लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

PERFORMANCE REPORT
2019-20

OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

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From the desk of Comptroller and Auditor General of India

It is my pleasure to present the Performance Report of the Indian Audit and Accounts Department for the year 2019-20 which is one in a series of reports prepared by the department annually, to convey to our stakeholders an overview of the significant activities of the department.

This year we converged our energies to crafting a digital vision for the CAG's organisation. Our aim is to transition from an IT enabled to an IT led organisation. Our end-to-end enterprise system, One IAAD One System, is firmly on its way to automating audit processes and creating a framework for institutionalizing knowledge management across the Department. Our vision encapsulates a data analysis and data warehouse or repository platform and a data driven approach for risk assessment and audit. A phased approach is planned, being implemented over the medium term and credible steps were taken this year to realise this vision.

We felt very privileged to have the Hon'ble Prime Minister of India, Mr. Narendra Modi, inaugurate our first ever Conclave for Accountants General and Deputy Accountants General in November 2019 on the theme 'Transforming Audit and Assurance in the Digital World'. The deliberations in the conclave brought to the fore the challenges that emerging technologies pose to the auditing world, the need for imbibing change and prepare for the new skill sets, the need for developing a digital culture and leadership commitment to digitally transforming the organisation.

Our vision for a technology-enabled IAAD is however critically dependent on seamless and routine access to IT systems of auditable entities and electronic data, as is expected in a professional auditor-auditee relationship. We overcame challenges to our access to data and information systems, and worked with our auditable entities to evolve sustainable solutions towards securing our access and thereby fulfilling our Constitutional mandate. We hope to transform our audit approach, going forward, and be able to conduct remote or off-site audits to the extent practicable, depending on levels of automation, internal controls in place and our access to electronic data and information systems.

A critical aspect in this data driven world is to ensure availability of credible and reliable data, both for decision making and for audit. Digitisation has led to transformation of financial information. Underlying this information is data. We advised the Government, under Article 150 of the Constitution of India, on the need to bring in a legislation called

'Data Accountability and Transparency Act (DATA)'. The advice emphasized that today, the 'form and manner' of accounts has to be driven by a data standards approach which is rooted in technology. We need a proper framework and dictionary to help capture, record, report, publish, analyse this data, consistently and accurately, both vertically across levels of Government and horizontally across entities that perform functions on behalf of Government by bringing these transactions and entities under an IT led financial reporting framework.

This year, also saw some major transformations in our organizational structure. A decade old vision of the IAAD to adopt more flexible and responsive organizational structure was realized in 2019-20. Audit offices, which audit Ministries, were re-organised sectorally and specialized offices such as Energy, Infrastructure, Health, Welfare and Rural Development were created. Ministries and Departments that have inter-connected outcomes were brought under the audit jurisdiction of an office. Vertically also audit of Ministry, which is at the apex, and its Departments, attached offices, PSUs, Autonomous Bodies, Corporations were brought under the jurisdiction of an office. We expect much more sectoral focus, domain specialization and cross cutting audits, going into the future, with these offices developing as knowledge centres for their areas of work.

This year, we also identified key areas of focus in audits and planned for certain audits across States in 2020-21, in significant areas such as DBT, Procurement of Drugs and equipment by Medical Institutions, audit of efficacy of the implementation of the 74th Constitutional Amendment Act, etc. However, given the pandemic situation, it is expected that there would have to be mid-term changes to the audit plan.

Our focus on interaction with domain experts and stakeholders continued during this year as well. We undertook the first ever outcome audit in Railways, on Punctuality and Timeliness in Train operations. Outcome audit on Higher Education, Surface Irrigation, District Hospitals, etc., were also undertaken but affected by the on-ground situation caused due to the pandemic which delayed finalization. Union reports finalised included report on Goods and Service Tax, Pradhan Mantri Ujjwala Yojana, Assessment of environmental impact due to mining activities in Coal India Limited, amongst others. In all a total of 118 Audit Reports were finalised during the year - 21 for tabling in the Parliament and 97 in the State Legislatures. Of these, 15 Reports were tabled in the Parliament and 70 Reports in the State Legislatures during the year.

Our achievements are a tribute to the dedicated work of our employees. We have invested significantly in their professional development, according high priority to capacity building. Our International Training Centres at Noida and Jaipur provide quality training in IT and environment areas, for both international and national participants. Eight training Programs for 255 international participants were conducted in these centres. The 'B R Ambedkar Lecture Series' commenced in February 2018 for augmenting our outlook towards emerging areas of governance and functioning continued in this year also.

We continued to proactively participate in international forums and in the activities of INTOSAI and ASOSAI. Our appointment as a member of UN Board of Auditors (UNBOA) by the UN General Assembly bestowed us with a prodigious responsibility of auditing international bodies like the United Nations Secretariat, Children's Fund, United Nations Office for Project Services,

International Trade Centre, etc. We secured audits of the Food and Agriculture Organisation (FAO) and the World Health Organisation (WHO). We continue to make progress in improving our audit practices and methodologies to ensure that they are consistent with international best practices.

We ended the year 2019-20 on a concerned note due to the evolving situation that Covid-19 posed. As a first response we ensured compliance with all directions of the Government on lockdowns. Gradually we worked to make our work spaces safe and ensure health and welfare of our personnel. The organisation responded tremendously and with requisite support from our technology team made

work from home effective in the ensuing months. We were able to process several audit reports in the lockdown/partial lockdown phase of April to July 2020, which is a tribute to the spirit of the personnel in the Department. Our field audits, however, continue to be constrained.

I hope this performance report proves useful to our stakeholders, including legislators, executives, academia and members of the public, in having an overall view of the functioning and activities of the Department in 2019-20. I thank all our stakeholders for their cooperation and contribution and convey my best wishes to the future of the organisation.

06 August, 2020

(Rajiv Mehrishi)
Comptroller & Auditor General of India

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Preface

About this Performance Report

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

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

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

Chapter 1

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

1.1 ABOUT US

The Comptroller & Auditor General of India (CAG) and the Indian Audit and Accounts Department (IAAD) functioning under him constitute a unified audit mechanism in the federal set up under the Constitution of India. In the Constitutional scheme of checks and balances in a Parliamentary democracy, this mechanism is designed to ensure accountability of the executive to the legislature. Audit is an indispensable part of a regulatory system whose aim is to ascertain compliance with the accepted standards of prudential management of public finances. Senior functionaries of SAI India, representing the CAG in the States, are called Principal Accountants General/ Accountants General.

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

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

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

1.2 OUR VISION, MISSION AND CORE VALUES

Vision

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

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

Core Values

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

1.3 INDEPENDENCE OF SAI

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

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

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

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

1.4 OUR ACCOUNTS MANDATE[1]

The CAG's DPC (Duties, Powers and Conditions of Service) Act, 1971, promulgated in exercise of powers conferred by the Constitution, provides for compilation of accounts of the State governments by the CAG. Besides compiling the accounts, the CAG is responsible for preparing and submitting the accounts to the President, Governors of States and Administrators of Union Territories having Legislative Assemblies. He may also give information and render assistance, related to preparation of the accounts. We compile accounts of the State Governments from the subsidiary

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

accounts submitted by treasuries and other officers of the State Governments. We raise an alarm if monies are being drawn in excess of authorization. We actively monitor expenditure patterns and issue advice on excesses, surrenders and lapses of funds.

1.5 OUR AUDIT MANDATE

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

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

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

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

1.6 OTHERS POWERS TO AUDIT

The CAG has the authority to audit the accounts of even a private company, not normally within the audit mandate of CAG, if the company has been allowed the commercial use of scarce natural resources under the terms of license, which require the company to share a part of the revenue so generated with the government. This authority was upheld by the Hon'ble Supreme Court of India in its judgment dated April 17, 2014 pertaining to the companies providing telecom services. Further, audit of anybody or authority, including a Company which is not a Government Company, may be entrusted to the CAG, under Section 20 of the CAG's DPC Act 1971, in public interest.

1.7 OUR POWERS

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

- inspect any office or organization subject to his audit;
- call for any records, papers, documents from any audited entity;
- decide the extent and manner of audit;
- examine all transactions and question the executive; and

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

- 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.

1.7.1 Powers of Delegation

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

1.7.2 Powers to make regulations

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

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

1.7.3 Powers to make rules

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

1.8 WE CONDUCT DIFFERENT TYPES OF AUDIT

CAG's powers extends to 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 the audited entities, in accordance with our mandate and standards and guidelines framed by the CAG in this regard.

1.8.1 Compliance Audit

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

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

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

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

- judicious and wise (propriety and prudence); and
- achieve the intended objectives and aims.

1.8.2 Financial Audit

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

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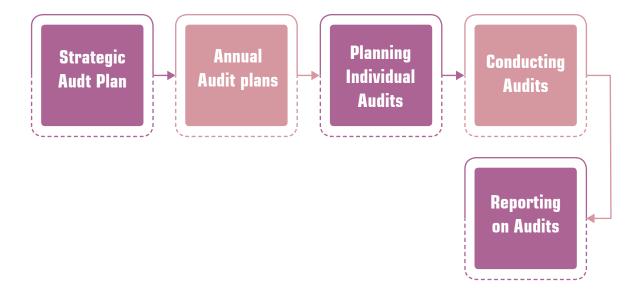
1.8.3 Performance audit

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

1. **Economy** – The principle of economy means minimising the costs of resources. The resources used should be available in due time, in and of appropriate quantity and quality and at the best price.
2. **Efficiency** – The principle of efficiency means getting the most from the available resources. It is concerned with the relationship between resources employed and outputs delivered in terms of quantity, quality and timing.
3. **Effectiveness** – The principle of effectiveness concerns meeting the objectives set and achieving the intended results

1.9   OUR AUDIT PROCESS

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

Annual Audit Plans developed by each field office details the individual audits planned to be carried out during the annual audit cycle. The annual plan exercise also takes into account the periodicity of audit, as determined by audit mandate; risk assessment; and other relevant parameters, including significance of the issue or unit. It is further defined by available resources, both human and financial, for carrying out the audits.

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

On completion of an audit, a draft 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 published at the Union and State levels.

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

The Audit Committees, constituted by several audited entities, are a mechanism for follow up of audit findings. The Audit Committees, consisting of officials from the audited entity and the IAAD, monitor the follow-up process, so as to bridge our perception gaps and to increase levels of communication, besides discussing and resolving outstanding audit observations.
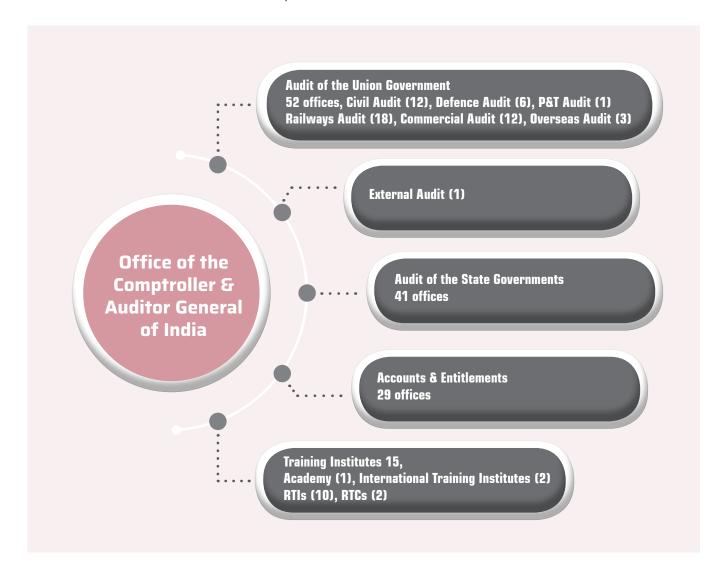
1.10 HIGHLIGHTS OF THE ANNUAL AUDIT PLAN 2019-20

Taking note of the experience gained from the implementation of the previous plans, the Annual Audit Plan 2019-20 accorded first priority to the Financial Attest Audit related assignments, including certification of accounts, and Certification Audit of Centrally Sponsored Schemes and Externally Aided Projects. Our coverage of Compliance and Performance audits is guided by the consideration of making optimal utilization of our remaining resources, with emphasis on quality and timeliness of Audit Report.

Audit of Outcomes goes beyond inputs and outputs, to cover outcomes and ultimate results of government interventions. After holding several stakeholders and expert interactions for the outcome focus audits five outcome audits were initiated for the year - Audit of District Hospital Outcomes, Audit of Outcomes in School Education, Audit of Outcomes in Surface Irrigation, Audit of Outcomes in Higher Education and Audit of Outcomes in ESI Hospitals.

1.11 ORGANIZATION

The Comptroller and Auditor General of India discharges his duties through the Indian Audit and Accounts Department. The Department consists of approximately 44,000 employees. The CAG's office located in New Delhi is the headquarters of IAAD. During 2019-20, it was supported by 138 field offices (134 offices spread across India and 4 offices located abroad).

Office of the Comptroller & Auditor General of India

Audit of the Union Government
52 offices, Civil Audit (12), Defence Audit (6), P&T Audit (1)
Railways Audit (18), Commercial Audit (12), Overseas Audit (3)

External Audit (1)

Audit of the State Governments
41 offices

Accounts & Entitlements
29 offices

Training Institutes 15,
Academy (1), International Training Institutes (2)
RTIs (10), RTCs (2)

The Office of the CAG

The Office of the Comptroller and Auditor General of India in New Delhi directs, monitors and controls all activities connected with audit, accounts and entitlement functions of the Indian Audit and Accounts Department. It lays down the long term vision, mission and goals of SAI India. It also sets the policies, auditing standards and systems and carries out the final processing and approval of all Audit Reports. For carrying out these responsibilities, there are separate divisions dealing with Accounts and Entitlements, Civil Audit, Commercial Audit, Defence Audit, Railway Audit, Revenue Audit, State Governments Audit, Professional Practices, Strategic Management, Administration of Personnel, Training, Communication, Inspection of field offices, Big Data Management etc. These divisions are headed by the Deputy/ Additional Deputy Comptroller and Auditors General, who report to the CAG. They are assisted by Directors General, Principal Directors, Directors and Deputy Directors, who are all senior level managers. The Organization chart of the Office of the CAG office is available at *https://cag.gov.in/content/organisation-chart*.

1.12 RESTRUCTURING OF AUDIT OFFICES

The issues/problems that persisted in the wake of the Restructuring of 2012, were taken note of by the Senior Management and a Committee to look into the issues and recommend solutions was constituted. Its report was first discussed by the Senior Management and subsequently at a workshop at Headquarters in November 2019 and at the Conclave of Accountants General/Dy. Accountants General (November 2019). The feedback was incorporated and a follow-up discussion by Senior Management held in December 2019. Thereafter, principles and proposed structure were again circulated for feedback of all concerned

functional wings and through them to field offices. The final distribution of work was arrived at after an extensive consultation across cadres, keeping in view the vision and strategic objectives and goals set by Senior Management.

The restructuring exercise has been carried out in the Indian Audit and Accounts Department, appreciating the changing Governance and Technology landscape within Government of India and the State Governments. The attempt was to design underlying structures to be more responsive to the evolving environment and for improved outcomes in audit.

Until recently, in the States, Departments were clustered as 'General', 'Economic' and 'Social' and audit of PSUs (commercial audit) was a separate activity. In respect of audit of Union Government, Ministries were divided into three Principal Audit offices looking after Scientific Departments, Economic and Social Ministries and Others. Audit of PSUs under the Ministries was a distinct vertical.

Overtime, though audits undertaken by the Department recognized inter-connected outcomes and linkages between various schemes and programmes of various Departments, it was felt that the offices needed to be restructured themselves to complement the audit approach. Hence, at the Centre, Ministries and at the States, Departments, perceived to have the most inter-connected outcomes and linkages were clustered together and offices restructured.

The current restructuring is intended to achieve (a) improved understanding of the domain, Governance & implementation framework across various priority areas, (b) better appreciation of complexities and convergences in programme and service delivery, (c) an integrated view of policy, programme and schemes, (d) understanding of multiplicity of audit

entities and agents and their inter-relationships and (e) comprehensive risk assessment and planning in audit.

As a part of this exercise, Ministries perceived to have the most inter-connected outcomes and linkages, given today's governance and programme & service delivery landscape and strategies for future, have been clustered together for the purpose of audit. Integration in audit efforts is sought to be achieved by having vertical alignment and horizontal coherence in audit jurisdictions and distribution of audit entities. Vertically, alignment has been achieved by placing the audit of Ministry/Departments, Public Sector Undertakings, Corporations, Autonomous Bodies, attached offices, etc., which are under administrative control of the Ministry/Department, under a Head of Department (Audit). Horizontally, Ministries/ Departments have been grouped together to form clusters that have inter-connected outcomes or inter-relationships and placed under a Head of Department (Audit). This restructuring is aimed at creating an organizational structure that also caters to the requirement for the future.

The following are the offices that will be handling the audit of Government of India Ministries including Public Sector Undertakings, Corporations, Autonomous Bodies, attached offices, etc.

1. Principal Director of Audit (Health, Welfare and Rural Development), Delhi
2. Principal Director of Audit (Home, Education & Skill Development), Delhi
3. Principal Director of Audit (Environment and Scientific Departments), Delhi
4. Principal Director of Audit (Agriculture, Food and Water Resources), Delhi
5. Principal Director of Audit (Finance and Communications), New Delhi
6. Principal Director of Audit (Industry and Corporate Affairs), Delhi
7. Principal Director of Audit (Infrastructure), Delhi
8. Principal Director of Audit (Energy), Delhi
9. Principal Director of Audit (Steel), Ranchi
10. Principal Director of Audit (Mines), Kolkata
11. Principal Director of Audit (Shipping), Mumbai
12. Principal Director of Audit (Coal), Kolkata

In States too, horizontal clusters and vertical alignment has been achieved on similar lines and for the same purposes. The Accountant General Offices have been accordingly allocated clusters, namely, (1) Health and Welfare, (2) Education, Skill Development and Employment, (3) Finance, (4) Rural Development,(5) Agriculture, Food and Allied Industries,(6) Water Resources, (7) Energy and Power,(8) Industry and Commerce, (9) Transport, (10) Urban Development, (11) Environment, Science and Technology, (12) Public Works, (13) IT and Communication, (14) Law and Order, (15) Culture and Tourism and (16) General Administration.

