Standards Committee. CAS was assigned the mandate of providing clarity to the concept of compliance audit, give practical guidance on how compliance audit should be planned, executed and reported on, and to develop INTOSAI professional pronouncements for compliance audit. Presently, CAS has 20 members and two observers.

2.10.1   18th annual meeting of INTOSAI CAS

18th Annual Meeting of the INTOSAI CAS was held online on 28 October 2021. The meeting was hosted by the SAI India. The meeting was inaugurated by the CAG of India in his capacity as chair of CAS. Ms. Meenakshi Sharma, ADAI has been designated Acting Chair of CAS.

CAG of India, in his opening remarks, pointed out that the impact of compliance audit goes beyond plugging leakages in Government expenditure and saving funds to improving public accountability and transparency. He stated that the 3I approach – innovating, institutionalising and integrating – may be an ideal strategy to address the major challenge of capacity building. Innovating through the adoption of digital technology, for example- employing the possibilities of e-learning for expanding technical expertise among auditors, institutionalising the framework of standards and guidelines, and integrating compliance audits to the broader auditing process.

CAG of India addressing CAS members during 18th CAS annual meeting held virtually on 28 October 2021

Ms. Meenakshi Sharma, ADAI and Vice Chair, CAS, presenting report on CAS activities

2.10.2 Projects taken up as per CAS Work Plan

(i)   Knowledge Development Activities of CAS

CAS led the project for development of GUID 4900 – Guidance on authorities to be considered while examining the regularity and propriety aspects in compliance audit. The project was completed successfully and the document was approved by the INTOSAI Governing Board in 2020. CAS is also actively involved in the development of GUID 5160 – Guidance on using the Work of Internal Auditors.

The PSC has initiated the project of revision of ISSAI 140 – Quality Control for SAIs. The project is undertaken by an ad hoc working group led by the European Court of Auditors. The revision project was necessitated in the wake of updation of the International Standard on Quality Management (ISQM) 1. The project is aimed at revising the content of ISSAI 140 to bring it in line with ISQM1 to update the presentation of ISSAI 140 in line with the rest of the framework, helping to ensure it is as clear and useful as possible. The CAS is represented in the working group by members from SAIs of India, Hungary, Norway and France. SAI India representatives in the Financial Audit and Accounting Sub-committee are also part of this project.

2.11   Forum for INTOSAI Professional Pronouncements (FIPP)

FIPP is a designated body of INTOSAI which is responsible for implementing a uniform approval process for the INTOSAI Framework of Professional Pronouncements following the INTOSAI due process.

Ms. Prachi Pandey, Principal Director, SAI India is a member of this forum. Mr. Pawan Kumar Konda, Director, SAI India is a Technical Assistant to Ms. Prachi Pandey. SAI India actively engages with this forum in providing and maintaining the contents of the IFPP.

2.12   Collaboration with IDI

INTOSAI Development Initiative (IDI), established in May 1999, is an INTOSAI body that supports SAIs in developing countries to sustainably enhance performance, independence and professionalism.

IDI launched a "Leveraging On Technological Advancement (LOTA)" initiative to help SAIs in exploring their technology landscapes, designing and implementing appropriate methodology & tools for auditing with the help of technology.

Mr. Vikash Kumar, Director is representing SAI India in the first LOTA project for developing and delivering the LOTA scan tool.

2.13 Global SAI Accountability Initiative (GSAI) of the INTOSAI Donor Cooperation

GSAI was launched as part of the peer-to-peer support program of INTOSAI Donor Cooperation (IDC) in 2021. The GSAI is coordinated by the GSAI Committee, which SAI India joined in January 2022. Under the GSAI, SAI India has offered technical support to the Office of the Director of Audit, Commonwealth of Dominica (SAI of Dominica). IR Division completed the scoping exercise of SAI Dominica in February 2022 and has recommended that the SAI may be included in the initiative.

2.14 Conference of the States Parties to the United Nations Convention against Corruption (CoSP)

CoSP, in recognition of the important role of SAIs and anti-corruption bodies in the fight against corruption, adopted resolution 8/13 titled "Enhancing collaboration between the Supreme Audit Institutions and anti-corruption bodies to more effectively prevent and fight corruption", referred to as the Abu Dhabi Declaration.