1.13 FIELD OFFICES IN IAAD

- Office of the Director General of Audit (Central Revenue) handles audit of Revenues of Union Government.
- Defence Audit is organised as Offices of the Director General of Audit (Defence Services), Principal Director of Audit (Air Force) and Principal Director of Audit (Navy), headquartered in Delhi.
- Railway audit offices are organised as per Railway Zones all over the country including Office of the Director General (Railway Board), Delhi and Director General of Audit (Rail Commercial), Delhi.
- **Offices of the Directors General/Principal Directors of Audit -** In addition to the above, field offices of Defence, Railway, Central Expenditure and Receipts outside Delhi are responsible for audit of the activities of the Union Government.

- **Overseas Audit Offices,** headed by Principal Directors in Washington, London and Kuala Lumpur, audit embassies and other Government establishments in each region.
- **External Audit Offices -** Director of External Audit (DEA), New York (set up in June 2014) to oversees audit of United Nations being conducted by SAI India, as a member of the UN Board of External auditors, whose tenure is until July, 2020. DEA, World Health Organisation, Geneva and DEA, Food and Agriculture Organisation, Rome have also been set up, to be operationalized in first quarter of 2020-21.

- **Offices of the Principal Accountants General/ Accountants General (Audit)** in every State, are responsible for the audit of all the clusters allotted to them as per restructuring.
- **Offices of Accounts and Entitlements (A&E), headed by Principal Accountants General/ Accountants General (A&E),** are engaged in maintaining the accounts of the State Governments and authorizing GPF and pension payments of their employees.
- **Training Institutes -** Three international/ national level Central Institutions, ten Regional Training Institutes and two Regional Training Centres are engaged in the capacity building of the officers and staff in the IAAD.

1.14 ORGANIZATIONALSET UP FOR AUDIT OF THE UNION GOVERNMENT

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

Charge	Sectors
DAI (Commercial)	Industry, Infrastructure and Energy
DAI (Report Central & Chairperson-GASAB)	Health, Welfare and Rural Development, Home, Education & Skill Development, Environment and Scientific Departments, Agriculture, Food and Water Resources
DAI (Defence, Railways & Legal)	Defence and Railways
DAI (Coordination, Communication & IS)	Finance and Communications
DAI (Government Accounts)	Government Accounts
DAI (Central Revenue Audit)	Central Revenues

- Apart from field offices auditing Ministries (para 1.12) the Offices of Principal Directors of Audit (Railways) and Offices of Principal Directors of Audit (Defence) also have sectoral profiles.

- A special cell in the Headquarters office reviews the performance of the Union Government in meeting its obligations under the Fiscal Responsibility and Budget Management Act.

1.15 ORGANIZATIONAL SET UP FOR AUDIT OF STATE GOVERNMENTS

- All audit activities in the States, i.e., Civil Audit, Commercial Audit, Receipt Audit, Audit of State Autonomous Bodies and Local Bodies, are coordinated and supervised by the ADAIs, according to following region-wise distribution of work which continued in 2019-20.

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

- There are two State Audit offices in each of the 10 States[3], i.e., Principal Accountant General (Audit-I) and Principal Accountant General (Audit-II) after restructuring (2019). The clusters (of departments) are allocated between the two audit offices. In case of other States, where there is only one Accountant General's office, clusters are distributed among the Group officers.

1.16 COMPTROLLER AND AUDITOR GENERAL'S AUDIT ADVISORY BOARD

An Audit Advisory Board advises the CAG in matters relating to audit and suggests improvements in the performance and focus of audit within the framework of the constitutional and statutory mandate of the CAG. It is one of the key mechanisms for enhancing leadership and direction in the IAAD and thereby improving audit quality. The members of the Board function in an honorary capacity. The Board consists of eminent persons in diverse fields. The first Audit Advisory Board was constituted in 1999. Since then, the Board has been reconstituted eight times (2001, 2003, 2006, 2009, 2011, 2013, 2015 and 2018). The ninth Audit Advisory Board constituted in 2018 for the biennium 2018-20, has the following members:

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3 Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal

Mr. Rajiv Mehrishi Comptroller and Auditor General of India	Ex-officio Chairman
Justice (Retd.) B N Srikrishna Former Judge, Supreme Court of India	Member
Central Vigilance Commissioner	Member
Mr. Nandan Nilekani Chairman of the Board, Infosys	Member
Mr. Arun Kumar Singh Former Indian Diplomat	Member
Mr. Dhirendra Swarup Former Secretary, Ministry of Finance	Member
Mr. Manish Sabharwal Chairman, TeamLease Services	Member
Dr. Devi Prasad Shetty Chairman and Executive Director, Narayana Health	Member
Mr. Pullela Gopichand Badminton Champion/Coach	Member
Dr. Rukmini Banerji CEO, Pratham Education Foundation	Member
President, ICAI	Member
All Deputy C&AGs	Ex-officio Members
All Additional Deputy C&AGs	Ex-officio Members

In the first meeting of the reconstituted Board held on 7 January 2019, issues such as role of audit as a contributor for good governance, impact of audit, audit effectiveness, audit guidance, outcome-based audit approach and developing domain expertise were deliberated upon. In its second meeting held on 12 February 2020, discussions were held on initiatives in the Department in the previous year and on the recommendations of sub-group of the Audit Advisory Board headed by Mr. Manish Sabharwal, on Human Resources and Performance Management in CAG's organization. Based on a paper presented by Dr. Devi Shetty, views were exchanged on Audit of Hospitals. The Board also deliberated upon strategic areas of focus for audit in the next two years.

The Strategic areas of focus in audit for 2020-21 were determined to be:
1) Agriculture and allied, Food Security
2) Public Health & Nutrition
3) Infrastructure – Energy, Urbanisation & Transport
4) Environment – Air & Water
5) Education
6) Vulnerable citizen groups

Chapter 2

Key
Results and Achievements
in Audit

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

The key outputs of these audits are Inspection Reports, Audit Reports and Audit Certificates. Ensuring the quality and timeliness of these audit products is a key result area of the IAAD. In this Chapter, we report on the audits performed by us and the highlights of our audit products during 2019-20.
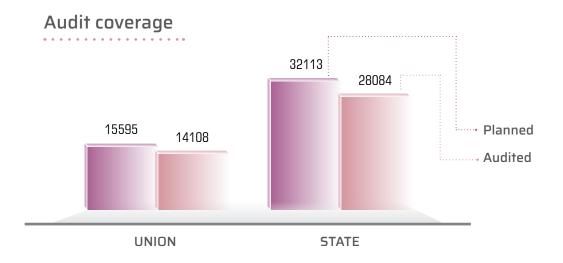
2 Compliance, Performance, Financial Attest Audit and Audit Reports

The IA&AD conducts performance, financial and compliance audits. The details of audits conducted during 2019-20 are given in the following paragraphs:

2.1 COMPLIANCE AUDITS

2.1.1 Audit Coverage

A total of 42,192 units were audited during 2019-20. The graph below shows that 90 *per cent* of the planned audits at the Union level and 87 *per cent* of the audits planned at the State level were completed.

Audit coverage

	Planned	Audited
UNION	15595	14108
STATE	32113	28084

2.1.2 Inspection Reports

Inspection reports are as per current practice, issued on completion of audit of every audited entity. Of the 42,192 units audited during the year, inspection reports in case of 33,361 units (79 *per cent*) were issued in 2019-20.

At the Union level, 86 *per cent* of the inspection reports were issued on time i.e. within 30 days, while at the State level, the on-time performance was 79 *per cent*.

	Inspection Reports issued	Inspection Reports issued within 30 days	Percentage of IRs issued within 30 days
Union	10,552	9,029	86%
States	22,809	18,052	79%
Total	**33,361**	**27,081**	**82%**

2.1.3 Observations made in compliance audit

Significant audit observations made in compliance audit are included in the Compliance Audit Reports. During 2019-20, 10, 390 paragraphs (933 in the Union reports and 9,457 in the State reports) were included in these reports. At the Union level, 508 of the 933 paras were accepted and 17 paras were partially accepted by the audited entities.

At the State level, of the 9,457 paras, 6,955 were accepted and 217 were partially accepted by the audited entities.

2.2 FINANCIAL ATTEST AUDIT

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

We examined 4,912 accounts of Union and State Governments, PSUs, Autonomous Bodies, externally aided projects and others. 2,534 certificates of audit were issued within the prescribed time frame.

Accounts relating to	No. of Accounts examined	On time Audit Certification
Central/State Government	407	347
PSUs (Central/State)	1,750	1,243
Autonomous Bodies (Central/State)	918	391
Externally Aided Projects (Central/State)	228	184
Others (Central/States)	1,609	369
Total	**4,912**	**2,534**

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

2.3 PERFORMANCE AUDITS

A significant change was made during the year 2019-20, where in keeping with the approach of identifying centrally, areas of audit which are outcome focused, was adopted. As mentioned in para 1.10, five such topics were included, impacting several States. Any assessment in change in numbers of topics over the previous year should therefore take into account this change in approach.

The Audit Reports approved during 2019-20 included 104 Performance Audit topics. We made 864 recommendations in these reports, of which 319 recommendations were accepted by the audited entities, as shown below:

	Performance Audit Topics	Recommendations made	Recommendations accepted
Union	12	84	42
States	92	780	277
Total	**104**	**864**	**319**

2.4 AUDIT REPORTS

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

During the year 118 Audit Reports (which included results of Performance Audit on 104 topics) were approved, 21 for tabling in the Parliament and 97 in the State Legislatures. Of these, 15 Union Reports and 70 State Reports were tabled in the Parliament and the State Legislatures respectively, during 2019-20. Further, one Union Audit Reports and 14 State Audit Reports of earlier year were also presented to the Parliament/State Legislatures during 2019-20.

We made 1,716 recommendations to our audited entities at the Union and State levels. Of these, 581 recommendations were accepted.

	No. of Reports approved during the year	Recommendations made	Recommendations accepted
Union Government	21@	123	52
State & Union Territory Governments	97#	1,593	529
Total	**118**	**1,716**	**581**

@ Of these, 15 were presented to the Parliament during 2019-20.

Of these, 70 Reports were presented to the State Legislatures during 2019-20.

All 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.

2.5 FINANCIAL IMPACT OF THE AUDIT OF ANNUAL ACCOUNTS OF PSUS

In case of annual accounts of Government companies and corporations, we conduct supplementary audit, under section 143 (6) of the Companies Act, 2013. Corrections were made in the accounts of 147 companies and corporations, as a result of supplementary audit. The implication of these changes was: (a) Amendment to Notes to the Accounts: ₹5342.84 crore (b) Classification mistakes: ₹19207.60 crore (c) Changes in profit and loss: ₹12,224.11 crore and (d) Changes in assets and liabilities: ₹23,879.45 crore.

2.6 CHANGES IN POLICIES, LAWS AND RULES AND PROCEDURES AT THE INSTANCE OF AUDIT

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

2.6.1 Union Audit

Direct Taxes

Report No. 27 of 2017

- Sub-section 4 of section 12AA of the Income Tax Act was amended [The Finance (No. 2) Act, 2019] to empower the Principal Commissioner of Income Tax to cancel the registration of a trust violating the requirements of any other law, which was material for the purpose of achieving the objects.

- Section 80G of the Income Tax Act, 1961 was amended [The Finance Act, 2020] to provide that entities receiving donations shall file a statement of the donation received and shall issue a certificate to the donor.

Commercial

Report 34 of 2017

On the recommendations/observations of audit, Power Finance Corporation Limited comprehensively reviewed its appraisal methodology in consultation with an external consultant (CRISIL), approved a "Comprehensive Grading Framework for Private Sector Projects", tightening the credit standards/ financial parameters, removing the subjective parameters and broad-basing the parameters for detailed evaluation of strength of project, its linkages and strength of promoter.

HM No. 23 - Phase II Accounts audit of THDC India Limited

(i) New policy under "14.2 Expenditure" has been modified: Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated. As a result Regulatory Deferral Balances Account for the FY 2016-17 & 2017-18 amounting to ₹4060 lakh recognised in current year.

(ii) Significant Accounting Policies - Policy under "22 Rate Regulated Activities –Regulatory Deferral Account Balances" replaced with followings:

(a) Expense/Income recognized in the statement of Profit and Loss to the extent recoverable from or payable

to the beneficiaries in subsequent periods as per CERC Tariff regulations are recognized as "Regulatory Deferral Account Balances".

(b) Regulatory Deferral Account Balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries.

(c) Regulatory Deferral Account Balances are evaluated at each balance sheet date to ensure that the underlying activities meet the recognition criteria and it is probable that future economic benefits associated with such balances will flow to the entity. If these criteria are not met, the Regulatory Deferral Account Balances are derecognized.

As a result an amount of ₹3441 Lakh. relating to 2018-19 have been accounted for as 'Regulatory deferral account balance'.

Mormugao Port Trust - Accounts Audit for the year 2018-19

After audit pointed out absence of accounting policy for provision for bad and doubtful debts, Mormugao Port Trust (MPT) Goa and Deendayal Port Trust (DPT), Kandla framed a policy for provision for bad and doubtful debts. Similarly, MPT formulated a policy for the depreciation of slow/non- moving inventory as per the Common Framework for Financial Reporting for Major Ports.

2.6.2 State Audit

AG (Audit), Goa - Report 1 of 2018 Para 2.4

Sale deed of immovable property was split by the parties to avoid higher rates of stamp duty and registration fees. On audit objection, the Government of Goa inserted following provision in the existing law- "Provided that in case of subsequent conveyance of land, between the same parties, within a span of one year from the date of execution of earlier conveyance, and such land is adjacent to the land which is a subject matter of earlier conveyance, then the stamp duty chargeable on subsequent conveyance shall be calculated taking into consideration the land which is a subject matter of earlier conveyance".

AG (ERSA), Tamil Nadu

(i) After Audit pointed out incorrect classification of the scheme of amalgamation, the Government Tamil Nadu made retrospective amendment from 1st April, 1956 and revised the stamp duty chargeable in respect of instruments of transfer of property relating to scheme of amalgamation or reconstruction or companies to two percent of the market value of the immovable property or 0.6 percent of the aggregate of the market value of the shares, whichever is higher.

(ii) Exemption was granted incorrectly based on mortgage deeds made without possession, resulting in loss of revenue. On this being pointed out by Audit, the Government of Tamil Nadu increased the maximum Stamp Duty payable on the Mortgage Deed executed by invoking Section 27 of the Indian Stamp Act.

2.7 FOLLOW UP ON AUDIT FINDINGS AND RECOMMENDATIONS

ISSAI 10 prescribes that SAI should have independent procedures for follow up to ensure that audited entities properly address their observations and recommendations and that corrective actions are taken. Regulations on Audit and Accounts 2007 stipulate that the Secretary to Government of the concerned Department shall cause preparation of

self-explanatory action taken note(s) on the audit paragraph(s) relating to his/her Department, that are included in the audit report, for submission to the PAC/COPU.

An action taken note states whether -

- Facts and figures in the audit report are acceptable;
- Circumstances in which the irregularity pointed out by us occurred;

- Action taken to fix responsibility and likely timeframe for its completion;
- Current status of recovery;
- Action taken or proposed to be taken on suggestions and recommendations made by audit; and
- Remedial action taken or proposed to avoid recurrence of lapse in future.

The table below shows the position of Action Taken Notes (ATNs) as on 31 March 2020:

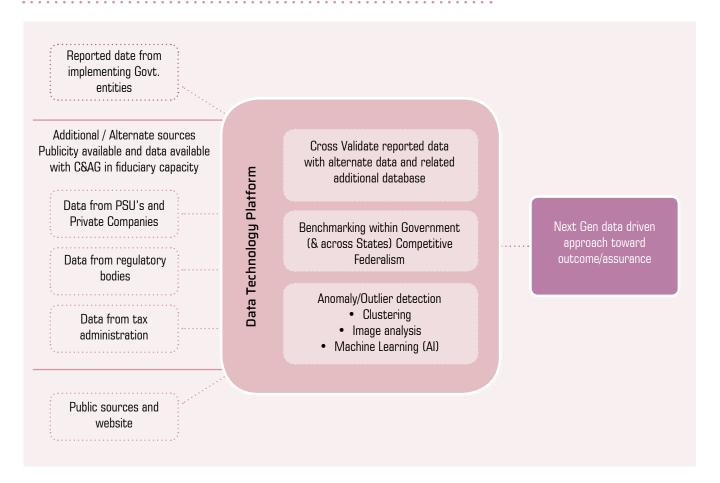|	ATNs awaited at the end of 31 March 2020	ATNs settled during the year 2019-20
Union	924	850
States	9,414	827
Total	**10,338**	**1,677**

Chapter 3

Towards the vision for a Technology-Led IA&AD

Considerable work had been done by the Department since 2016 in the field of data analytics. A Big Data Management Policy was issued in 2016, and Guidelines for Data Analytics issued in 2017. The Centre for Data Management and Analytics (CDMA) had been set up with an advisory and supporting role, including facilitation and technical support to field offices and vetting and approval of data analytics models of field offices; data analytics groups were set up in field offices under a Group Officer. Capacity building in data analytics for nearly 300 officers had been undertaken. Infrastructure for data analytics in field offices had been set up, as also a mini data centre on NIC's Meghraj Cloud; a guide for data restoration had also been issued. Several data analytics models had been developed, and a compendium of case studies on data analytic projects issued; tools for data analytics (Idea, Knime, Tableau etc.) had also been identified.

However, in 2019-20, the long-term vision of the Department to be IT led was put into. A role of the **Chief Technology Officer** was created to converge all previous accomplishments in data analytics, work done by the Centre of Data Management and Analytics (CDMA), IT related initiatives and applications, IS audits, related skills and competency building into this role so as to achieve more coherence in the strategy for digital transformation.

The vision encapsulates a data analysis and data warehouse/ repository platform and a data driven approach for risk assessment and audit. A phased approach is planned, with PoCs (Proof of Concepts) being implemented over the medium term.

Data Driven Approach for risk assessment and audit

The vision for a technology-enabled IAAD is however critically dependent on seamless and routine access to IT systems of auditable entities and electronic data, as is expected in a professional auditor-auditee relationship.

3.1 RECENT INITIATIVES AND DEVELOPMENTS

The use of Information Technology (IT) in IA&AD has had a long and chequered history, both for supporting audit and accounting activities as also conduct of Information Systems (IS) audits. Currently, use of IT can be classified into the following categories:

- Supporting IT applications in the Accounting & Entitlement (A&E) Offices;

- Design, Development and Roll-out of the One IAAD One System (OIOS);

- Supporting existing IT applications for audit process management, as well as other IT applications;

- Management and maintenance of supporting IT infrastructure (hardware and software); Supporting implementation of e-Office; Website Management; Initiatives to enable work from home during lockdown

- IT-enabled tools, through use of Computer-Assisted Audit Techniques (CAATs) and Data Analytics tools for audit planning and audit execution; and

- IS Audits – viz. Audits of IT Systems of auditable entities.

3.2 SUPPORTING THE IT APPLICATIONS IN THE ACCOUNTS & ENTITLEMENT (A&E) OFFICES

The main IT applications in the A&E Offices are (a) the Voucher Level Computerization (VLC) applications in 28 A&E Offices (b) the IT application for General Provident Fund in 20 A&E Offices and (c) the System Automation Initiative IT application for Pension (P-SAI) or other pension applications in 19 A&E Offices. Additionally, there are IT applications for supporting the Gazetted Entitlement (GE) functions in a few A&E Offices; there is also the IT application for supporting the consolidation and finalization of the Combined Finance & Revenue Accounts of the Union & State Governments (CFRA).

Last year, in addition to the various change managements carried out to the existing applications the following initiatives were taken;

- 73 new Servers were procured to replace the existing ones of PSAI; the current PSAI applications were migrated from Oracle 10g to Oracle 12c.
- In coordination with GA wing, dashboards to depict CFRA and Monthly Key Indicators is under development.
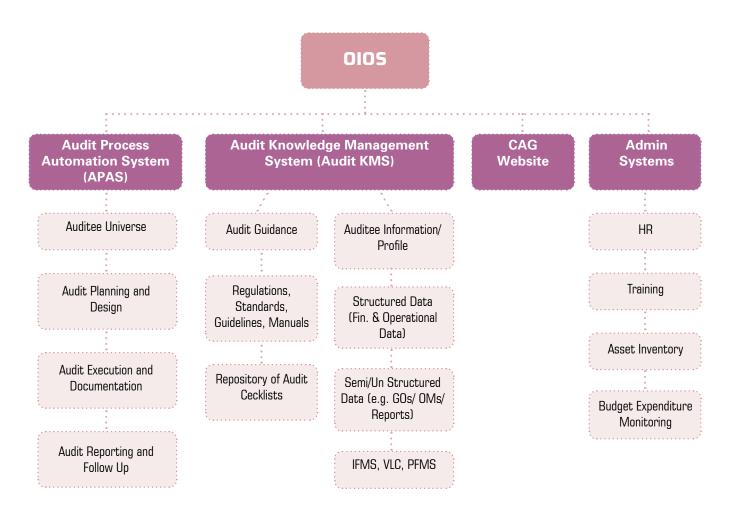
- Automated facility to take back up of data of A&E applications is being developed to replace the current DLT process.

3.3 DESIGN, DEVELOPMENT AND ROLL-OUT OF ONE IAAD ONE SYSTEM (OIOS)

IA&AD initiated the process for "One IAAD One System" (OIOS), to create a single enterprise-wide end-to-end IT platform, to create a single source of truth regarding all audit activities of IA&AD. Development, implementation and roll-out of OIOS is a key component of the long-term vision.

One IAAD One System (OIOS) is intended to fully automate the entire audit process end-to-end (audit planning, execution, reporting and follow-up). The process automation would also involve business process re-engineering where support functions (such as automation of housekeeping functions record management of CAG Audit reports, training and HR functions etc.), are fully automated and are integrated into the audit process automation. This will also have an Audit Knowledge Management System (KMS).

The envisaged scope and coverage of OIOS is summarized below:

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                    ┌──────────────────┐
                    │       OIOS       │
                    └──────────────────┘
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Audit Process Automation System (APAS)	Audit Knowledge Management System (Audit KMS)	CAG Website	Admin Systems

Audit Process Automation System (APAS)
- Auditee Universe
- Audit Planning and Design
- Audit Execution and Documentation
- Audit Reporting and Follow Up

Audit Knowledge Management System (Audit KMS)
- Audit Guidance
- Regulations, Standards, Guidelines, Manuals
- Repository of Audit Cecklists

- Auditee Information/ Profile
- Structured Data (Fin. & Operational Data)
- Semi/Un Structured Data (e.g. GOs/ OMs/ Reports)
- IFMS, VLC, PFMS

Admin Systems
- HR
- Training
- Asset Inventory
- Budget Expenditure Monitoring

The Project is being led centrally by the IS Wing. The work was awarded to NIIT Technologies in January 2020. A phase wise (functionalities grouped into three phases), stage-wise (office implementation grouped into pilot offices, nodal offices and remaining offices) approach is being followed for the development and roll-out of the application. (The soft launch of Phase-I to selected pilot offices was carried out in July 2020).

3.4 SUPPORTING EXISTING IT APPLICATIONS FOR AUDIT PROCESS MANAGEMENT, AS WELL AS OTHER IT APPLICATIONS

IS wing provides necessary support to the various existing IT applications for audit process management and HR management. The System Automation Initiative (SAI) Project of Direct taxes wing has been rolled out across all central audit offices. Based on the feedback from users, change management of the application has been initiated. The initial modules of the E2E system automation project for audit of GST, in particular the API scheduler for "pulling" data from GSTN, has also been completed.

Platforms to collect and consolidate data for Rajbhasha Wing, Dashboard for the Personnel wing are under development. An internal portal to crowd source ideas and disseminate policies and professional practices and deepen engagement with all personnel across the Department, was developed and deployed on the CAG website under the name **CoRE (Collaboration, Relationship and Engagement)**.

3.5 MANAGEMENT AND MAINTENANCE OF SUPPORTING IT INFRASTRUCTURE

Allotment of funds for procurement of IT hardware and software for use by 141 field offices of IAAD is managed centrally. Policies were prepared for IT hardware specifications and allocation to IAAD users.

Various office automation tools (e.g. Microsoft Office Suite, SharePoint, Adobe pdf editor), security software (Anti-Virus solutions, software based firewalls) etc., are being centrally procured and distributed.

3.6 NETWORKING

All IAAD offices have been provided internet connection through a virtual network named as IAAD-Net, forming part of NIC-NET; this network is managed by the National Informatics Centre. A project for revamping the LAN infrastructure, supplemented by unified SDWAN, secure Wifi access, of Field offices has been initiated and is expected to be completed by 2021-22. This will assist, among various other things, implementation of Network Access Control (NAC).

3.7 IT-ENABLED TOOLS FOR AUDIT

Various tools, e.g., Computer-Assisted Audit Techniques (CAATs) for exception-based querying and Data Analytics tools for audit planning and audit execution are being centrally procured and distributed. IDEA and Tableau are currently the major software tools in this category. In addition, we are also engaging in discussions with industry to chart out the next-generation data repository and analytics platform for covering multiple auditee datasets.

3.8 AUDIT OF IT SYSTEMS

In line with the revised Standard Operating Procedure of December 2019 for planning and conduct of IS audits, CTO Wing is playing a co-ordinating and service providing role with regard to selection of audits, preparation of audit guidelines, collection of centralized auditee datasets, mid-term review of execution of IS audits, and vetting of draft reports on IS audits.

3.9 WEBSITE MANAGEMENT

To bring in uniformity, improve the security and reduce the cost of development and maintenance, we have started the development of a new website, where, under the CAG main website, all the field offices sites will be created and managed as subsites. The new website and bouquet of subsite are planned to be launched later this year.

3.10 INITIATIVES TO ENABLE WORK FROM HOME DURING LOCKDOWN

Information Systems Wing has taken various initiatives to minimize the disruption and to ensure continuity of critical work in the IAAD offices during lockdown, while facilitating further digital transformation. This was done in several ways:

1. Encouraging extended use of NIC's e-office platform for handling administrative activities, and providing web-based VPN services for safe access to e-office from home.
2. Extensive use of Microsoft Teams, on a trial basis, for video-conferences, conduct of online trainings, and holding of live events/webinars.

3. Assisting IAAD's training institutions in carrying out scheduled training programmes through online tools; providing access to e-learning courseware in Tableau and Oracle Corp, and provision of virtual classroom training for DB administrators.
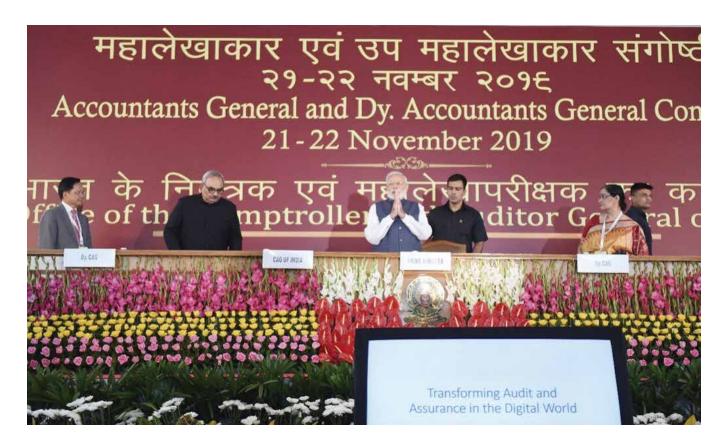
3.11 CRAFTING THE DIGITAL VISION

'Great Digital Platforms won't happen without Leadership'. A key component of Digital Transformation is to imagine the digital transformation, build a digital culture and collectively own the process of change. iSPIRT organised a 3-day experiential workshop, 'Thinking Digital', for our senior management, middle management and young leaders. The workshop laia the foundation of the Department's principles of change in the Digital Environment. The principles of change were arrived at collectively and later discussed extensively at a workshop with all personnel at CAG's Headquarters (including being webcast Department wide). A host of small projects, in keeping with the above principles took root in the ensuing days and weeks.

3.12 TRANSFORMING AUDIT AND ASSURANCE IN THE DIGITAL WORLD

A two day conclave of Accountants General and Deputy Accountants General was organised on 21-22 November 2019 on the theme 'Transforming Audit and Assurance in the Digital World' to consolidate our experience and learning, and chart out the path for the next few years. Aspects related to assurance and accountability in the digital world and enhancing accountability and transparency through electronic

transactions - CAG's role, were selected as the sub-themes. Hon'ble Prime Minister of India, Mr. Narendra Modi, inaugurated the Conclave and also unveiled the statue of Mahatma Gandhiji.

During his presentation during the Conclave, the Comptroller and Auditor General of India showcased the progress made by the Department in leveraging technology for audit (use of remote sensing and GIS, unmanned aerial vehicle based mapping technology) and shared the key results from the pilot outcome audit conducted on Hospital Management in Uttar Pradesh. CAG discussed the various challenges that have to be met before outcomes can be correctly measured and assessed; primary challenge being capture of primary data, at point of origin, machine interpretable, which is critical for measuring outcomes. CAG highlighted the need for electronic capture of 100 *per cent* transactions so that they constitute non-repudiable and credible

evidence and serve as a single source of truth for policy makers and other stakeholders, including audit. CAG stressed the need for traceability of central funds upto spending entity, and complete capture of financial transactions across Government-Departments, corporations, autonomous Bodies, development boards authorities, local bodies. CAG called for a Data Governance Authority, associated mechanism and a legislation called DATA (Digital Accountability & Transparency Act) that should aim to bring transformative change in financial governance by making available all spending and receipts information using an 'open data' and 'data standards based' approach.

Hon'ble Prime Minister in his inaugural address appreciated that the organization had responded to his key messages of 2016 and was continuing to work towards the same. In his address in 2016, Hon'ble PM had said that the CAG needs to go beyond looking at parts, into looking at the 'whole'.

CAG cannot be limited to numbers and processes but needs to emerge as a catalyst for Good Governance. Hon'ble PM stated that in today's digital world, with changing technology, change in audit and assurance processes was very important. As evidence based policy making was becoming an integral part of Governance, it was the right time for transforming audit and assurance. Hon'ble PM exhorted the organisation to move from CAG to CAG 2.0. Hon'ble PM acknowledged that a huge amount of data is being generated but is used by agencies for their own purposes. It is not being shared or linked, which leads to an accountability gap in natural course. While the Government was making all efforts to bridge this gap, CAG should also advise on information accessed through big data analysis, propose some institutional solutions not just from the point of view of audit, but also from the point of view of a think tank. Hon'ble Prime Minister said that the actual reform occurs when the entire rank and file is fully ready with complete honesty to bring

reform with full dedication and this is applicable to every government and every organisation of the country including CAG's organisation. Hon'ble Prime Minister appreciated the hard work done by the audit personnel across the Department.

3.12.1 Vision 2030

A group of young officers presented their vision of the CAG's organisation as they visualised it in 2030, in pre-conclave sessions. The group was tasked to propose a vision, to propose strategic goals, corresponding organizational structure and skill set (expertise that needs to be developed within the Department as well as that which needs to be brought in) that corresponds to 'CAG in the 21st century'. Discussions on the Vision 2030 informed the Conclave agenda.

The Conclave also recognised that as auditors we needed to integrate emerging technology as part of our audit methodology. This may require a change in our audit approach by requiring us to review our methodology. At the same time, auditors would have to grapple with auditing and understanding complex projects which are being implemented currently by Governments and which have significant digital technological components, with the aim of delivering public services more efficiently (GST, various DBT schemes, other e-governance platforms for service delivery and data transparency). These assignments would throw up challenges beyond the normal IT challenges due to changing nature of the IS technology. The Department would have to develop a flexible risk assessment approach to auditing digital public services and integrate digital

risks into our audits and report appropriately to our stakeholders.

3.12.2 Other activities in the Conclave

On the second day of the conclave, an expert session on **'Alternate Data-A Game Changer'** was held. It was conducted by **Mr. Karthikeyan Ranganathan**, a graduate of IIT-M and IIM-Bangalore and co-founder of Adqvest - a fintech start up pioneering the use of 'alternative data'.

This was followed by a **panel discussion** on **'Digital Transformation in Governance and Accountability'**. Our eminent panelists comprised **Mr. Satyanarayana, Ex Chairman UIDAI, Mr. R. S. Sharma, Chairman TRAI** and **Ms. Rama Vedashree, CEO**, Data Security Council of India. The session was moderated by Mr. K. Srinivasan, Director General (Reports Central).

Chapter 4

Key Results and Achievements – Accounts and Entitlements.

The Duties and powers of the Comptroller and Auditor General of India, in relation to the accounts of the Union and States are laid down in Article 149 of the Constitution and read with Sections 10, 11 and 12 of the CAG's DPC Act, 1971.The C&AG 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 twenty States (twenty two offices, including Maharashtra-I & II and Uttar Pradesh-I & II), authorization of pension payments of State Government employees in nineteen States (twenty offices, including Maharashtra-I & II) and Gazetted Entitlement (GE) functions in nine states. Details are furnished in **Table-4.1** at the end of this Chapter.

4.1 PERFORMANCE RELATED TO ACCOUNTS FUNCTION

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

The Finance & Appropriation Accounts for 2018-19 in respect of 16 out of 28 States were certified by 30 June, 2020. The Accounts of Arunachal Pradesh, Meghalaya and Rajasthan for 2018-19 have been placed in the respective State Legislature. The Accounts in respect of 11 States were certified subsequently and one was under process, the delay being due to lockdown conditions arising out of Covid-19 pandemic.

4.1.2 Besides the Annual Accounts, various MIS reports are provided to the State Governments regularly, relating to Monthly Civil Accounts (MCA) and Expenditure figures. The Accountants General also communicate to the Head of the Finance Departments of their State, the 'Accounts at a Glance' which gives a broad overview of Finance and Appropriation Accounts and also fiscal indicators over a period of five years.

4.1.3 Timeliness of Accounts

Accounts offices rendered monthly accounts to the State governments on time throughout the year (MCA up to the month of January 2020), and 297

out of 364 monthly civil accounts were rendered by 23 out of 28 offices on time during the year 2019-20, while there were delays in rendering the remaining accounts. The delays in rendering the monthly civil accounts were due to technical issues of IFMS, late receipt of accounts from treasuries/divisions/other accounts rendering units of State Governments and due to lockdown conditions of Covid-19 pandemic.

4.1.4 Completeness of Accounts

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

4.1.5 Combined Finance and Revenue Accounts

The Combined Finance and Revenue Accounts (CFRA)of the Union and State Governments in India is a very useful compilation, incorporating important information relating to the accounts of the Union, UnionTerritories and all the States for a year, together with their balances and outstanding liabilities and other information relating to their financial position. CFRA is published annually and is desired by 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 has more analysis.

The CFRA statements in three volumes were compiled by the office of the AG (A&E), Punjab and audited by the office of the AG (A&E), Haryana. The compilation of "Union and State Finances at a Glance" to complement the Statements were prepared by General Accounts Wing of CAG's Office.

The compilation of CFRA for the year 2017-18 has been completed for uploading on C&AG's website[4]. An interactive dashboard for CFRA to display financial information of all State Governments,

Union Government and Union Territories (with legislature) for a period of 5 years has also been prepared for hosting on the website.This dashboard[5] is a unique initiative to make the CFRA user friendly and provide valuable financial data in an attractive manner through the dash board, on the click of the mouse.

4.1.6 Revision of Manuals

Revision work of two volumes of the Manual of Standing Orders (MSO) (A&E) was undertaken this year. The draft report on revision work from all the three committee of PAGs/AGs was received. The draft reports on revision of MSO (A&E) Volume I and II have been peer reviewed by three different PAGs/AGs. Revised peer reviewed volumes of MSO (A&E) are under finalization.

4.2.1 Treasury Inspections

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

Inspections of 2,553 treasuries/sub-treasuries were carried out during the year 2019-20. As a result of these inspections, 2,370 Inspection Reports were issued and 1,062 recommendations made. An All India Report on findings of Treasury Inspections is also under finalisation.