Ms. Parveen Mehta, DAI and Ms. Ritika Bhatia, Director General represented SAI India in a one-day conference on the theme "The future of anti-corruption: innovating integrity through technology and partnerships" held in Dubai on 9 December 2021 (International day of anti-corruption). The event was jointly organised by SAI UAE, President of the Conference of the States Parties to the United Nations Convention against Corruption (CoSP UNCAC).

SAI India also participated in the event "The Role of the Supreme Audit Institutions in Preventing and Countering Corruption: The Way Forward" held prior to the

CoSP on 12 December 2021 organised by the United Nations Office on Drugs and Crime (UNODC). The meeting aimed at preparing a "Practical Guide to enhance the collaboration between Supreme Audit Institutions and anti-corruption bodies to effectively prevent and fight corruption".

Subsequently, a second Meeting of Experts was organised from 28 to 30 March 2022 to finalise the draft Practical Guide. SAI India has made contributions to the guide particularly in the area of audit of procurements.

2.15   1st Meeting of G20 Anti-Corruption Working Group

G20 or Group of Twenty is an intergovernmental forum comprising 19 countries and the European Union (EU). To facilitate cooperation in raising the standards of transparency and accountability as well as contributing to the effectiveness of the global fight against corruption, the G20 Anti-Corruption Working Group (ACWG) was established in 2010.

The 1st G20 ACWG 2022 Meeting was organised virtually from 28 to 31 March 2022. SAI India participated in the meeting on-line along with officials from other Government Ministries and Departments. The meeting discussed and finalised a document titled "High-Level Principles on Enhancing the Role of Auditing in Tackling Corruption". This document is formulated in recognition of the role played by audit in the prevention of and fight against corruption and of the need to protect, safeguard and enhance the independence of public and private audit institutions. It proposes a set of six high-level principles for enhancing the role of audit both internal and external, public sector and private sector, through internal capacity building, formulating national frameworks, cooperating with anti-corruption groups and the use of advanced technologies.

Important interventions proposed by SAI India for inclusion in the document relate to the promotion of an Open Data Policy and on leveraging the advantages of civil society engagement in audit.

2.16   Other major events of INTOSAI

2.16.1   75th INTOSAI Governing Board Meeting

75th Meeting of the INTOSAI Governing Board was held virtually on 23 November 2021. Presenting the report of the KSC, the CAG reiterated the KSC's commitment to fostering cooperation and sharing of knowledge between the Supreme Audit Institutions to enable them to ensure public accountability and improve governance.

2.16.2   Special Session of the United Nations General Assembly Against Corruption (UNGAAC)

CAG of India as the member of INTOSAI GB participating in the 75th INTOSAI GB meeting on 23 November 2021

The Abu Dhabi declaration on enhancing collaboration between the SAIs and anti-corruption bodies was adopted in the Special Session of UNGAAC on 2 June 2021. The CAG of India participated in the panel discussion held on 2 June 2021 during the virtual Side event on "Imperative role of Supreme Audit Institution in the Prevention and Fight against Corruption in modern times", at the Special Session of UNGAAC.

During discussion, the CAG highlighted that, there is an increasing expectation that SAIs should, through concerted action, play an influential role in promoting a culture that values honesty and accountability in the exercise of authority and utilisation of national resources. Towards this direction, SAIs play an essential role in the accountability cycle through independent scrutiny of the revenue and expenditure, thereby ensuring accountability of the executive.

2.16.3   First Online International Scientific and Practical Conference

The First Online International Scientific and Practical Conference was held on 21-22 April 2021 under the auspices of the Chair of the INTOSAI, i.e. SAI Russia. The Conference provided a unique platform for exchange of experience, bringing together experts in public audit, members of the business and academic communities.

The theme of the first day of the Conference was "Public Sector Auditing and Evolution of Governance Practices During and Post Emergency" and for the second day of the conference was "Online Education: New Normal or Temporary Solution?". After the plenary session, on the second day, separate discussion sessions on Strategic Audit, Data Analytics, Openness and SDGs were conducted.