4.2.2 Results of Treasury Inspections during 2019-20

The treasury inspections revealed a number of deviations related to compliance with financial rules,

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4   CFRA is hosted at https://cag.gov.in/combined-finance-and-revenue-accounts-and-union-state

5   Dashboard was hosted on website subsequently at http://cag.aghry.gov.in/ords/f?p=100:1:9568706867094:NEW

pointing towards fault lines in the internal control systems and impacting the financial management of the States. Few results of inspection are mentioned below:

(a) **Excess retention of Cash Balance:** As per Rule 309 of Kerala Treasury Code Volume-I, every year in the month of January, Government of Kerala shall fix the maximum normal cash balance that can be retained in each District Treasury, for the next financial year. The Government vide G.O dated 12.02.2019 have enhanced the Imprest limit of all Treasuries with effect from 01.04.2019. The total cash balance in the district treasury should never exceed this amount except in exceptional circumstances. This limit was seen exceeded in most of the Treasuries inspected during the year 2019-20. For example, Additional Sub Treasury, Vanchiyoorhad exceeded this limit by amount ranging between ₹38 lakh to 71 lakh on six occasions during 2019-20. Excess retention of cash balance in Treasuries is one of the main reasons for additional Interest burden on the Ways and Means advances of the Kerala Government.

(b) Excess payment of ₹42.93 lakh towards Service Pension/Family Pension/UGC Pension, other State Pension/Pension after Re-employment/ MLA Pension/Part Time Contingent Pension/ Family Pension was noticed by the Treasury Inspection Parties in Kerala during the year 2019-20.

(c) During the inspection of Treasuries in Punjab, observations were made on overpayment/ double of Leave Encashment final payment; wrong/double payment of Gratuity and embezzlement of Revenue Stamp documents worth ₹14 lakh in Muktsar Treasury, Punjab.

(d) Recoveries were pointed out to the tune of ₹3.27 crore relating to overpayment of pension/family pension in 1,480 cases during Treasury Inspections in Tamil Nadu.

(e) During inspection of e-Treasury of Government of West Bengal in 2019-20, non-crediting of Government receipt of ₹3117.74 lakhs into Government exchequer for the period 2016-17 to 2018-19 was detected. State Government has been requested to examine the matter and arrange for imposition of penal interest wherever applicable.

(f) As per Government of Maharashtra, Finance Department's Resolution dated 02.01.2010 read with instructions issued by DAT, receipts pertaining to Sales Tax and other than Sales Tax should be collected through Government Receipts Accounting System (GRAS). During the inspection of Pay and Accounts Office, Mumbai, it was noticed that an amount of ₹766.52 crore under Major Head 0040 Sales Tax and ₹148.85 crore under Major Head 0041 Motor Vehicle (R.T.O.) were received by cash in contravention to the Government of Maharashtra's resolution ibid.

4.3 PERFORMANCE WITH REGARD TO ENTITLEMENT FUNCTIONS

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

There is a provision of a centralized Web-based Grievance Redressal Mechanism under the Entitlement tab in the CAG's website for registering online grievances. There is facility for GPF subscribers/Pensioners for registering complaints through online/e-mails to the concerned A&E office directly and also directly to the Complaint Wing of the Headquarters' office, in case subscribers/ pensioners is not convinced with the reply of AG office. Efforts are being taken to make the grievance system work in any browser and in any device like mobile, tab, laptop etc.

During the year 2019-20, total number of complaints received at Headquarters was 2,363. All complaints were disposed of within the prescribed timeframe.

4.3.2 Information related to Entitlement functions

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

4.3.3 Pension cases finalized

The function of pension authorization is being carried out by 20 Accounts and Entitlement offices. These offices finalized 6,83,141 cases of pension/pension revision during 2019-20 compared to 5,18,494 cases last year. The State-wise total pension cases received and finalized during the year 2019-20 are given in **Table-4.2**. The prescribed time limit for finalisation of original pension case is two months from the date of receipt of the case in the AG office. The average time taken for finalization of a case ranged from one day to 30 days in Assam, Bihar, Haryana, Himachal Pradesh, Jharkhand, Kerala, Maharashtra (I and II), Manipur, Meghalaya, Nagaland, Odisha, Punjab, Tripura and West Bengal. In Andhra Pradesh, Jammu and Kashmir, Karnataka and Tamil Nadu, average time taken in finalization of a Pension case was more than 30 days mainly due to wanting information from the Departments concerned or other operational reasons.

4.3.4 Maintenance of General Provident Fund Accounts

In twenty States (Table 4.1) A&E offices are responsible for the maintenance of General Provident Fund Accounts (GPF) of State Government employees. During the year 2019-20, we maintained 30,06,625 GPF accounts through 22 A&E offices. Due to introduction of National Pension Scheme by the State Governments, with effect from 2004 onwards there was a reduction of 4.08 *per cent* subscribers in comparison to the previous year.

4.3.5 Finalization of GPF Final Payment cases

During the year 2019-20, out of total 1,91,689 GPF Final Payment cases due for finalization, the AG Offices finalized 1,82,899 final payment cases (95.41 *per cent*) within prescribed time.

4.4.1 Proactive engagement with stakeholders

Across the board, A&E offices have made efforts to improve satisfaction levels, by streamlining entitlement functions, in order to expedite disposal of final payment cases of GPF, authorisation of pension and issue of pay slips etc. Moving towards electronic data transfer and e-authorisation has reduced the time taken for disposal of cases in some offices. The timeframes for disposal, as laid down in the citizen's charter, are being adhered to. Online complaint redressal mechanisms are functioning almost in all A&E offices. As a result of these steps, an overall drop in complaints has been observed. Nationwide office have taken initiatives to hold 'Adalats' for the employees or workshops for the treasury officers to interact with the stakeholders directly, so as to better understand their problems.

The Ministry of Personnel, Public Grievances & Pensions, Department of Pension and Pensioners' Welfare communicated vide letter dated 28.6.2019 that a day may be dedicated to the Pensioners as part of good governance and efforts made to minimize their grievances. Accordingly, a special nationwide drive (Pension Adalat) was conducted by all the A&E offices in August 2019 to resolve grievances of pensioners for speedy settlement of pension cases.

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

India had committed under the G-20 data Gaps initiatives that it would compile Government Finance Statistics and Public Sector Debt Statistics data for general Government on a quarterly basis by 2021. It was decided that C&AG office would provide 15-digit data electronically for the States in respect of Government Finance Statistics and Public Sector Debt Statistics.

In order to acquaint Group B Officers of Accounts & Entitlements offices of C&AG of India (who are responsible for compiling data) with Government Finance Statistics Manual 2014 (GFSM 2014) and Public Sector Debt Statistics Guide for Compilers and Users 2011 (Debt Guide) framework, training was imparted to Group–B officials of field offices so as to gain knowledge of the Government Finance Statistics and Public Sector Debt Statistics in collaboration with the International Monetary Fund- South Asia Regional Training and Technical Assistance Centre (IMF- SARTTAC), New Delhi. The training was organized in five Regions at the RTIs/RTCs at Chennai, Bengaluru, Jaipur, Allahabad and West Bengal during 2019-20 and 62 officials were trained.

GFS training in Shillong: A training programme on Government Finance Statistics/ Public Sector Debt Statistics (GFS-PSDS) was held during May 20-22, 2019 at the Regional Training Institute, Indian Audit & Accounts Department in Shillong, Meghalaya. Participants from the A&E offices in the North East as well as West Bengal attended the 3 day training course. The training course was organised by the Office of the Pr. A.G (A&E), Meghalaya is association with International Monetary Fund, Institute for Capacity Development, South Asia Regional Training and Technical Assistance Centre.

Guidelines for managing Personal Deposit Accounts

On the basis of recommendations of 29th Accountants General Conference-2018, detailed guidelines for creation, managing and streamlining of Personal Deposit Accounts of State Governments were issued in November 2019.

4.4.3 Reserve Bank Related Issues: Reserve Bank Deposits (RBD)reconciliation and penal interest – Initiatives taken

It was observed that Cash Balance of the State Government as per Accounts and as per the Reserve Bank of India (RBI), the banker to the Government was not in agreement in all States. The issue was taken up by Government Accounts Wing actively with the Reserve Bank of India, the AG offices and State

Governments to resolve the differences. As a result, PAsG/AsG (A&E) reconciled differential debit items of ₹899.62 crore and ₹1806.26 crore of credit items during 2019-20 pertaining to old un-reconciled outstanding balances of RBD, for various State Governments, which also includes ₹181 crore pertaining to old period of March 2009 cleared by AG (A&E) Gujarat, due to rigorous efforts made. The Cash Balance reconciliation is now being regularly carried out in the AG offices and regular meetings are being held with RBI.

Government receipts have to be credited on time to the Government account. State Governments were sensitized to monitor the performance of Agency Banks for timely credit of the State revenues to the RBI maintained State Account. In addition, based on monthly reconciliation of Cash Balance carried out by AG offices with RBI, GA wing advised State AGs to work out penal interest claims on items resolved with the Banks, for belated credit of money to the

State's Account and also monitor recovery of all penal interest claims.

As a result, penal interest claims of ₹105.43 crore of 12 offices (Maharashtra, Tamil Nadu, Rajasthan, Karnataka, West Bengal, Chhattisgarh, Tripura, Madhya Pradesh, Odisha, Telangana, Haryana and Uttar Pradesh) pertaining to cash balance reconciliation carried out by AG offices were raised and claims of ₹15.26 crore of the State Government were reported to the RBI and Agency Banks for recovery. Claims of ₹15.68 crore were recovered during the year, due to the initiatives taken by the AGs.

4.5 CHANGES IN POLICIES (INCLUDING ACCOUNTING POLICIES), ACCOUNTING RULES/LAW AT THE

a) **State Government of Haryana** has decided to discontinue the submission of physical voucher for salary (in the first go) in the treasuries/sub-treasury videorders dated 27.12.2019. A pilot run in this regard is started for Panchkula Treasury from the month of December, 2019 and Chandigarh Treasury from January, 2020.

b) **Misclassification between Voted and Charged by Karnataka Government**: Provision of ₹67,591 lakh was made under the head of account 3604-00-191-1-51-240 in the Charged Category instead of Voted for the year 2019-20 was rectified at the instance of AG (A&E) Karnataka.

c) In **Kerala,** corrections in misclassification in Budget documents were carried out after they were pointed out by the AG, Kerala. Corrections pertained to land acquisition in case of Kozhikode Airport, establishment of Heliports in the State/airstrip at Bekal and Kerala Maritime Board.

d) In **Tamil Nadu,** Budget Estimates for possible misclassification /short comings under the Omnibus minor head "800 – Other Expenditure" – Scrutinized by Office and addressed to the State Government to rectify the faulty/incorrect budget provisions with suitable minor heads available. Based on this, Changes have been effected in 2019-20 for few heads and in respect of remaining heads changes have been made from 2020-21 onwards by Finance Department (June 2019).

e) **Andhra Pradesh:** The State Government on the advice of AG had issued a G.O.99 Finance (Cash & Debt Management Department), dated 14.08.2019 and corrective GO vide Finance (Cash & Debt Management) Department G.O.MS.No.145 Dated: 08.11.2019 (with details given up to Detailed and Sub Detailed Head) to streamline the operation and accounting of all deposit accounts including Personal Deposit (PD) Accounts. GO also states that all P.D. Accounts will be classified under MH 8443-106 only. Further, PD Accounts which are operated under different Major Heads will also reclassified under MH 8443-106.

4.6 THE WAY FORWARD

4.6.1 Integrated Financial Management System – Implementation States

The Integrated Financial Management System (IFMS) is an e-governance initiative of the Central Government, undertaken as a Mission Mode Project (MMP), encompassing computerization of financial transactions of the State Governments, with the aim of providing real time information on the finances of the States, for better fiscal management. The project envisages an on-line and real-time interface, through integration of the various IT systems of DDOs, Treasuries, Agency Banks, Government departments at the State level, as well as the Union,

the RBI and the AG, to attain a single source of truth for every financial transaction. The AsG (A&E) are partnering the State Governments, as primary stakeholders, to facilitate implementation.

Technology is being leveraged to expedite work processes, while improving accuracy. A number of offices are providing information to stakeholders at regular intervals through SMS and WhatsApp services. All these measures are expected to improve the quality of accounts and service delivery, by ushering in greater transparency, efficiency and timeliness.

Various States are at different levels of implementation of IFMS. Digital data in respect of monthly accounts are being provided by twenty-three States and the basic IFMS modules i.e. e-Budget, e-Sanction, Online bill generation, e-Payment, e-Receipt, AG Interface Module, Reconciliation Module, HRMS Module have been implemented and achieved by these States except Arunachal Pradesh, Karnataka, Meghalaya, Mizoram and Sikkim. The implementation of IFMS has many challenges for the State AGs. Firstly, with e-payments and Receipts, physical vouchers and challans may have to be discontinued. These are used to validate the online data received from treasuries. There would be need for additional systems checks and enhanced IT driven Treasury Inspections to draw assurance on effectiveness of internal controls at the Treasury and over primary accounting units to ascertain validity and accuracy of data rendered.

As the system matures, the Accounts and information received in AG offices will all become electronic. Major changes are expected only when e-vouchers are introduced with pre-requisite conditions of e-billing, e-sanction, e-schedule and digital signature. The State Governments are moving towards paperless vouchers. In the Madhya Pradesh and Bihar, the State Governments have introduced e-voucher and discontinued sending of physical vouchers.

4.6.2 Way forward for Accounts Functions Post IFMS scenario

It has been decided to include the requirements of A&E offices as part of One IA&AD One System (OIOS) being developed in the department. The ground work for implementation will be carried out in 2020-21 in collaboration with IS Wing. Two States (Odisha and MP) where IFMS is an advanced stages of implementation have been selected for preparing the Proof of Concept for inclusion of Accounts function in the OIOS.

The Business Process Re-engineering (BPR) shall be conceived in a manner that all the steps involved in the compilation of accounts shall be an automatic process after due validations. It shall be able to produce MCA, Annual Accounts and CFRA from the system.

4.6.3 IT Initiatives for improving Accounts & Entitlement functions

- All A&E offices are being provided new Oracle 11g complaint servers.
- In respect of pension functions, SAI Pension Application was being run on Oracle 10g platform. The process of migration to Oracle 12C platform is in progress. This will ensure smooth functioning of the Accounts and Entitlement functions. A Centralized application with customization to suit requirements of each State and hosted centrally has been conceived and is likely to be developed as a Pilot Project in offices of Telangana and Andhra Pradesh in 2020-21.
- A project for digitalization of records of the entitlements functions (GPF, Pensions and GE) have been conceived in Rajasthan. Based on the assessment of workload (14.7 crore documents), cost of the project was worked

out be ₹17.63 crores, to be implemented in three years. This project will be undertaken on receipt of funds.

- Odisha and Kerala offices have digitized 99 per cent and 77 *per cent* of their Pension records respectively. The digitization of pension records was completed up to 1997-98 in Telangana office. Manipur and Mumbai offices have digitized 47 *per cent* and 40 *per cent* of their Pension records upto the end of year 2019-20, respectively. Similarly,Gujarat and Kerala offices have digitized 100 per cent of their GPF records/Ledger cards.

- AG(A&E) Haryana have developed and implemented a complete paperless pension process software application called Online Diary Management System (ODMS) and transmission of PPOs/information in collaboration with the State Government. This hassle-free process for sending and receiving files reduced the time taken for final approvals to revision pension cases and provides various online Services to pensioners, accessible from anywhere.

Table 4.1

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. Arunachal Pradesh	2. Assam	2. Assam	2. Bihar
3. Assam	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. Orissa	14. Orissa	
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. Orissa	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			

Table 4.2

SI.No.	A&E Office	Original Pension		Revision of Pension	
		No. cases received (including opening balance)	No. of cases settled	No. cases received (including opening balance)	No. of cases settled
1	Andhra Pradesh	11,192	11,167	9,624	8,966
2	Assam	14,414	13,456	1,721	1,620
3	Bihar	22,681	20,157	52,686	49,020
4	Haryana	12,235	10,622	1,10,940	108,564
5	Himachal Pradesh	8,611	8,604	10,302	10,281
6	Jammu & Kashmir	19,716	17,293	78,828	66,586
7	Jharkhand	9,278	9,276	29,971	7,684
8	Karnataka	21,490	21,467	15,280	15,111
9	Kerala	28,716	27,732	5,641	5,443
10	Maharashtra-I	17,896	17,856	45,416	45,345
11	Maharashtra-II	12,217	11,934	33,471	31,168
12	Manipur	3,947	3,728	483	483
13	Meghalaya	3,010	2,904	876	839
14	Nagaland	3,493	3,419	14,124	13,956
15	Odisha	13,145	12,071	11,992	11,642
16	Punjab	12,370	12,174	33,217	14,875
17	Tamil Nadu	25,461	24,081	28,663	27,842
18	Telangana	8,003	7,961	3,884	3,211
19	Tripura	4,545	4,464	437	435
20	West Bengal	18,472	16,860	4,870	2,844
	Total	**2,70,892**	**2,57,226**	**4,92,426**	**4,25,915**

State-wise finalization of Pension/Revision of Pension cases during 2019-20

Chapter 5

Professional Standards and Quality Management

The Auditing Standards of SAI India envisage that the SAI should have an appropriate quality assurance system in place. These provide guidance for all practitioners and serve as benchmarks for quality control and our quality assurance processes. Committees/Groups were constituted to review the Compliance Audit Guidelines, 2016, System oriented and problem oriented approach to Performance Audits. A working group finalized a Guidance Note on use of GIS (Geographic Information Systems) and RS (Remote Sensing) in audits which was circulated for comments. Finalisation of all above is expected in the next few months. Work was also initiated on reassessing existing guidance on audit of regulatory bodies.

5.1 GOVERNMENT ACCOUNTING STANDARDS ADVISORY BOARD (GASAB)

The Comptroller and Auditor General of India, with consultation of Government of India constituted the Government Accounting Standards Advisory Board (GASAB) in August 2002. The mission of GASAB is to formulate and recommend accounting standards

with a view to improve governmental accounting and financial reporting to enhance public accountability and quality of decision making. The new priorities focus on good governance, fiscal prudence, efficiency & transparency in public spending instead of just identifying resources for public scheme funding. The Board of GASAB consists of 16 members with high level representation from Government (Centre and State), professional accounting institutes, Reserve Bank of India and Academia.

GASAB has the following responsibilities:

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

- To improve the common understanding of the nature and purpose of information contained in financial reports.