Mr. K.R. Sriram, Deputy Comptroller and Auditor General-cum-Chief Technology Officer and Mr. Virender Kulharia, Director, participated in the discussion session on Data Analytics.
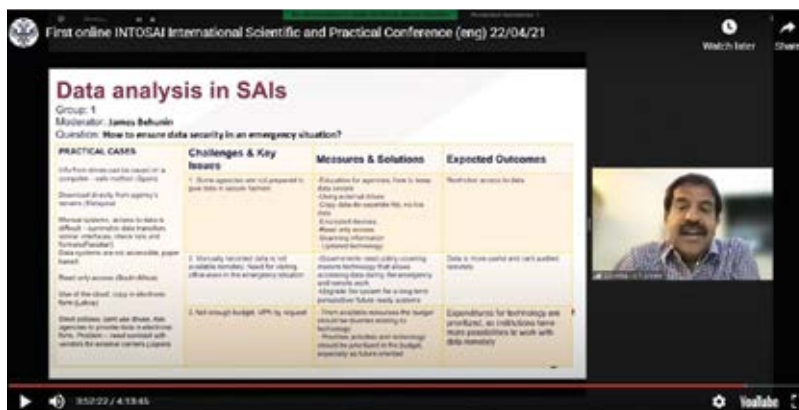
Mr. K.R. Sriram, as the moderator of the discussion group on Data Analysis in SAIs, is presenting the result of the discussion on the second day of the Conference

Also, Mr. Sunil Shreekrishna Dadhe, Director General participated in the event as moderator for the session on SDGs and Ms. Hansha Mishra, Senior Deputy Accountant General made a presentation on SDGs.

Mr. S.S. Dadhe, as the moderator of the discussion group on SDGs, is presenting the result of the discussion on the second day of the Conference

2.16.4 25ᵗʰ Joint UN/INTOSAI Symposium

SAI India participated in the 25ᵗʰ joint UN/INTOSAI Symposium held virtually from 28 to 30 June 2021 by the Division for Public Institutions and Digital Government of the United Nations Department of Social and Economic Affairs (DPIDG/UNDESA) and INTOSAI. The theme of the Symposium was "Working during and after the pandemic: Building on the experience of supreme audit institutions for strengthening effective institutions and achieving sustainable societies".

During the Symposium, SAIs deliberated on the impact of COVID-19 on SAIs' organisational capacities, working methods and processes; the experiences and good practices in auditing the COVID-19 responses and recovery plans; innovative approaches to enhancing the transparency of and accountability for the COVID-19 responses; and ways to support resilient accountability systems and institutions in the aftermath of COVID-19.

2.16.5 2ⁿᵈ INTOSAI Sustainable Development Goal (SDG) coordination meeting

The 2ⁿᵈ INTOSAI SDG coordination meeting was organised virtually on 22 February 2022. The objective of the meeting was to coordinate SDG activities within INTOSAI and to discuss next steps regarding the involvement of INTOSAI and its member SAIs in the implementation of the SDGs.

Mr. S. Alok, Director General, Ms. P. Madhavi, Principal Director (SAI India representatives in the INTOSAI Working Group on SDG and Key Sustainable Development Indicators), Mr. Manish Kumar, OSD, iCED, Jaipur and Ms. Nameeta Prasad, Principal Director (SAI India representatives in the INTOSAI Working Group on Environmental Auditing) took part in the above meeting.

Chapter 3

Our Engagement with the Asian Organisation of Supreme Audit Institutions

3.1 Overview of ASOSAI

The Asian Organisation of Supreme Audit Institutions (ASOSAI), established in 1978, is one of the seven regional organisations of INTOSAI. It became functional in 1979, with its first assembly in New Delhi. India is a charter member of the ASOSAI. Its present membership stands at 47.

The objectives of ASOSAI are:

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

3.2   ASOSAI Journal

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

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

The last issue of the e-Journal in October 2021 on the theme of "Role of Audit in Economic Recovery- Post Pandemic" was hosted on the website www.asosaijournal.org.

3.2.1   Participation of SAI India in ASOSAI Activities

3.2.1.1   13th ASOSAI Research Project

In view of the emphasis on audit of emerging areas, SAI India contributes significantly in all the Research Projects of ASOSAI. During the 57th Governing Board Meeting of ASOSAI held on 8 September 2021, the topic "Remote Audit for SAI: Future and Challenges" was selected as the theme of the 13th ASOSAI Research Project. Mr. V.M.V. Nawal Kishore, Principal Director has been nominated to represent SAI India in the 13th ASOSAI Research Project.

3.2.1.2   56th ASOSAI Governing Body Meeting

CAG presented the report on the ASOSAI Journal in the 56th GB held on 6 September 2021, apprising the GB members about the launch of the revamped ASOSAI Journal website with user friendly features and a redesigned PDF format for better readability. CAG also informed the GB members about the social media presence of journal on Twitter, for better outreach and visibility in the international arena. Apart from above, reports on INTOSAI Knowledge Sharing Committee (KSC), INTOSAI Compliance Audit Sub-committee (CAS) and INTOSAI working group on IT Audit (WGITA) were presented focusing on SAI India's efforts and initiatives in INTOSAI.

3.2.1.3   15th ASOSAI Assembly

During the 15th ASOSAI Assembly, held on 7 September 2021, CAG of India was elected as the host of the ASOSAI Assembly in 2021 and Chairman of ASOSAI for the period 2024-2027. CAG, as the Chairman, will be the Chief Executive of ASOSAI and represent ASOSAI in its dealings with national and international organisations. CAG, in his speech delivered during the 15th Assembly, while thanking all the members for entrusting SAI India with the honour of becoming the host of the next Assembly and Chairman for the period

CAG of India attending the 15th ASOSAI Assembly hosted by SAI Thailand, held virtually on 7 September 2021

2024-27, also highlighted that the world is going through momentous changes, with new challenges and vulnerabilities hitherto hidden, brought to the fore by the COVID-19 pandemic.

In the 15th ASSOSAI Assembly, CAG presented report on the ASOSAI Journal. CAG shed light on the role of ASOSAI Journal as an active and popular medium for sharing professional experience and exchange of information not only amongst the ASOSAI fraternity, but also across SAIs globally.

CAG, in his capacity as the Chairman, Board of Editors of ASOSAI Journal, also conferred the ASOSAI Journal Award to SAI Japan for the articles "Audit and Analysis on the Japanese Government's Efforts for Fiscal Consolidation" published in the April 2020 issue, and "Audit of Disaster Management in Japan- Recent trends and Characteristics" published in the October 2018 issue, based on the assessment of 72 articles published in six issues of the ASOSAI Journal from the April 2018 to October 2020.

3.2.1.4   57th ASOSAI Governing Board Meeting

In the 57th ASOSAI GB meeting held on 8 September 2021, CAG presented a report on the preparation on hosting the 16th ASOSAI Assembly in 2024 highlighting the need for all member SAIs to work together at all levels (individual, local, regional and

global) to implement the SDGs and to address the challenges raised by poverty, climate change, gender inequality and SDG financing gap. SAI Pakistan was declared the host of the 58th ASOSAI Governing Board meeting for 2022.

3.2.1.5   Annual ASOSAI Seminar

An ASOSAI Knowledge Sharing Seminar was hosted virtually by SAI Japan on the theme 'Improvement of Audit Process for More Effective Audit' during 6-8 December 2021. Mr. Akshay Gopal, Deputy Accountant General participated in the Seminar and shared SAI India's experiences on the enhancement of audit process for conducting more productive audits.

3.2.1.6   ASOSAI Working Group on Environmental Auditing (WGEA) Seminar

8th virtual Seminar & Working Meeting on 'Environmental Auditing' of ASOSAI held on 25-26 October 2021 was attended by Mr. Manish Kumar, OSD, iCED, Jaipur and Mr. Pushkar Kumar, Director, iCED from SAI India. The seminar emphasised on conducting more audits on Climate Change which is a global concern, mitigation & adoption measures and regulation, monitoring and supervision to enable efficient use of environmental resources.

3.2.1.7   ASOSAI Workshop

A Knowledge Sharing ASOSAI workshop on 'Cooperative Environmental Audit on Water Resource Management in Mekong River Basin' organised by SAI Vietnam was held on 30 November 2021. Mr. Pushkar Kumar, Director, iCED participated in the ASOSAI Workshop underlining significant achievements of the Audit on the Rejuvenation of River Ganga.

3.2.1.8   ASOSAI Working Group on Crisis Management Audit (WGCMA)

This Working group, led by BAI Korea, is a platform to achieve enhanced capabilities in order to respond better to future crises by exchanging knowledge and experience in the field of crisis management audit. Mr. Pravir Pandey, Director General has been nominated as SAI India's representative in this working group.