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

5.1.1 Accounting Standards notified by the Government

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

5.1.2 Accounting Standards/Guidance Note under consideration of the Government

The following IGAS/Guidance Notes remain under consideration of the Government of India till March 2020:

- Modified IGAS 2: Accounting of Grants-in-aid (forwarded to the Ministry of Finance (MoF) on 17 June, 2019)
- Modified IGAS 3: Accounting of Loans and Advances (forwarded to the MoF on 5 July, 2019)
- 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
- IGAS10: Public Debt and Other Liabilities of Governments: Disclosure Requirements

5.2 ACCOUNTING STANDARDS/ DISCLOSURE STATEMENTS TAKEN UP BY GASAB SECRETARIAT

GASAB has also taken steps to revise the following Standards duly approved by GASAB but pending notification by the Ministry of Finance:

i) IGAS-7: Foreign Currency transactions and loss or gain by Exchange Rate Variations; and IGAS-10: Public Debt and Other Liabilities of Governments.

ii) The Standard on General purpose financial Statements (GPFS) on Government is under preparation.

iii) A draft standard on Accounting of Reserved Funds which is one of the liabilities of the Government is also underway. It has been circulated to Technical Advisors of GASAB for their comments after approval by DAI.

iv) The Due Process of GASAB are Rules of Business which set out the objectives and operating procedures of the GASAB was approved in the 35th Board meeting held on 3 February, 2020 and is being put up as an exposure draft.

5.3 STANDARDS/DISCLOSURE STATEMENT BASED ON CASH BASIS IPSAS

Apart from the above mentioned Standards, to further enhance transparency in fiscal reporting and meet the internationally accepted standards, GASAB is preparing the disclosure statements, based on Cash Based IPSAS (International Public

Sector Accounting Standards). The following cash based IPSAS standards/disclosure statements is under preparation in GASAB:

(i) Contingent Liabilities;
(ii) Recognition of Revenue Receipts;
(iii) Correction of Prior Period Errors; and
(iv) Recipients of External Assistance

These documents were discussed with selective AsG (A&E) of six States and IMF SARTTAC. Each of these documents are being test implemented for the year 2019-2020 across the States (pilot study of each document by two AsG, A&E).

After the pilot studies, the documents would be further deliberated upon in the Technical Advisor's meet and subsequently placed before the Board for final approval.

5.4 NATURAL RESOURCE ACCOUNTING (NRA)

A concept paper on Natural Resources Accounting is also under preparation in GASAB. Natural resource accounting is the compilation of data on natural resources within an accounting framework. NRA may involve either physical qualities or stocks valued in monetary terms. The aim of NRA is to provide information on the state of natural resources and the changes affecting them.

A two day workshop on Natural Resources Accounting was held at iCED, Jaipur in January 2020. A meeting of ADAI (GASAB) with Vice Chancellor, Delhi University was also held in January 2020 to discuss various issues related to NRA and seek their cooperation in developing the concept paper on NRA. VC of Delhi University was also requested to peer review the draft paper on Natural Resources Accounting.

The first draft on Natural Resources Accounting was prepared and circulated widely for comments and suggestions. Pilot study on NRA is underway in three States.

On the basis of response received from the members of the IWG, field offices, Delhi University and the results of pilot studies, the document would be deliberated upon in the Technical Advisor's meet and subsequently placed before the Board for final approval.

5.5 ENGAGEMENT OF CONSULTANTS/EXPERTS

The existing guidelines recommend use of external experts in specialized areas to complement the knowledge of the audit teams. These guidelines require the auditors to evaluate whether and in what areas external expertise is required and make necessary arrangements. The guidelines also suggest that the services of a consultant or expert of repute in the relevant field may be useful in developing the criteria, particularly on subjects, that are either new or complex. Domain experts were, therefore, engaged/involved, wherever considered necessary to help formulate guidelines for audit and providing technical advice/support to ensure correct interpretation/analysis of data collected during audit.

A few instances of engagement/involvement of external experts/consultants during the year are given below:

5.5.1 Commercial Wing

IIT, Delhi was engaged as a Technical Consultant for the Performance Audit "Implementation of Phase-III of MRTS by DMRC", as the construction and operational activities of Delhi Metro are of highly technical nature. Further, credible quality

evaluation parameters with the backing of a credible technical institution were required to arrive at valid observations in view of the high public perception of the project.

The Consultant was tasked to render assistance in the review of planning, implementation, operation and maintenance of Phase III Delhi MRTS and to submit a report on the outcome of the review, based on study and analysis, duly supported with well referenced documents and logically drawn out conclusions/findings coupled with appropriate recommendations. The consultant reviewed various technical aspects of Performance Audit and provided insights in respect of various technical issues.

5.5.2 Railway Wing

(i) An agreement was entered into with an expert for technical Consultancy Services in connection with Outcome based Performance Audit on "Punctuality and Timeliness in Train Operations" in Indian Railways. The scope of the work was to identify the major constraints impacting punctuality and Timeliness at Macro and Micro level and suggest specific and feasible actions that can be undertaken by Indian Railway for ensuing punctuality and reduction in travel time in Train Operations. The work also involved holistic review of time tables of New Delhi-Howrah & Howrah-Mumbai routes including simulation analysis.

(ii) An agreement was entered into with an expert at IIT Kharagpur for technical Consultancy Services in connection with Outcome based Performance Audit on "Punctuality and Timeliness in Train Operations" in Indian Railways. The scope of the work was to identify the major constraints impacting punctuality and Timeliness at Macro and Micro level and suggest specific and feasible actions that can be undertaken by Indian Railway for ensuing punctuality and reduction in travel time in

Train Operations. The work also involved 'Casual Analysis of Chennai-Howrah route, Real time analysis of Chennai-Howrah route, Power & rolling Stock upgradation, impact of speed differentiation, etc.

5.5.3 Local Bodies Wing

A Memorandum of Understanding was signed in December, 2019 with Janaagraha[6] to provide technical, knowledge management and project management support for specific activities including review and improvement of Technical Guidance and Supervision (TGS) for Urban Local Bodies (ULBs).

5.5.4 Defence

An expert was engaged as a consultant to gainfully use his domain knowledge for the Performance Audit on 'Selection & Training of Officers in Indian Army'.

5.5.5 Office of the PAG (Audit-I), Karnataka

The office engaged domain experts from Indian Institute of Science, Bengaluru (IISc) to assist in conducting a study on "Incidences, Risk and Consequences of not having complete underground utility maps in Bengaluru". As per this collaboration, IISc was to conduct necessary field survey/site investigation and analyse the field data for providing technical inputs regarding the gaps in the existing system. Field survey was conducted using Ground Penetrating Radar (GPR) and the data processed in RAD EXPLORER and further processed to create 3D profile of the pipelines in REVIT software.

5.5.6 Research and consultancy services

An agreement was entered into in June, 2019 between the Office of the CAG and the National Institute of Public Finance and Policy (NIPFP) for research and consultancy services. The scope

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6 The Janaagraha Centre for Citizenship and Democracy is a non-profit organization based in Bengaluru. It aims to improve quality of life in urban India, through systemic change.

of the agreement included providing technical support, research and consultancy to the CAG on public finance and financial regulation, undertaking research and analysis and carry out studies and provide inputs on questions related to governance, public administration, performance and value for money, as identified by the CAG and providing technical support, performing analysis, research and consultancy on different sectors and domains audited by the CAG.

5.6 INTERNAL CONTROL AND QUALITY ASSESSMENT

5.6.1 Inspections

Inspection Wing is vested with the responsibility of conducting test checks of all the Functional offices (132 offices) of the department across the board. The wing performs oversight functions with a view to provide assurance on compliance levels, course corrections called for optimal utilization of human capital, efficiency optimization and gap analysis. Inspection provides a platform for sharing of good practices noticed in individual offices.

In order to fulfill its mandate, the wing carries out on-site inspections of field offices including branch offices. Offices are selected on triennial periodicity as far as possible.

Following mechanism is in place to ensure effectiveness of inspection and responsiveness of functional wings in headquarters and field offices:

- 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;
- The inspection teams conduct desk studies of available material like earlier peer review reports/Inspection reports, detailed

information called for from the office under inspection and periodical returns/inputs obtained from functional wings on regular basis. Teams go through briefing and debriefing sessions at the highest level before commencement and after completion of field assignments;

- Reports are prepared in standard formats and are concise, and carry recommendations to engage stakeholders in a constructive manner;
- 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;
- All the Inspection Reports are issued in digital form and all these reports from the period 2014-15 to 2019-20 are available under KMS portal in the CAG's website for use within the department;
- Compliance to the observations are called for, from field offices under two categories - Category-A - where compliance is to be done by office itself, in a time bound manner Category-B - where compliance is dependent on action taken by external agency agencies like State Government, PSUs, etc. Individual offices have been advised to fix a time frame within which all the observations raised in the inspection reports are complied with.

The following significant activities were carried out during the year 2019-20:

- Level of supervision of Inspection teams was enhanced by co-opting group officers during the last quarter of inspection programme;
- E-office was implemented in the wing completely and a major portion of submission is being made through e-office;
- All the SAO/AAOs of the wing were provided a specialized training at RTI, Jaipur drawing resource persons from various wings as part of capacity building exercise.

- 793 numbers of paras in respect of 44 inspection Reports were transferred to Functional Wings for further monitoring at their level as these paras were outstanding even after expiry of two years from issue of reports.
- During the year, it was planned to inspect 20 main offices and 4 branch offices, against

which 19 main offices (State Audit-08, MABs-02, Training Institutes-01, Defence-01, A&E-04, Central Audit-01 and Railway Audit-02) and 02 branch offices were inspected. Inspection of remaining offices could not be conducted due to administrative reasons/lockdown conditions. Details are given below:
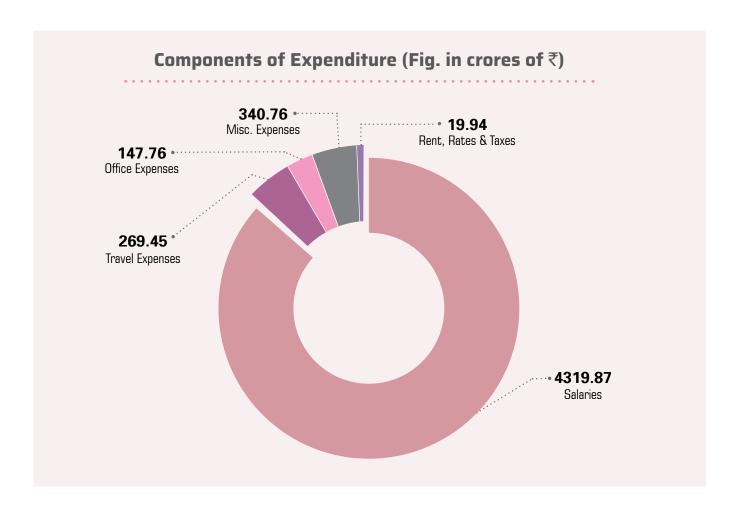
Inspections		Observations		Outstanding (end of March 2020)		Paras transferred to Functional Wings
Planned	Carried out	Raised	Settled	Paras	Reports	
24	21	3008	2104	5261	60	793

Chapter 6

How we manage our resources

6.1.1 Financial Management - Components of Expenditure

We spent ₹5097.49 crore in 2019–2020. A major share of total expenditure (90.04 *per cent*) was incurred directly on our human resources - 84.75 *per cent* on 'Salaries' and 5.29 *per cent* on 'Travel'. Component wise details of expenditure are given below:

Components of Expenditure (Fig. in crores of ₹)

340.76
Misc. Expenses

147.76
Office Expenses

269.45
Travel Expenses

19.94
Rent, Rates & Taxes

4319.87
Salaries

6.1.2 Expenditure pattern on functional basis

Civil Audit Offices accounted for largest share of expenditure followed by Civil Accounts Offices.

Overall we spent about 63.02 *per cent* on Audit (excluding Headquarters). The total expenditure on the Civil Accounts Offices was approximately 31.98 *per cent*.

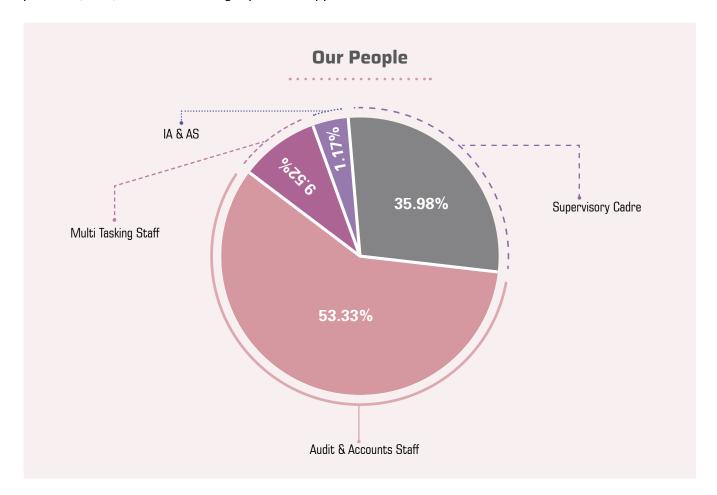| Category of office	Actual Expenditure (₹ in crore)	Percentage of Expenditure
Headquarters office	161.39	3.17
UN Audit	5.90	0.11
Overseas Audit offices	30.36	0.60
Civil Audit Offices	2463.74	48.33
P&T Audit Offices	144.48	2.83
Railway Audit Offices	258.38	5.07
Defence Audit Offices	112.68	2.21
Commercial Audit Offices	197.32	3.87
NAAA Shimla	16.86	0.33
iCISA, NOIDA	10.96	0.22
Regional Training Institutes	50.45	0.99
Department Canteen	14.80	0.29
Civil Accounts offices	1630.17	31.98
Total	**5097.49**	

6.2 HUMAN RESOURCES MANAGEMENT

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

Our manpower is broadly classified into four categories:

Category	Numbers of Officers/Staff (as on 1st March 2020)
IA&AS	519
Supervisory Cadre	15,917
Audit & Accounts Staff	23,593
Multi-Tasking Staff	4,212
Total	**44,241**

In IA&AD 37.15 *per cent* people are at different managerial and supervisory levels and 53.33 *per cent* constitute audit and accounts staff. Only 9.52 *per cent* (MTS) of the total strength provide support function. As against sanctioned strength of 59,027 only 74.07 *per cent* staff is presently working in the Department.

Our People

Indian Audit & Accounts Service (IA&AS) Officers are recruited through Union Public Service Commission. The top, senior and middle management level of IAAD are manned by officers from this service. They constitute what is called the Group A services in Government of India.

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

Audit & Accounts Staff - Data Entry Operators (DEOs), Clerks, Auditors/Accountants and Senior Auditors/Senior Accountants form this cadre and constitute 53.96 *per cent* of our total manpower. They are recruited by the Staff Selection Commission or promoted from feeder cadre.

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

6.2.1 Qualifications

Our officers and staff in Group 'B' & 'C' cadres are well qualified. We have 45 doctorates, 3,396 professionally qualified personnel, 5,168 post graduates and 23,512 graduates in these cadres. The IA&AS consists of 14 doctorates, 393 professionally qualified[7] officers, 249 post graduates and 207 graduates.

6.2.2 Recruitments

Optimal staffing in the field offices continued to be a focus of the Staff Wing during 2019-20. Requisitions placed with Staff Selection Commission for direct recruitment to the posts of Assistant Audit Officers, Divisional Accountants, Junior Hindi Translators, Auditors, Accountants, Stenographers materialized during 2019-20. This resulted in addressing the deficiency in Group 'B' and 'C' cadre to a large extent.

- We recruited 1513 persons in 2019-20. The largest number of recruitments took place in Divisional Accountant (603), Assistant Audit Officer (599) and Auditor (234).
- 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.

6.2.3 Gender Balance

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

Category	Women	Men	Percentage of women
IA & AS	131	388	25.24
Supervisory Cadre & Audit/ Accounts Staff	6,486	33,024	16.42
Multi-Tasking Staff	591	3,621	14.03
Total	**7,208**	**37,033**	**16.29**

7   Engineers, Doctors, MBA, CA, ICWA, CFE, CIA, CISA etc.

6.2.4 Staff Associations

We have 207 staff associations and 5 All India Federations representing audit and accounts staff and supervisory cadres. State level meetings were held by the Principal Accountants General/ Accountants General with the concerned field level Service Associations.

6.3 EFFORTS TO PROMOTE RAJBHASHA

6.3.1 Publications

During 2019-20, four issues of the quarterly magazine of Rajbhasha, "Lekha Pariksha Prakash", were published from the headquarters' office. Special attention is given to the quality of the layout and design as well as compositions of the magazine as per the norms fixed by Rajbhasha Vibhag, Ministry of Home Affairs, Government of India. Field offices are also regularly publishing their own Rajbhasha Magazines to promote the official language.

6.3.2 Hindi Implementation

a) Under the chairmanship of the Deputy Comptroller & Auditor General / Additional Deputy Comptroller & Auditor General, four Quarterly meetings were conducted to review the progress of Official Language in the Headquarters office, as per the orders/ instructions of Rajbhasha Vibhag, Ministry of Home Affairs, Government of India.

b) As per the Annual Program of the Government of India, Department of the Official Language, Ministry of Home Affairs, 2019-20, 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, workshop was expected to be organized in this office. During the year 2019-20, a one-day Hindi Workshop was organised on 29 July, 2019 for officers/staff.

c) In order to promote usage of Rajbhasha, Headquarters office organized the 'Hindi Pakhwada' from 13 to 27 September, 2019. During this period various competition like Essay Writing, Noting & Drafting, Vad-Vivad in Hindi, etc., were organized. Hindi Pakhwada was also organized successfully in other field offices and various competitions were organized. This helped in creating awareness and enthusiasm in the employees towards implementation of the Official Language.

d) The following target fixed by the Rajbhasha Vibhag, Government of India, Ministry of Home Affairs, for inspection of our field offices including headquarters' sections was achieved during the year:

Category Women		Men Percentage of women	
Planned	Carried out	Planned	Carried out
51	46	15	15

The inspection of five field offices planned in the month of March, 2020 could not be carried out due to pandemic situation.

6.3.3 Translation

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

(a) Audit Reports and official papers to be laid before a House or the Houses of the Parliament.

(b) All Administrative Reports or press communiques, all Resolutions, general orders, rules, notifications.

6.3.4 Promotion of Rajbhasha through E-Office

Keeping everything stored in a digital format and paperless system, E-Office was introduced in Rajbhasha Section from August 2019. Various files/documents had been created in this system. Employees can now access all information live, with quickness and ease. In this system all the official correspondence are made in Hindi, thus promoting the use of Rajbhasha.