Chapter 4

Bilateral/Multilateral Interactions

4.1 BRICS

BRICS is a multilateral forum of five major emerging economies of Brazil, Russia, India, China and South Africa. Major events of BRICS SAIs cooperation are mentioned below:

4.1.1 BRICS SAIs expert level virtual meeting on the topic 'Ecological issues (Clean Air and Forest Management)"

The meeting hosted by SAI Russia was held on 3 November 2021 in which Mr. Manish Kumar, OSD, iCED, Jaipur and Mr. Pushkar Kumar, Director, iCED participated. In the presentation, participants of SAI India discussed the audits done by SAI India on 'Clean Air & Forest Management' along with the use of innovative auditing practices followed by SAI India while auditing ecological issues.

4.1.2 BRICS SAIs expert level virtual meeting on "Multidimensional Poverty measurement and assessing the readiness of National Systems/ Poverty Alleviations"

The meeting hosted by SAI Brazil was held on 25 November 2021. Ms. Suhasini S. Gotmare, Principal Director participated in the meeting and presented the initiatives of Multidimensional poverty measurement other than the Global MPI in India, the poverty amelioration measures taken by India and the impact of pandemic on poverty.

4.1.3 Chairmanship of BRICS SAIs Cooperation

CAG of India is an active member of BRICS SAIs Cooperation (BRICS comprises Brazil, Russia, India, China and South Africa). SAI India will be hosting and coordinating the 3rd BRICS SAI Leaders meeting proposed to be held on 10-11 October 2022 in Bhopal, Madhya Pradesh. As coordinator, SAI India will be responsible for:

(i)   hosting the 3rd BRICS SAI Leaders on the theme "Citizen Engagement in Public Sector Audit";

(ii)   preparing and getting approved the BRICS SAI Declaration for the meeting;

(iii)   preparing and getting approved the BRICS work-plan for 2022-2024 on different areas where the member SAIs can lead on a topic through a Research project or sharing knowledge and experience through virtual or face to face Seminars/ webinars etc.

4.2   Shanghai Cooperation Organisation (SCO)

CAG of India is the member of SCO which is the world's largest regional organisation in geographic scope and population. The member countries of SCO are China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Uzbekistan, India and Pakistan. Following activities took place during the year under the aegis of SCO:

4.2.1   5th meeting of SCO Heads of SAIs

5th meeting of the SCO SAI Heads was hosted virtually by SAI Pakistan on 31 March 2022 on the theme of 'Sharing of knowledge and experience on audit of COVID-19 spending'. Ms. Parveen Mehta, DAI (HR, IR & Coord.) represented SAI India and presented the country paper on 'Remote Auditing' and explained how digital transformation is a prerequisite for Remote Auditing and highlighted the role of remote audit in governance in normal as well as emergency circumstances to conduct agile audits.

SAI India's Response

1. Laying down SoPs
2. Work from home
3. Remote Access of auditee data
4. Use of collaborative tools
5. Big data analytics

Ms. Parveen Mehta, DAI (HR, IR & Coordination) presenting SAI India's country paper on "Remote Auditing" in the 5th Shanghai Cooperation Organisation (SCO) Heads of SAIs meeting held virtually on 31 March 2022

4.3   Supreme Audit Institution-20 (SAI-20)

Indonesia, the Chair of G20 (Group 20), proposed the establishment of SAI-20 Engagement Group which could play an important role as Strategic partner for the Governments of G20 member states by providing oversight, insight and foresight views.

SAI-20 Technical Meeting was held virtually on 26-27 January 2022. It was attended by participants from 11 SAIs. The meeting emphasised the establishment of SAI-20 to provide a comprehensive explanation of the position and role of SAI-20 in the G20 framework.

4.4   Bilateral Engagements of SAI India

SAI India has signed 15 Memorandums of Understanding (MOUs) with different SAIs. These MOUs are aimed at strengthening existing friendly relations by exchange of information and expertise in the field of public sector audit.

4.4.1 Collaboration with SAI Russia

4.4.1.1 Multilateral seminar on the theme "COVID-19: business and industry support, digitalisation and innovation development"

A multilateral seminar on the theme "COVID-19: business and industry support, digitalisation and innovation development" organised by SAI Russia was held on 6 April 2021. Mr. Gaurav Rai, Deputy Director made a presentation on "Digitalisation and Innovation Development under the COVID-19 pandemic" highlighting Information Communication Technology initiatives of the Government of India.

4.4.1.2 Multilateral seminar on the topic "IT audit: current trends and challenges"

A multilateral virtual seminar on the topic "IT audit: current trends and challenges" hosted by SAI Russia was held on 28 June 2021. Mr. Vikash Kumar, Director, iCISA participated in the seminar.

4.4.1.3 Bilateral Seminar

SAI India and SAI Russia held their first-ever bilateral seminar on "Audit of Public Administration and Its Improvement" and "Digitalisation". The Seminar was held virtually on 20 January 2022 and was attended by Mr. Saurabh Singh, Sr. DAG and Mr. Sreeraj Ashok, Sr. DAG. Mr. Saurabh Singh, Sr. DAG made his presentation on 'Audit of Public Administration and its improvement'. Mr. Sreeraj Ashok in his presentation on 'Digitalisation' highlighted the digitalisation initiatives and efforts of SAI India.

4.4.2 Collaboration with SAI Kuwait

The existing MOU between SAI Kuwait and SAI India to enhance mutual cooperation on the field of public audit was renewed with effect from 6 November 2021 through exchange of letters of mutual consent and stands valid till 2026.

Bilateral Seminars are held every year under the ambit of the Memorandum of Understanding (MOU) with SAI Kuwait and are hosted every year alternatively by SAI India and SAI Kuwait.

4.4.3 Collaboration with SAI Maldives

4.4.3.1 Visit of CAG to SAI Maldives for signing of MOU with SAI Maldives

On the invitation of the Auditor General (AG) of the Maldives, the CAG and his delegation visited Maldives from 24 to 26 October 2021. During the visit, the CAG

of India and AG Maldives signed a renewed MOU on 24 October 2021 to strengthen existing relations and bilateral cooperation between the SAIs.

CAG of India and AG Maldives signed a renewed MOU on 24 October 2021

On 25 October 2021, CAG led delegation met the Hon'ble President, MP and Speaker of the People's Majlis, who was also accompanied by the MP and Deputy Speaker of the People's Majlis. The Speaker highlighted the independence of AGO Maldives. The CAG apprised the Speaker about the coordination between Parliament of India and the CAG of India to ensure development and good governance. Subsequently, CAG and delegation had a meeting with Public Accounts Committee (PAC), Peoples' Majlis led by the PAC Chairperson. The Vice President applauded CAG of India's continuous collaboration and support provided to AGO, Maldives, especially in Capacity Building. CAG presented a Concept Paper on Natural Resource Accounting to the Hon'ble Vice President of Maldives. On 26 October 2021, CAG delegation had a meeting with AG delegation led by Mr. Hussain Niyazy, AG, Maldives in which both sides deliberated upon the way forward and agreed to come up with a mutually agreed Joint Action Plan.

4.4.3.2   Visit of H.E Mr. Hussain Niyazy, Auditor General of Maldives and delegation to India

On CAG's invitation, a six member SAI Maldives delegation led by H.E Mr. Hussain Niyazy, Auditor General of Maldives visited India from 28 February to 11 March 2022. As part of the visit, they stayed briefly at NAAA Shimla and iCISA Noida. The delegation met with CAG to discuss the operationalisation of the recently renewed MOU and the way forward for our SAIs. The delegation also had a meeting with the Hon'ble Speaker of Lok Sabha.

CAG of India and the Auditor General of Maldives met the Hon'ble Speaker of Lok Sabha on 8 March 2022

4.4.4   Collaboration with SAI Chile

SAI Chile expressed their interest in building up bilateral relationship with SAI India, especially collaborating with SAI India in the area of Data Management and Analytics. To get an overview of the progress of Data Management and Analytics in SAI India including the functioning of CDMA and to identify possible areas of collaboration in this area, a virtual meeting with the representatives of SAI Chile was organised in January 2022. Mr. Gaurav Rai, Director, Centre for Data Management and Analytics of SAI India and representatives of SAI Chile presented several initiatives in the area of application of big data analytics in audit in respective SAIs.

4.4.5   Meeting between the CAG and the Ambassador of Switzerland

CAG and the Ambassador of Switzerland met on 15 February 2022 and discussed matters of mutual interest and assessment of the CAG regarding the efficiency of different Indian administrations accompanying the challenges faced during the process of audit.