6.4 INFRASTRUCTURE DEVELOPMENT

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

A. Projects under construction
1. Itanagar-AG office building
2. Shimla-Restoration work of Gorton Castle building

3. Bengaluru-Construction of office building at H. Siddaiah Road
4. Bhubaneswar-Construction of office building at Kesarinagar
5. Mumbai-Construction of residential complex at Bhandup
6. Jaipur-Construction of Type-III quarters at Bajaj Nagar
7. Ranchi-Construction of Sports complex

B. Projects at planning stage
1. Kolkata-Construction of residential complex at Ultadanga
2. Ranchi-Construction of office building
3. Aizawl-Construction of residential complex
4. Patna-Construction of office cum Residential Complex at Gardanibagh
5. Amravati-Construction of office-cum-Residential Complex
6. Imphal-Construction of additional quarters
7. Puri-Restoration of Dhen Kanal House
8. Thiruvananthapuram-Construction of residential quarters
9. Shimla-Repair, Rehabilitation and strengthening of Chadwik House

Chapter 7

Capacity Building in IAAD.

7.1 INTRODUCTION

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

7.2 CAPACITY BUILDING IN IAAD

Capacity building involves intensive training and knowledge sharing, and is the responsibility of the Training Wing at SAI India. The Training wing in Headquarters functions under the Deputy Controller & Auditor General (DAI) assisted by a Principal Director, a Senior Administrative Officer, three Assistant Administrative officers and efficient support staff. The objectives of Capacity building are:

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

7.3 TRAINING INSTITUTES OF IAAD

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

7.3.1 National Academy of Audit and Accounts, Shimla

The National Academy of Audit and Accounts (NAAA) is the apex training institute of the IAAD, entrusted primarily with the mandate of conducting
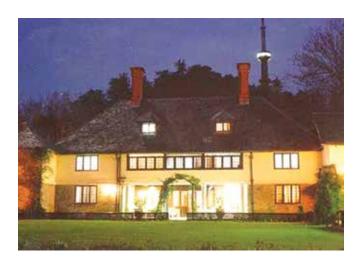
the induction training of the officers of the Indian Audit & Accounts Service (IA&AS) recruited through

the Civil Services Examination conducted by the Union Public Service Commission. This induction training is also attended by two participants from the Royal Audit Authority, Bhutan.

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

During 2019-20, NAAA conducted 10 training programs in which 172 officers of the IAAS, IRTS, SAI Bangladesh and Kuwait Delegates were trained.

Orientation Training Program: Group B officers on promotion to the Indian Audit and Accounts Service are trained to shoulder higher level managerial

responsibilities expected on their appointment to the Indian Audit and Accounts Service. These officers undergo an intensive Orientation Training at the Academy. This training program is designed primarily to enhance the managerial skills of the officers apart from updating of professional

knowledge and Information Technology skills. Personality development and leadership training is also a major area of focus.

7.3.2 International Centre for Information Systems and Audit (iCISA)

The International Centre for Information Systems and Audit (iCISA) at NOIDA, was established in March 2002. iCISA is mandated to impart quality training to Indian Audit & Accounts Department officers. In addition, the Centre trains senior officers from various services viz., Indian Administrative Service, Indian Forest Service, Armed Forces, Parliament

Secretariat and Central Autonomous bodies, as well as other SAIs.

iCISA's mandate extends to capacity building in the area of Information technology and e-Governance. iCISA collaborates with institutions and agencies such as ISACA India chapter, leading audit firms, CERT-IN, DSCI and STQC. During 2019-20, iCISA has been designated as a Global Training Facility (GTF) of the INTOSAI Working Group on IT Audit (WGITA). An MoU has been signed with Standardization Testing and Quality Certification (STQC) Directorate of Ministry of Electronics & Information Technology (MeitY) for capacity building on Information

Systems Security for IAAD Officials. iCISA is an ISO 9001:2008 (QMS) and ISO 27001 (ISMS) certified institution which strives for ensuring quality systems in training and alignment of IT audit with global best practices.

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

- To promote bilateral co-operation between the Government of India, which funds these training programs, and other Government
- To provide a platform at the International level for various SAIs to come together and share their ideas and experiences in various fields of audit
- To provide an opportunity to participants from different SAIs to get an exposure to contemporary best practices in audit and focus on emerging audit concerns.

Senior and middle level officers from Supreme Audit Institutions (SAIs) and officers of Governments of countries like Africa, Central Asia, South East Asia, Far East, Middle East, Pacific and East European region have participated in these international programs.

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

During 2019-20 iCISA conducted five International training programs on the following topics which trained182 international participants:

- Auditing in IT Environment.
- Audit of State Owned Enterprises.
- Performance Audit.
- Audit of e-Governance.
- Receipt and Compliance Audit.

Besides international training, iCISA has conducted 17 National Training Programs in which 533 participants were trained.

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

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

as a green building and aims to achieve Green Rating for Integrated Habitat Assessment (GRIHA). iCED has been recognized as the Global Training Facility (GTF) of the INTOSAI on Environment Audit. During 2019-20, iCED conducted 3 International Training program for 73 international participants, and 18 in-service training programs for 403 officers in the field of Environment Audit.

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

Publications
- iCED has contributed an article to ASOSAI e-journal on role of SAIs in detecting fraud and corruption.
- iCED releases a quarterly news-letter "Green Files" by combining inputs from various Environmental audit reports which is greatly appreciated in IAAD and outside.
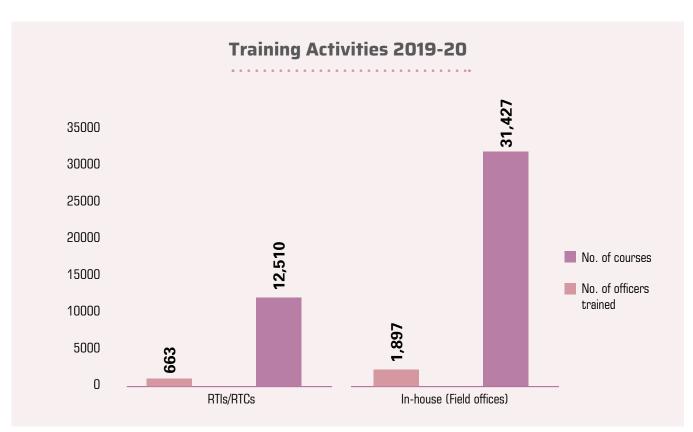- iCED has developed Risk Assessment Framework for Environment Audit within IA&AD.

7.3.4 Regional Training Institutes/Centres

IA&AD has 10 Regional Training Institutes (RTIs) and 2 Regional Training Centres (RTCs) located across the country to provide extensive training in accounts, audit, administration, management and information technology for Group B and C cadres of the IAAD. The institutes are located in Chennai, Mumbai, Kolkata, Jaipur, Jammu, Shillong, Ranchi, Nagpur, Allahabad and Hyderabad. The two Regional Training Centres are in Delhi and Bengaluru.

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

7.3.4.1 Training Activities of RTIs/RTCs

During 2019-20, RTIs/RTCs conducted 663 courses and trained 12510 officers. In-house training centres in 140 Offices conducted 1897 courses and trained 31427 officers.

Training Activities 2019-20

Chart showing Training Activities 2019-20. RTIs/RTCs: No. of courses 663, No. of officers trained 12,510. In-house (Field offices): No. of courses 1,897, No. of officers trained 31,427.

Training Courses conducted at RTIs/RTCs for officers of IAAD include the following topics:
— Audit of e Governance
— Audit of PPP and Contract Management
— Program on IPSAS
— Data Analytics
— Program on DBA for Oracle 11g, Cyber Security and frauds
— Goods and Services Tax
— Program on Auditing in IT Environment
— Audit of Social Sector Schemes
— Program on Anti-fraud framework and Digital Forensics
— Induction training to Direct Recruit Assistant Audit Officers

7.3.4.2 Designated Knowledge Centres:

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

7.4 TRAINING METHODOLOGY AND PROCESSES

Central Training Advisory Committee (CTAC) annually reviews all training activities and programs in the Department to ensure an integrated approach to training. The training calendars of the NAAA, iCISA and iCED are reviewed in-depth to ensure focus, quality and relevance. CTAC also oversees the work of Regional Advisory Committees of the Regional Training Institutes.

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.

Structured Training Modules are used by all the training institutes to disseminate training, which are regularly updated and peer reviewed. The content for training modules is developed by a team of officers who are subject matter experts.

As on 31st March 2020, 61 STMs have been updated, peer reviewed by IAAS officers with domain knowledge and sent to RTIs/RTCs for dissemination, latest being, STM on "STM on Emerging Trends, Issues and Challenges to Financial Reporting (Group B)" and STM on "STM on Pension Entitlements".

7.5 PERFORMANCE MONITORING FRAMEWORK

Considerable resources were allocated to the RTIs for modernizing and upgrading their infrastructure as per the Roadmap. The upgradation requires a proper monitoring system in place. To address this, a Performance Monitoring Framework (PMF) with quantitative parameters was designed for RTIs. The PMF envisages to internalize and institutionalize excellence by linking RTIs internal processes to

stakeholders' expectations, ensuring a quality learning environment and necessary facilities to effectively impart training as well as function as knowledge centers. The PMF was introduced during 2015-16. The scores allotted by the RTI and its user offices are verified by officers of the Training Wing by conducting physical inspection of the institute.

7.6 DEVELOPMENT OF CASE STUDIES

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

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

- Innovative techniques for collection of audit evidence on sand mining operations in Tamil Nadu
- Working of Army base workshop
- Audit of Corporate Governance

7.7 CAREER MILESTONE TRAINING FOR IAAS OFFICERS AT INSTITUTIONS OF REPUTE

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

The following career milestone programs for the year 2019-20 were successfully completed, and greatly appreciated by the participants:

i) **Executive Development Program for IAAS Officers with 7-9 years of service at Indian Institute of Management, Bengaluru.**
   – Program objective is to enhance understanding of public policy and finance issues, strengthen analytical tools and management acumen.
   – 14 officers received training under Executive Development Program during 2019-20.

ii) **Management Development Program for IAAS Officers with 14-16 years of service at Richard & Rhoda Goldman School of Public Policy, University of California, Berkeley and Indian Institutes of Management, Ahmedabad.**
   – Program objective is to widen exposure and technical inputs - strengthen analytical tools, management acumen, and interpersonal skills.
   – 20 officers received training under Management Development Program during 2019-20.

iii) **Advanced Management Development Program for IAAS Officers with 26 – 28 years of service at Indian School of Business, Hyderabad**
   – Program objective is to widen exposure to multi-dimensional issues faced by senior managers including policy development, performance management, organizational design, negotiation, leadership.
   – 11 officers received training under Advanced Management Development Program during 2019-20

7.8 SPECIAL ACHIEVEMENTS OF TRAINING WING IN 2019-20

As a first during 2019-20, Training Wing designed the following two capacity building programs:

a) **Self-Nomination for Training programs at various IIMs**

As a new policy Training Wing introduced self-nomination by SAOs/AAOs for various cross cutting competency enhancement and IT related courses to Indian Institute of Management located Pan India. The SAOs & AAOs will nominate themselves to the list of select programs indicated by Training Wing. This nomination will have to be approved by the Head of the Office for finalization by Training Wing. On pilot basis, four courses scheduled at IIM Ahmedabad, IIM Lucknow, IIM Indore and IIM Calcutta were selected and intimated to RTIs/RTCs. 13 faculty members from RTIs/RTCs had self-nominated themselves and 03 officers were nominated by HoDs of RTI to attend these programs.

b) **Induction training for Directly Recruited Asst. Audit/Accounts Officers**

Indian Audit & Accounts Department periodically recruits eligible graduates as Asst. Audit/Accounts Officer. These officers join the department after qualifying the Common Graduate Level exam conducted by the Staff Selection Committee. These officers generally join the Central Government service after completion of their graduation, thus requiring a 360 degree training to commence their stint in the central government office.

Training Wing has designed a nine month sandwich pattern of induction training for directly recruited Asst. Audit/Accounts Officers. The training program is divided into three phases:

Phase 1: Four months of classroom training at RTIs

a) Lecture based orientation training.
b) Course Module design - following the INTOSAI Competency Framework T-shaped professionals.

Phase 2: Three months of on-the-Job training

a) 2 months hands on method of learning the skills, knowledge and competencies at the office where they are allotted after recruitment.
b) Learning in the environment. This period combines 'Learning by Seeing' and 'Learning by Doing' as the AAO Trainees also handle charges of the section during this period.
c) Attachments with rotations to various sections.
d) Mentoring with Group Officers/ AG's. Coaching under Sr AO's.
e) One Month of Field attachment- "learning by seeing".

Phase 3: Two months of classroom training at RTIs

a) Recapping of learnings from Stage 1 and OJT.
b) Case study, report discussion & writing, concept reports as methodology.
c) Essentially a reinforcement of training after the OJT and before their posting to the field as AAO's with independent charge of Sections/ Audit Parties.
d) The lectures, activities and assignments in Stage 3 are oriented toward consolidating and reinforcing the knowledge and experience of audit and accounting functions gained during Stage I and II.

7.9 EXTERNAL TRAININGS FOR SAOS/AAOS

OP Jindal Global University (JGU), Sonipet, Haryana, (near Delhi) conducted four customized courses on Management, Public Finance, and Public Policy.

During 2019-20, 80 Group 'B' officers were sent to these five day residential training program at JGU. The courses are designed by the university in close conjunction with Training Division and customized to our requirements.

Training at NIFM Faridabad

During 2019-20, more than 100 Group B officers were nominated to attend a training program on Public Procurement during the year at National Institute of Financial Management (NIFM), New Delhi.

Chapter 8

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 Indian Audit and Accounts Department constantly strives to discharge its professional duties in accordance with international best practices, implying interalia 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, function, is dynamic, both in terms of structure and methods of implementation of public policy, as well as in the practice of audit and accounting. As such, in order to keep pace with this dynamic environment, it is important for the IA&AD to keep reinventing and rejuvenating itself. Regular internal and external consultations with stakeholders facilitate this effort to adapt / upgrade professional practices and our structures and methods of functioning, as also to remain sensitized to the environment in which our audited entities operate. To facilitate such consultations, the IA&AD regularly organizes a number of workshops, lectures and other events.

Professional Development is used to maintain and promote high standards of work within the profession and to broaden the knowledge and skills that a public sector auditor applies in his or her professional duties. To enhance and broaden our horizon in tandem with latest happenings we engage a variety of models for capacity building. These include workshops and lectures where domain experts and senior public servants participate and share their knowledge with our personnel.

8.1 AMBEDKAR LECTURE SERIES

The 'Dr. B.R. Ambedkar Lecture Series' which was launched in 2018 continued for the third year. During the year, the series included lectures by eminent jurist, senior bureaucrat, academicians and health sector expert. As part of the lecture series,

Justice(Retd) B. N. Srikrishna spoke on **Financial Sector Reforms and Legislation; Prof. Ajay Shah, NIPFP[8]** and **Mr. K.P. Krishnan, Secretary, Ministry** **of MSME** spoke on **Principles of Audit of Regulatory Functions;**

Mr. K. P. Krishnan

Prof. Susan Thomas

Prof. Susan Thomas, IGIDR[9] spoke on the **Indian Bankruptcy Reforms** and **Dr. Devi Prasad Shetty, Chairman and Founder of Narayana Health,** spoke on **Innovative Developments and Tools for Transforming Health Care using Technology.**

8 National Institute of Public Finance and Policy
9 Indira Gandhi Institute of Development Research

8.2 WORKSHOPS/LECTURES INVOLVING EXTERNAL EXPERTS

(i) As many of our audit processes and products are based on national economic data, a workshop to discuss the issues in GDP Measurement was held. **Key note speaker was Dr. Pronab Sen, Former Chairman of the National Statistical Commission**, explained the factors that impact the computation of GDP. The workshop also included experts from NIPFP, MoSPI and IGIDR who shared their thoughts and ideas on computation of GDP.

(ii) During the year, lectures by domain experts were also organised. These lectures helped us to expand and deepen our insights by learning from shared experiences of the methodologies deployed in large organizations for competency improvement and management. **Mr. Vivek Raghavan, UIDAI Technology** Centre provided an introduction to **'Using Artificial Intelligence for Fraud Analytics.'** **Mr. Thirumala Arohi, Chief Learning Officer, Infosys,** spoke on programs designs and tools for self-learning at scale. **Mr. Sanjay Purohit, EkStep Foundation**, spoke on tools for change management and transformation.

(iii) The Department is actively attempting to include outcome measurements in our audits. This involves understanding and developing appropriate indicators and audit design matrix for sector specific studies. During the year workshops were conducted on the topics of irrigation, health care services and improving education outcomes. These interactions were attended by senior public servants, sector specialists and practitioners who shared their valuable domain experiences. These interactions helped tone up and reorient audit methodologies in line with emerging techniques and technologies.

(iv) In addition, several subject specific workshops/ lectures involving external experts were also conducted during the year to enhance domain knowledge in general and in the context of ongoing audits. These workshop/lectures were organised by various wings/field offices including Customs, Commercial and Local Bodies in Headquarters and State Audit Offices at Telangana, Gujarat, Tamil Nadu, Karnataka, Bihar and Jharkhand.

(v) In August, 2019, **Mr. Ramesh Ramanathan, co-founder of Janaagraha**, delivered a talk on **'Urban Local Bodies - The Myth and the Reality'** before the CAG and Senior Management at New Delhi. The talk mainly focused on the Urban Governance of India including Janaagraha and City Systems Framework, Urbanization in India and Challenges, City Systems Diagnosis of ULBs, Solutions and Pathways and how CAG can catalyze change. The meeting was followed by another discussion by small breakaway group of senior officers to discuss on the contours of collaboration by Janaagraha and the Office of the CAG in regard to TGS and other matters in respect of ULBs.

(vi) **Workshop on 'Challenges in Procurement: Alternative Strategies and way-forward'** A one day Workshop on 'Challenges in Procurement: Alternative Strategies and way-forward' was organised by Commercial Wing at CAG Office on 27 February, 2020. The Workshop was inaugurated by **Mr. Rajiv Mehrishi, Comptroller & Auditor General of India**.

CAG in his inaugural address highlighted that the Workshop has been organised to provide a platform to stakeholders to deliberate upon various facets of procurement so as to ensure value for money in respect of expenditure incurred by Government. He emphasised the need to focus on processes as these are easier to verify *vis-à-vis* outcomes.

In the workshop, key note speaker, **Dr. T.V. Somanathan, Secretary, Department of Expenditure** spoke about identification of the key challenges and Strategies for procurement.

Mr. Ashwini Nagia (Retired ED, Chief Material Management, ONGC) emphasised on quality as a parameter in procurement and mentioned that conventional system of procurement based on the lowest bid price (L1 method) was widely accepted, being most objective. He also added that growing need had been felt over the years to incorporate quality and superior technology as a parameter of evaluation, to improve procurement process for critical services.

Mr. Shailendra Singh, who examines procurement related issues, as Chief Technical Examiner in Central Vigilance Commission, shared his experience on challenges and malpractices in procurement as also alternative procurement strategies.

Mr. Bisma Husen, Principal Procurement Specialist, Asian Development Bankspoke about procurement practices in ADB and the New Procurement Framework (NPF). He mentioned that while the features of NPF in private procurements are economy and efficiency, in public procurement additional attributes like fairness, transparency, quality and value for money were applicable.

Mr. Shankar Lal & Mr. Chenjerani Simon, Lead Procurement Specialist, World Bank, also participated in the workshop and threw light on India's relationship with World Bank and certain pertinent issues relating to WB procurement.

Mr. Venkat Rao, General Manager, BHEL, spoke about various aspects of procurement, such as value for money, open & effective competition, equity, accountability & reporting, ethics & fair dealing.

Chapter 9

Our Interaction
with Key Stakeholders

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

Communication with our stakeholders is a continuing and dynamic process. Our interaction with clients and stakeholders helps us in understanding their expectations from SAI India and gives meaning to the assurance and accountability work that we do. We have a documented communication policy that guides our interactions with external stakeholders.

9.1 VISIT OF THE CHAIRMAN AND MEMBERS, FIFTEENTH FINANCE COMMISSION

In July 2019, Mr. N. K. Singh, Chairman, XV Finance Commission and Members, visited the office of the Comptroller and Auditor General of India for an interaction with Mr. Rajiv Mehrishi, CAG of India. The two hour meeting witnessed a presentation and a deep dive on issues related to fiscal transparency and need for underlying conceptual framework for correct reporting of deficit, debt, quality of capital expenditure, asset accounting in Government, issues in public expenditure management, impact of GST on revenue, discussion on local bodies and CAG's commitment to transition to standards based accounting in Government.

Visit of the Fifteenth Finance Commission

9.2 BRAIN STORMING FOR ANNUAL AUDIT PLAN 2020-21 WITH STAKEHOLDERS

A brainstorming session on certain focus areas which could be considered for audit during the audit cycle 2020-21 was held in February 2020. Secretaries of eight Ministries were invited for a meeting held on 10 February, 2020. Ms. Anita Pattanayak, Dy. CAG (Report Central & Chairperson-GASAB) chaired the meeting. This interaction was followed by another similar meeting on 24 February, 2020 with representatives of ten other Ministries/Departments.

9.3 CAG'S AUDIT ADVISORY BOARD

An Audit Advisory Board advises the CAG in matters relating to audit and suggests improvements in the performance and focus of audit within the framework of the constitutional and statutory mandate of the CAG. It is one of the key instruments employed for enhancing leadership and direction in the IAAD and thereby improving audit quality.

The members of the Board function in an honorary capacity. The Board consists of eminent persons in diverse fields, as also Deputy Comptroller and Auditors General and Additional Deputy Comptroller and Auditors General from the Department. The first Audit Advisory Board was constituted in 1999. Since then, the Board has been reconstituted eight times (2001, 2003, 2006, 2009, 2011, 2013, 2015 and 2018). The ninth Audit Advisory Board constituted in 2018 will have a term of two years till December 2020. The list of members of this board is given in para 1.16 of this report.

In the first meeting of the reconstituted Board held on 7 January 2019, issues such as role of audit as a contributor for good governance, impact of audit, audit effectiveness, audit guidance, outcome based audit approach and developing domain expertise were deliberated upon. In its second meeting held on 12 February 2020, the initiatives taken in the Department deriving from the discussions held in the January 2019 meeting and recommendations of the sub-group of the Audit Advisory Board on Human Resources and Performance Management were discussed. The strategic areas of focus in audit and audit of public hospitals were also part of the discussions.

9.4 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. 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.

9.5 INTERACTION WITH AUDITED ENTITIES

Our audited entities are among the key stakeholders in the audit process. Our interaction with them takes place on a continuous basis - before, during and after audit. Our audit programmes are communicated well in advance to the audited entities. All audit teams conduct entry and exit conferences, at the beginning and closure of the performance audits. At every stage of audit, the audited entity is given an opportunity to respond to audit queries and findings.

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

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

9.6 INTERACTION WITH PUBLIC ACCOUNTS COMMITTEE AND COMMITTEE ON PUBLIC UNDERTAKINGS

The Public Accounts Committees (PAC) and Committees on Public Undertakings (COPU), at the Union and State levels are our main partners in ensuring public financial accountability. CAG's Audit Reports that are tabled in the Parliament/ Legislature stand referred to the PAC/COPU. CAG assists in the working of the Committees, by preparing a Memorandum of Important Points for discussion on Audit Reports. The CAG and his representatives assist the PAC/COPU in their examination of witnesses during the meetings. The Executive is required to report on the Action Taken on the recommendations of the Committee. The Committees then publish an Action Taken Report. In case of audit observations not discussed in the meetings, the Executive is required to furnish Action Taken Notes, duly vetted by Audit.

During 2019-20, the Central PAC/COPU held 45 meetings and discussed 52 Paras/ Performance Audit Reviews, as summarized below:

Name of Wing	No. of Meetings of PAC/COPU held during the year 2019-20	No. of Paras/ Performance Audit Reviews discussed during the year2019-20
Commercial	10	12
Communication	8	10
CRA (DT)	4	4
CRA (INDT)	3	3
Defence	4	6
Railway	3	3
Report Central	13	14
Total	**45**	**52**

The State PACs/COPU met on 637 occasions during the year 2019-20 and discussed 1,263 Paras/Performance Audit Reviews, as summarized below:

Name of Wing	No. of Meetings of PAC/COPU held during the year 2019-20	No. of Paras/Performance Audit Reviews discussed during the year 2019-20
Central Region	195	290
Eastern Region	28	31
North Eastern Region	62	264
Northern Region	144	241
Southern Region	104	254
Western Region	104	183
Total	**637**	**1,263**

9.7 INTERACTION WITH ACADEMIC AND PROFESSIONAL INSTITUTIONS

We interact with a number of academic and professional institutions. Senior Officers of the Department are nominated on Central Councils of Institutes, such as the Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost Accountants of India (ICWAI). By virtue of being Council members of ICAI, the Officers are also nominated on various Committees/Boards of the Institute, such as the Accounting Standards Board, Auditing and Assurance Standards Board, Internal

Audit Standard Board, Professional Development Committee, Ethical Standards Board, Committee on Information Technology, Peer Review Board etc., ensuring constant interaction with these professional bodies. Our training institutions also remain in touch with various academic institutions, for faculty support in training our staff and officers.

9.8 INTERACTION WITH MEDIA

The Communication Policy wing at the Headquarters Office headed by the Media Advisor is responsible for effective communication with print/electronic media and public. The Media Advisor officiates as the spokesperson at Headquarters. The Principal Accountant General or the senior most Accountant General level Officer where there is no Principal Accountant General in the State is responsible for effective communication with the media in the States/UTs.

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

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

Chapter 10

Our International Participation and Contribution

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

A. Audits of International Organizations
B. International Organization of Supreme Audit Institutions (INTOSAI)
C. Asian Organization of Supreme Audit Institutions (ASOSAI)
D. Bilateral relations with other SAIs
E. Various international multilateral bodies/forums

10.1 AUDIT OF INTERNATIONAL ORGANISATIONS

10.1.1 United Nations Board of Auditors

CAG is a member of the United Nations Board of Auditors (Board) for the period July 2014 to June 2020. Germany and Chile are the other members of the Board. As per the work allocation among the three members of the Board, SAI India is the lead auditor in respect of following UN organizations:

1. UN Secretariat (Volume I)
2. UNICEF (United Nations Children's Fund)
3. UNOPS (United Nations Office for Project Services)
4. UNCC (United Nations Compensation Commission)
5. ITC (International Trade Centre)
6. UMOJA (ERP system of UN)
7. Information & Communication Technology Strategy

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

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

6. MINURSO (United Nations Mission for the Referendum in Western Sahara)

10.1.2 Food and Agriculture Organization (FAO)

The Food and Agriculture Organization (FAO) is a specialized agency of the United Nations that leads international efforts to defeat hunger and is headquartered in Rome, Italy. FAO's goal is to achieve food security for all and make sure that people have regular access to enough high-quality food to lead active healthy lives. The Comptroller and Auditor General of India has been appointed as External Auditor of Food and Agriculture Organization (FAO) for the period 2020-2025 starting from financial period 1st January 2020. We will take over this audit from SAI Philippines in May/June 2020.

10.1.3 World Health Organization (WHO)

The World Health Organization (WHO) is a specialized agency of the United Nations that is concerned with international public health and is headquartered in Geneva, Switzerland. The WHO is a member of the United Nations Development Group. The Comptroller and Auditor General of India has been appointed as External Auditor of World Health Organization (WHO) for the period 2020-2023 starting from financial period 1st January 2020. We will take over this audit from SAI Philippines in May 2020.

10.2 MAJOR EVENTS INVOLVING THE ACTIVE PARTICIPATION OF SAI INDIA

10.2.1 Meetings of UN Board of Auditors

July 2019 Regular Board Session
- The 73rd Regular Session of the United Nations' Board of Auditors was held at the UN headquarters, New York on 24 and 25 July 2019. Mr. Rajiv Mehrishi, C&AG, along with the other Board members, Mr. Kay Scheller, President of the German Federal Court of Auditors and Mr. Jorge Bermúdez Soto, Comptroller and Auditor General of the Republic of Chile, approved and signed 24 UN Audit reports for the financial year 2018.
- The reports cover important UN bodies e.g. UNICEF, UNDP, UNHCR, UN-WOMEN, UNOPS, UNJSPF and UN Headquarters among others.
- These 24 reports were to be presented to the UN General Assembly and to other governing bodies.

December 2019 Special Board Session
- CAG attended the 49th Special Board Session UN Board of Auditors on 3 December, 2019 at the United Nations Campus in Bonn, Germany.
- The Board members discussed the Report of the Audit Operations Committee, report on the 2019 work plan and the proposed work plan for 2020 as presented by the Executive Secretary.

10.2.2 Meeting with UN Secretary General
- The CAG of India met the Secretary General (SG) of the United Nations, Mr. Antonio Guterres, on 5 November, 2019 at UN Headquarters, New York City.
- The CAG of India apprised the SG of the significant areas of audit concerns and the audit work plan in the forthcoming year (2019-20) which is also the last in this audit term. The CAG also highlighted a few important issues arising from the recent audits carried out in UN secretariat to the SG.
- The SG noted the concerns raised by the CAG and agreed with the need to address them at the earliest.

Mr. Rajiv Mehrishi, C&AG of India with Mr. Antonio Guterres,
UN Secretary General at the UN Headquarters, New York

10.2.3 Meeting of UN Panel of External Auditors

- A delegation, led by the CAG, attended the sixtieth meeting of the Panel of External Auditors, which was held from 2-3 December, 2019 at the United Nations Campus in Bonn, Germany. The Panel consists of the Heads of 11 Supreme Audit Institutions who are either elected or selected to conduct the external audit of the United Nations Secretariat, funds and programmes and specialized agencies and the International Atomic Energy Agency (IAEA). The meeting was attended by representatives from Canada, Chile, France, Germany, Indonesia, Italy, Ghana, Philippines, Switzerland, United Kingdom and the United Republic of Tanzania as an observer.

- In the Panel meeting, CAG of India was elected as Chair of the Panel for the year 2020. In the past also, CAG has been Panel Chair from December 2011 to December 2013 and was the Vice- Chair in 2019.

- The Panel discussed matters such as the UN Secretary General's reform agenda and the impact of change on governance and assurance mechanisms, developments in fraud prevention and detection measures, opportunities for enhanced coordination in the management of implementing partners and the Panel's increased interaction with the wider United Nations system.

- SAI India made presentations on (a) External Audit Arrangements of UN entities and (b) Management of Implementing Partners.

Participants of 60th meeting of UN Panel of External Auditors with Mr. Rajiv Mehrishi, C&AG of India at Bonn, Germany

10.3 INTOSAI

The International Organization of Supreme Audit Institutions (INTOSAI) operates as an umbrella organization for the external government audit community. Founded in 1953 at the initiative of Emilio Fernandez Camus, then President of the Supreme Audit Institution (SAI) of Cuba, INTOSAI has 195 Full Members and 5 Associated Members and 1 Affiliate member. It has provided an institutionalized framework for supreme audit institutions to promote development and transfer of knowledge, improve government auditing worldwide and enhance professional capacities, standing and influence of member SAIs in their respective countries. INTOSAI is an autonomous, independent and non-political organization. It is a non-governmental organization with special consultative status with the Economic

and Social Council (ECOSOC) of the United Nations. INTOSAI's motto is, 'Mutual Experience, Benefits All'.

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

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

10.3.1 Involvement with INTOSAI
Our involvement with INTOSAI is at the following levels:

*   The Comptroller and Auditor General of India is the chair of the INTOSAI Committee on

Knowledge Sharing and Knowledge Services – Goal 3 (KSC) and its Steering Committee. By virtue of this, CAG is also a member of the Governing Board of INTOSAI. There are twelve Working Groups working under the umbrella of the KSC. The Working Groups are devoted to preparing guidance and best practices on audit of specialized areas. The KSC main committee today has 125 members and 2 observers. The KSC Steering Committee consists of Chairs of all Working Groups and project groups under KSC and Chairs of PSC and CBC. The Steering Committee has 5 observers, INTOSAI General Secretariat, INTOSAI Development Initiative (IDI), INTOSAI Journal for Government Auditing (IJGA),

- The XXIII International Congress of Supreme Audit Institutions (INCOSAI) 2019 approved the formation of a new working group under INTOSAI Committee on Knowledge Sharing and Knowledge Services – Goal 3 (KSC) by the name of Working Group on Impact on Science and Technology on Auditing (WGISTA) which would work on the impact of latest technologies like block chain, artificial intelligence, cyber security, data analytics, machine learning and quantum computing on auditing. SAI UAE and SAI USA are respectively, the Chair and Vice Chair of WGISTA.

- Forum for INTOSAI's Professional Pronouncements (FIPP), is responsible for the content and quality of professional pronouncement of INTOSAI, ie, INTOSAI Framework of Professional Pronouncements. SAI India has nominated a member to this forum and actively engages with this forum in providing and maintaining the contents of the IFPP

- The Comptroller and Auditor General of India is the chair of the INTOSAI Working Group on IT Audit (WGITA). The Group was created in 1989 to address the interests of SAIs in the area of IT Audit. WGITA aims to support SAIs in developing their knowledge and skills in the use and audit of information technology. Presently, WGITA has 52 members, including SAI India, and five observers.

- The Comptroller & Auditor General of India has also taken over the responsibility of chairing the INTOSAI's Compliance Audit Sub-committee under Goal 1. This sub-committee was established in 2004, with the objective of developing and disseminating high quality, globally accepted standards and guidelines for compliance audit in the public sector.

- The Comptroller and Auditor General of India is a member of various INTOSAI Committees/ Subcommittees/Working Groups/Task Forces.

- In order to facilitate continuous interaction in the INTOSAI community, SAI India, as the KSC chair, has developed an INTOSAI Community Portal *(www.intosaicommunity. net)*. The portal has facilities like Community of Practice, Blogs, Chats, Library, Video Conferencing, Polls/survey, etc., to enable better communication and sharing of ideas amongst member SAIs.

10.3.2 Major INTOSAI events involving the active participation of CAG of India

- **The 28th assembly of the INTOSAI Working Group on IT Audit (WGITA), and Performance Audit Seminar on IT Audit (PAS) on 2-5 April, 2019.** The 28th assembly of the members of the INTOSAI Working Group on IT Audit (WGITA) was held on 2-3 April, 2019 and the Performance Audit Seminar on IT Audit (PAS) was conducted in conjunction with the 28th WGITA assembly on 4-5 April, 2019, both in Nadi, Fiji. The meeting was inaugurated by Mr. Ajay Nand, Auditor-General for Fiji and was presided over by Comptroller & Auditor General of India as Chair of WGITA. Over 40 delegates from the 22 member countries/ observers attended the meeting. In the

meeting, the members approved the WGITA Work plan 2020-22.

- **The 72ⁿᵈ and 73ʳᵈ INTOSAI Governing Board meeting and the XXIII International Congress of Supreme Audit Institutions (INCOSAI) 2019** was held from 23-27 September 2019 at Moscow, Russia. SAI India delegation comprised of the Comptroller and Auditor General of India, Deputy Comptroller and Auditor General of India (Commercial), Additional Deputy Comptroller and Auditor General of India (International Relations), Principal Director and Secretary to CAG, Director (International Relations-II) and Assistant Audit Officer (International Relations). The Comptroller and Auditor General of India also attended bilateral meetings in sideline of the INCOSAI with SAIs

of Kazakhstan, Korea, Bahrain, France and Netherlands. SAI India delegation consisting of CAG and ADAI (IR) attended the BRICS Working Lunch meeting in Moscow on 26 September, 2019, Russia and the Working meeting with the Chairman of the Control and Accounts of St. Petersburg in St. Petersburg, Russia on 30 September 2019.

10.3.3 Other important INTOSAI events attended by SAI India

- **12ᵗʰ annual meeting of the Performance Audit Subcommittee (PAS)** was held at Johannesburg in South Africa from 9-19 April, 2019. Mr. Prem Kumar Kataria, Director General attended the meeting on behalf of the Comptroller and Auditor General of India as member of PAS.