H.E. Dr. Ralf Heckner, Ambassador of Switzerland had a meeting with the CAG of India to discuss matters of mutual interest on 15 February 2022

Chapter 5
International Training Programmes

SAI India assists other SAIs in their capacity building for enhancing audit skills of their staff members. The course content of SAI India programmes is drawn from real life audit scenarios and presented by executives with first-hand experience in the delivery of Government Schemes & Programmes. The details of such efforts during 2021-22 are given below.

5.1   National Academy of Audit and Accounts

National Academy of Audit and Accounts (NAAA) conducts the induction training of the Officer Trainees of the Indian Audit & Accounts Service (IA&AS) recruited through the Civil Services Examination conducted by the Union Public Service Commission.

SAI India and SAI Bhutan have signed a Memorandum of Understanding (MOU) in the field of public audit. The Article II of MOU contains a provision of capacity building of officer trainees of SAI Bhutan through training in Indian Audit & Accounts Service (IA&AS) courses conducted by SAI India. Therefore, the induction training at NAAA is also attended by two participants from the Royal Audit Authority, Bhutan.

During 2021-22, two officers from Royal Audit Authority, Bhutan joined the Induction Training for IA&AS Officer Trainees at NAAA in March 2022 for Phase-I training.

5.2   International Centre for Information Systems and Audit

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

During 2021-22, iCISA conducted four e-ITEC international training programmes and two other online international training programmes.

SAI India and SAI Maldives have signed a Memorandum of Understanding (MOU) in the field of public audit. The Article II of MOU contains a provision of capacity building of SAI Maldives staff through training programmes conducted by SAI India. Under the ambit of MOU, two of the e-ITEC international training programmes were conducted for the officials of SAI Maldives wherein 31 participants were trained.

Under Article 5 of Memorandum of Understanding with SAI Oman, SAI India has agreed to provide training opportunities to staff members of SAI Oman in training programs conducted by the training institutions of CAG. On the request received from SAI Oman, 19 of their officers were given a virtual training on Electronic Data Analysis. 25 participants from SAI Jamaica were also trained on Data Analytics.

Besides, these programmes, two multilateral international training programmes were also conducted under the aegis of e-ITEC on 'Auditing of IT Environment' in which 26 participants from 13 countries and 29 participants from 16 countries were trained respectively.

e-ITEC training programme on Financial Sector Audit for SAI, Maldives   *Online Training on 'Electronic Data Analytics'*
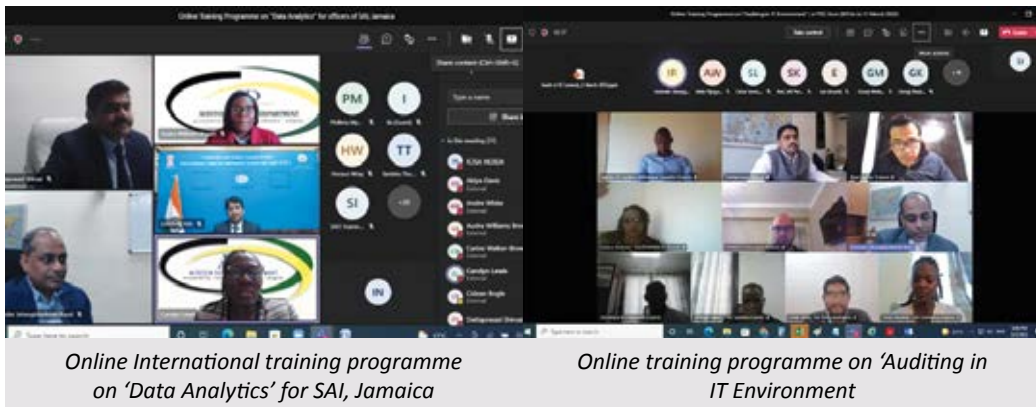
Online International training programme
on 'Data Analytics' for SAI, Jamaica

Online training programme on 'Auditing in
IT Environment

5.3   International Centre for Environmental Audit & Sustainable Development

During 2021-22, International Centre for Environmental Audit & Sustainable Development (iCED) conducted one International Training Programme, one International webinar and one International Workshop for 412 participants from 88 countries which included six IA&AS Officers from SAI India. Amongst others, the main topics included in the international training programme were Introduction to Environment Auditing (INTOSAI-WGEA), Combating desertification, Food Security and Sustainable Agriculture (INTOSAI-WGEA), Environment Auditing (INTOSAI-WGEA) and Renewable Energy and its audit (INTOSAI-WGEA).