12ᵗʰ annual meeting of Performance Audit Subcommittee (PAS)

The highlight of the meeting was follow up of PAS work plan 2017-19, Strategic Development Plan for the INTOSAI Framework of Professional Pronouncements 2017-19, next SDP Plan, INTOSAI Strategic Plan 2017-22, Cross-cutting priority 2, PAS/IDI Collaboration on implementation of the ISSAI 3000 series and knowledge sharing on data sciences.

- **The 6th Global Audit Leadership Forum (GALF)** was held in Shanghai, China on 8-9 April 2019 and was attended by the Comptroller and Auditor General of India and Mr. Deepak Kapoor, Principal Director and Secretary to C&AG of India. The discussions in the meeting were focused on two themes, namely, "Big data and auditing" and "Improving public accountability through Environmental Auditing".

- **3rd annual meeting of INTOSAI Working Group on Big Data (WGBD)** was held in Copenhagen, Denmark from 25-26 April, 2019. 51 participants from 24 SAIs took part in this meeting. The participants conducted in-depth discussions and exchanges around the theme

of the meeting, which was "Changes in Audit Management in the Big Data Environment". Mr. K. R. Sriram, Additional Deputy Comptroller and Auditor General of India (iCISA) and Chief Technology Officer represented SAI-India in the meeting.

- **The meeting of the Task Force on INTOSAI Auditor Professionalization (TFIAP)** was held in Vienna, Austria, from 25-26 April, 2019. Mr. Praveen Kumar Tiwari, Additional Deputy Comptroller and Auditor General (International Relations) participated in the meeting on behalf of the Comptroller and Auditor General of India, as KSC Chair.

- **The 6th annual meeting of INTOSAI Working Group on Financial Modernization and Regulatory Reform (WGFMRR)** was held in Washington DC, USA on 15-16 May 2019. Ms. Ritika Bhatia, Principal Director (Commercial) represented SAI India in the meeting to discuss emerging threats to global financial stability, audits of financial regulators, and developments within financial markets.

6th annual meeting of INTOSAI Working Group on Financial Modernization and Regulatory Reform (WGFMRR) Washington DC, USA, 15-16 May, 2019

- **INTOSAI Regions Coordination Platform (IRCP)** meeting was held in Cape Town, South Africa from 21-23 May, 2019. More than 50 representatives from all INTOSAI regions, all INTOSAI Goal Chairs including the Policy, Finance and Administration Committee (PFAC), the INTOSAI-Donor Cooperation, the General Secretariat, the IDI, the INTOSAI Journal and the next INTOSAI Chair attended the meeting. Mr. Vishnukanth P. B., Director (International Relations-II) represented SAI India in the meeting.

INTOSAI Regions Coordination Platform (IRCP) meeting

The agenda covered a wide variety of subjects, identified as priorities by the participating bodies, such as, the importance of leadership and INTOSAI's role in strengthening current and future leadership within INTOSAI and its members, the current state of ISSAI quality and utility and what can different parties do to further the quality of INTOSAI professional pronouncements and other INTOSAI products, challenges and success factors in ISSAI implementation, including the need for professional quality control and quality assurance processes to support the implementation etc.

- **Annual meeting of the INTOSAI Working Group on Public Debt (WGPD)** was hosted by the Republic of Azerbaijan's Chamber of Accounts (COA) from May 23-25, 2019. 53 participants from 27 Supreme Audit Institutions (SAIs) attended the meeting, which included guest speakers from the World Bank, Azerbaijan Diplomatic Academy University and the United Nations Conference on Trade and Development (UNCTAD) etc.

Annual meeting of INTOSAI Working Group on Public Debt (WGPD), Azerbaijan

The theme of the meeting was "A fundamental WGPD role is to strengthen public debt management audits by preparing and publishing specific guidance and best practices to inform and encourage sound management and proper reporting". Mr. Jaisankar Dhandapani, Accountant General, represented SAI India in the meeting. The event's agenda included a session in which SAIs shared experiences in auditing public debt, as well as dialogue on prioritizing activities for the group's Work Plan 2020-2022.

- **16th meeting of the Compliance Audit Subcommittee (CAS) held at Lisbon, Portugal on 27-28 May, 2019**: Comptroller & Auditor General of India is the Chair of Compliance Audit Subcommittee (CAS). CAS has 20 members: India (chair), Azerbaijan, Brazil, China, European Court of Auditors, France, Georgia, Hungary, Lithuania, Mexico, Namibia, Norway, Portugal, Qatar, Romania, Russia, Saudi Arabia, Slovakia, South Africa and Tunisia.

The 16th INTOSAI CAS meeting was held in Lisbon, Portugal on 27-28 May 2019.

Mr. V. Kurian, ADAI, Chaired the meeting on behalf of SAI India. Ms. Vani Sriram, DG, also attended as the second representative of SAI India. In all, 17 out of the 20 Member SAIs participated in the meeting. AFROSAI-E and IDI participated as Observers.

Mr. Vitor Caldeira, President of Tribunal de Contas (SAI Portugal) and the host of the meeting welcomed the participants from all the SAIs to Lisbon and emphasized the need for compliance audit in fulfilling the mandate of SAIs and the importance of standards in ensuring transparency and effectiveness in the functioning of SAIs. He also advised the members to keep track of propriety issues while carrying out compliance audits.

The members deliberated on the status of two ongoing projects under the Strategic Plan of INTOSAI Framework for Professional Pronouncement (IFPP) and work plan of CAS 2020-21. Seven SAIs (Azerbaijan, Brazil, China, European Court of Auditors, India, Mexico and Norway) made presentations on important compliance audits carried out by them in the areas of quality assurance, drinking water

project, IT audit and reports in digital format. The presentation of SAI Brazil on continuous IT audit of pension scheme was interesting. The presentation of SAI India on 'Presenting Audit Reports in Digital Format" was very well received and appreciated by the members.

- **4th INTOSAI meeting of the members of the Working Group on Audit of Extractive Industries (WGEI)** was held in Manila, Philippines from 27-29 May, 2019. The meeting was attended by the 82 participants from the 45 countries, INTOSAI regional secretariats and external stakeholders come together to discuss illicit financial flows in the extractive industries as well as WGEI activities. Mr. Saurav Kumar Jaipuriyar, Principal Accountant General, addressed the meeting on behalf of the Comptroller and Auditor General of India, the Chair of the KSC.

- **16th Steering Committee Meeting of INTOSAI Professional Standards Committee (PSC)** was held at Warsaw in Poland from 5-6 June, 2019. Mr. Vishnukanth P.B., Director (International Relations-II) attended the meeting on behalf of the Comptroller and Auditor General of India, the KSC Chair and the Chair of Compliance Audit Subcommittee. The main theme of the meeting was on implementation of the strategic objectives for Goal 1 in the period 2017-2019, the progress made, and how the PSC is addressing the identified risks.

- **11th Steering Committee meeting of INTOSAI Knowledge Sharing Committee (KSC)** was hosted by the Commission on Audit of the Republic of the Philippines at Pampanga, Philippines from 12 to 14 June, 2019. The meeting was inaugurated by Mr. Michael G. Aguinaldo, Chairman of the Commission on Audit of Philippines and was presided over by the Comptroller & Auditor General of India as the Chair of KSC.

The meeting included four discussion sessions on the following topics viz. How to promote the INTOSAI Community Portal as the Knowledge portal of INTOSAI, Results of Regional Coordination Platform and how to enhance our engagement with regions, Quality assurance procedure for non-IFPP Products and Preparations for XXIII INCOSAI in 2019. The meeting also discussed the KSC Work Plan 2020-2022 including preparation of new INTOSAI product and product lines; revision of ISSAI products; INTOSAI KSC-IDI Community Portal; research projects and engagement with the academic community; stakeholder engagement; lessons learned from SAI PMF and peer review; cooperation with and leveraging the efforts of the International Journal of Government Auditing and the General Secretariat; and generation and dissemination of knowledge and experiences.

- **The 16th annual meeting of INTOSAI Policy, Finance, and Administration Committee (PFAC)** was hosted by the U.S. Government Accountability Office in Washington, D.C. on 17 July, 2019. Mr. Purushottam Tiwary, Principal Director attended the meeting on behalf of the Comptroller and Auditor General of India, the Chair of KSC and presented the KSC Report.

- **The 19th Assembly meeting of members of INTOSAI Working Group on Environmental Auditing (WGEA)** was hosted by State Audit Office of the Kingdom of Thailand on 6-9 August, 2019 in Bangkok, Thailand, wherein the WGEA Work Plan 2020-22 was finalised and approved. SAI India representatives to the Working Group, Mr. R. G. Viswanathan, Assistant Deputy Comptroller & Auditor General of India and Mr. Manish Kumar, Director General attended the Assembly meeting. During the meeting, Mr. R. G. Viswanathan (Principal Nominee) made

presentations on the project "Training tool on environmental data" and on "Audit of Plastic Waste".

- **The Goal Chairs Collaboration Representatives meeting (GCC) and FIPP Joint Seminar** was hosted by SAI Norway in Oslo, Norway from 2-3 December, 2019. Mr. Kulwant Singh, Principal Director (International Relations) attended the meeting on behalf of the Comptroller & Auditor General of India, the Chair of KSC. The meeting discussed the development of Strategic Development Plan (SDP) 2020-2022, how to improve standard setting process in INTOSAI, appointment of IFPP Chair, improvements in selection process of FIPP members and current roles and responsibilities of the participants.

- **A delegation headed by Ms. Tytti Yli-Viikari, Auditor General, National Audit Office (NAO) of Finland and the Chair of INTOSAI Working Group on Environmental Auditing (WGEA)** made a courtesy visit to the O/o the Comptroller and Auditor General of India, New Delhi on 27th February 2020. The Comptroller and Auditor General of India met the delegation. This was followed by brief presentations by Mr. K. R. Sriram, Additional Deputy Comptroller and Auditor General of India (iCISA) and Chief Technology Officer on Digitization and Data Analytics.

10.4 ASOSAI

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

As the Chairman, Board of Editors of ASOSAI Journal of Government Audit, CAG has been granted *ex-officio* membership of the Governing Board of ASOSAI from 2018-2021. Being the Editors of the ASOSAI Journal, we publish the ASOSAI Journal twice a year. The material for the ASOSAI journal is contributed by member SAIs. The last issue of the e-Journal (October, 2019), on the theme of "Big Data in Public Auditing", has been uploaded. The journal is hosted on the website ***www.asosaijournal.org***.

10.4.1 Major ASOSAI events involving the active participation of SAI India

- **ASOSAI Seminar, December 2-6, 2019:** ASOSAI Seminar on Quality Control/Quality Assurance was held at Kathmandu, Nepal from 2-6 December, 2019 and was attended by Mr. Atul Prakash, Director. The schedule of five days holistically covered various aspects of Quality Control / Quality Assurance. 27 participants from 24 countries participated in the ASOSAI Seminar.

- **IDI meeting, 16-18 December, 2019**: IDI meeting on IDI SDG's Audit Model was held at Jakarta, Indonesia from 16-18 December, 2019 and was attended by Ms. Reena Saha PAG (Resource person for the ASOSAI Pilot Capacity Development Program on "Audit on Implementation of SDGs" for 2020-2021).

- **Second meeting for the 12th ASOSAI Research Project - 22-23 October, 2019**: The Second meeting for the 12th Project was held at Abu Dhabi on 22nd and 23rd October 2019 and was attended by Ms. Narmadha R., Sr. DAG and Ms. Varsini Arun, Sr. DAG.

10.5 OTHER IMPORTANT BILATERAL AND MULTILATERAL EVENTS

10.5.1 Bilateral

- **Visit of a 11 member delegation led by Mr. Gouranga Chandra Debnath, Divisional Controller of Accounts from SAI Bangladesh to SAI India, 26 May-4 June, 2019**: A 11 member delegation head by Mr. Gouranga Chandra Debnath, Divisional Controller of Accounts from SAI Bangladesh visited SAI India from 26 May to 4 June, 2019 to have a firsthand view and gather experience on some issues relating to PAC, methods of training of Officer Trainees (IAAS) Officer, curriculum, etc, Selection of audit topics and auditable units and on Communication mechanism between SAI and the Executives, accounting functions of our field offices etc.

- The delegation also visited our National Academy of Audit & Accounts, Shimla to know about the methods of training of Officer Trainees (IAAS) Officer, curriculum etc. They also visited our offices in Kolkata to know about the accounting functions and to understand the audit process activities starting from the audit plan to report and follow up of the audit observation included in the Inspection Reports.

- **19th Indo-Polish Seminar, 5-9 August, 2019**: The 19th Indo-Polish Seminar on "Audit of International Organisations", "Audit Ranking Tools" and "Preparedness in Implementation of SDGs" was held in Udaipur, Rajasthan from 5-9 August 2019. The Seminar was inaugurated by Mr. Rajiv Mehrishi, Comptroller and Auditor General of India on 5th August 2019.

The Seminar was attended by a three member delegation from SAI Poland consisting of Mr. Wojciech Kutyla, Vice-President of SAI Poland, Mr. Marek Cur, Director of the Strategy Department, SAI Poland and Advisor to the President of NIK and Mr. Grzegorz Haber, Head of International Relations, SAI Poland.

The SAI India delegation **consisted of** Mrs. Anita Pattanayak, Deputy Comptroller and Auditor General, Mr. P.K. Tiwari, Additional Deputy Comptroller and Auditor General, Mr. Sunil S. Dadhe, Director General, Ms. Rebecca Mathai, Principal Accountant General and Mr. Anadi Misra, Accountant General.

19th Indo-Polish Seminar, 5-9 August, 2019

- **Visit of a four member delegation from Board of Audit and Inspection of Korea to SAI India from 8-9 August, 2019:** A four member delegation headed by Mr. Seo Ho-jin, Deputy Director of Evaluation and Statistics Division, Board of Audit and Inspection of Korea visited SAI India from 8-9 August, 2019 to learn about budget, planning, training (i.e., financial audit as per IPSAS, UN specifics), specifically for auditing UN bodies.

  During the visit the delegation learned from our senior officers about the following areas: (i) General Introduction of UN organization structure, (ii) Relations with specialized agencies and current management reform, (iii) Presentation on Working system, Rules and Procedures regarding audit of UN organizations like UNBOA, Audit Operation Committee (AOC), ACABQ and Fifth Committee of UN, (iv) Sharing of Standard Operating Procedures of SAI India on Audit Reports on auditing UN Bodies, (v) Presentation on broad policies regarding operating pool of human resources, (vi) Sharing of experience on tests administered to auditors for international organizations, (vii) Sharing experience on Accounting Standards, Auditing Standards, Previous Audit Reports, Management letters, etc. and (viii) Sharing of ERP Audit Module (UMOJA system).

- **2019 Indo-Kuwait Seminar NAAA, Shimla from 16-20 September, 2019:** The 2019 Indo-Kuwait Seminar on the topic "Audit of Sustainable Development" was held at

National Academy of Audit and Accounts, Shimla from 16-20 September, 2019. The seminar was attended by a four member delegation from SAB Kuwait consisting of Ms. Fatima Al Busairi, Director, Mr. Sultan Al Otaibi, Chief, Ms. Eman Al Khaled, Chief Auditor and Ms. Soad Al Oulian, Participant Auditor. The SAI delegation headed by Mr. Jagbans Singh, Director General consisted of Mr. Deepak Anurag, Director General, Mr. Atul Prakash, Director and Mr. Pushkar Kumar, Director.

- **26th Indo-China Bilateral Audit Seminar held from October 21 to 26, 2019:** The 26th Indo-China Bilateral Audit Seminar was held in Zhengzhou China from October 21-26, 2019 on the topic "How to use the Internal Auditor's results and make the public external audit more effective and efficient". The Seminar was attended by a four member delegation from SAI India consisting of Mr. A. W. K. Langstieh, DAI, Ms. Srinivasan Snehalatha, DG, Mr. V. S. Venkatanathan, ACN, Ms. Tripti Gupta, Director.

- **10th Indo China Young Auditor's Forum, 2-11 December, 2019:** 10th Indo China Young Auditor's Forum was held in New Delhi from 2-11 December, 2019. It was attended by a delegation of 10 participants led by Ms. Qin Jie from SAI China and 10 participants from SAI India led by Mr. Varun Ahluwalia, Director. The themes of the forum were 1) Audit of Sustainable Development Goals and 2) Risk Assessment and Sampling for effective audit. The participants also visited iCED, Jaipur from 7-10 December, 2019.

- **A study-cum-official visit to China from 18th to 22nd November 2019:** A study-cum-official visit to China was undertaken by an eight member

team from SAI India, led by Mr. Sumant Narain, PDA, NCR & CORE, Allahabad, between 18th and 22nd November 2019, with the aim to conduct the first outcome based audit on Timeliness & Punctuality in Train Operations over Indian Railway. The objective was to expose the team to good global practices for benchmarking purposes. During the visit, the team visited CNAO Headquarters, Beijing, its Regional Office at Tianjin and travelled in the high-speed train to Tianjin and back. Field visits to Railway Museum and Beijing South Railway Station were also organized. Besides, the Principal Director interacted with the Ambassador and other officials in the Embassy of India, Beijing.

- **Visit of 3 member delegation from SAI Bahrain from 10-12 February, 2020:** A delegation from SAI Bahrain consisting of Mr. Qasim Ahmed Mansoor Almadhoob Assistant Auditor-General, Performance Audit, Mohamed Abdulla Alhajeri Head, Information & Follow-Up and Salah Saleh Ahmed Alyafeai Audit Supervisor, Administrative Audit visited SAI India from 10-12 February, 2020. SAI India shared their experiences and approach on Performance Audit, Environment Audit and Data Analytics. The delegation also has a brief visit to iCISA, Noida.

10.5.2 Multilateral

- **Seminar on "Issues of defining audit risks" for Supreme Audit Institutions of SCO Members on 10-11 September, 2019:** The Seminar was held in Nur-Sultan (Kazakhstan) and was attended by Ms. Anita Pattanayak, Deputy Comptroller and Auditor General. The participants shared their experiences and knowledge through presentation Issues related to audit risks during the seminar.

- **SCO Seminar in Beijing (China), 29-31 October, 2019**: SCO Seminar on the Role of the Supreme Audit Institutions in Poverty Alleviation was held in Beijing (China) from 29-31 October, 2019 and was attended by Ms. Hema Munivenkattapa, Accountant General and Mr. Shourjo Chatterjee, Accountant General. In the Seminar the participating countries presented their work with regard to poverty alleviation and its audit.